



Second-Party Opinion
FAIR ALPHA Sustainable SA Green Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the FAIR ALPHA Sustainable SA Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy, Clean Transportation, Building Efficiency, Land Use & Marine Resources, Waste and Pollution Control, Information & Communications Technology and Transport Infrastructure & Accessibility – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, 11, 12, 15.



PROJECT EVALUATION / SELECTION FAIR ALPHA’s Board of Directors will be responsible for overseeing the evaluation and selection process for all eligible projects under the Framework. The Board will also be responsible for the final approval of eligible projects. FAIR ALPHA has in place an environmental and social risk management system that is applicable to all allocation decisions in the Framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS FAIR ALPHA’s Board of Directors will be responsible for overseeing the management of proceeds. Allocation to eligible projects will be tracked through an internal system. FAIR ALPHA intends to allocate proceeds immediately after issuance. This is in line with market practice.



REPORTING FAIR ALPHA intends to report on allocation of proceeds in its Sustainability Report on its website on an annual basis until full allocation. The report will include the number of issued compartments, the total amount of investments in eligible sustainable projects, a short description of the assets and projects financed and balance of unallocated proceeds. In addition, FAIR ALPHA is committed to reporting on relevant impact metrics. Sustainalytics views FAIR ALPHA’s allocation and impact reporting as aligned with market practice.

Evaluation date	May 9, 2022
Issuer Location	Grevenmacher, Luxembourg

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Introduction

Established in 2022, FAIR ALPHA Sustainable SA (“FAIR ALPHA”, or the “Company”) provides financial solutions to clients including through securities marked as sustainable debt. FAIR ALPHA Sustainable SA is a securitization platform under the Luxembourg Securitization Law of 2004 (“the Securitization Law”) and a subsidiary of the cooperative FAIR ALPHA Coop S.A., located in Grevenmacher, Luxembourg.

FAIR ALPHA has developed the FAIR ALPHA Sustainable SA Green Finance Framework (the “Framework”) under which it intends to issue green bonds and loans and use the proceeds to finance and/or refinance, in whole or in part, compartments with underlying assets linked to impact-driven green projects. The Framework defines eligibility criteria in seven areas:

1. Renewable Energy
2. Clean Transportation
3. Building Efficiency
4. Land Use & Marine Resources
5. Waste and Pollution Control
6. Information & Communications Technology
7. Transport Infrastructure & Accessibility

FAIR ALPHA engaged Sustainalytics to review the FAIR ALPHA Sustainable SA Green Finance Framework, dated April 2022, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)¹ and the Green Loan Principles 2021 (GLP).² This Framework will be published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- 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 1.11, 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 FAIR ALPHA’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. FAIR ALPHA representatives have confirmed (1) they understand it is the sole responsibility of FAIR ALPHA 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.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

¹ 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/>.

² The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>.

³ The FAIR ALPHA Sustainable SA Green Finance Framework will be available on FAIR ALPHA’s website at: www.fair-alpha.org.

⁴ 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.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and FAIR ALPHA.

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. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written for a period of twenty-four (24) months from the evaluation date stated herein.

In addition, the Second-Party Opinion opines on the potential 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 FAIR ALPHA has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Green Finance Framework

Sustainalytics is of the opinion that the Green Finance Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of FAIR ALPHA's Green Finance Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Clean Transportation, Building Efficiency, Land Use & Marine Resources, Waste and Pollution Control, Information & Communications Technology and Transport Infrastructure & Accessibility – are aligned with those recognized by the GBP and GLP.
 - FAIR ALPHA intends to issue compartments⁵ according to the Luxembourg Securitization Law of 2004.⁶ The compartments include credits and asset backed securities which Sustainalytics considers to be aligned with the GBP and GLP.
 - Under the “Renewable Energy” category, FAIR ALPHA intends to invest in renewable energy generation projects including onshore and offshore wind, and solar and hydropower projects.
 - Hydropower projects will include financing of new plants that meet one of the following criteria: (i) run-of-river plants without an artificial reservoir or low storage capacity, (ii) have a life-cycle carbon intensity below 50 gCO₂e/kWh or (iii) a power density that is greater than 5W/m². For new facilities, FAIR ALPHA will require an environmental and social impact assessment by a credible body and will ensure that no projects where significant risks or expected negative impact and controversies have been identified will be financed. Sustainalytics considers these criteria to be aligned with market practice.
 - “Clean Transportation” expenditures may include e-mobility infrastructure for electrified private transport, electrified public transport and electrified freight rail. Expenditures may also include electric or hydrogen passenger and freight vehicles and zero emission public transportation. Sustainalytics considers these expenditures and thresholds to be aligned with market practice.
 - Within the “Building Efficiency” category, FAIR ALPHA intends to finance and refinance projects involving energy efficiency improvement of commercial, private and public buildings.
 - FAIR ALPHA intends to finance building improvements through retrofit, upgrade, renovation or refurbishment. Eligible projects will achieve a 20% improvement in energy efficiency and will use the energy consumption before the investment as a baseline for

⁵ Compartments are defined by FAIR ALPHA as securitisation and investment vehicles for investors. More at: <https://fair-alpha.org/?lang=en>.

⁶ Law of 22 March 2004 on securitisation and amending, at: https://www.cssf.lu/wp-content/uploads/L_220304_securingitisation.pdf.

- comparison. Alternatively, eligible projects will achieve the following minimum certification levels: (i) BREEAM “Excellent” or above, (ii) LEED “Gold” or above or (iii) DGNB “Gold” or above. Sustainalytics considers these criteria to be aligned with market practice.
- The Company also intends to invest in the construction of buildings that achieve one of the following minimum certification levels: (i) BREEAM “Excellent” or above, (ii) LEED “Gold” or above or (iii) DGNB “Gold” or above. Sustainalytics considers these certifications as credible and the levels indicated to be aligned with market practice.
 - Under the “Land Use & Marine Resources” category, FAIR ALPHA intends to invest in natural ecosystem protection and restoration projects.
 - For restoration projects, FAIR ALPHA will use tree species that are well-adapted to site conditions. Additionally, projects will have a sustainable management plan in place certified to PEFC or FSC. Sustainalytics views these criteria to be aligned with market practice.
 - For sustainable agriculture, FAIR ALPHA will finance projects certified to RSB,⁷ RTRS,⁸ UTZ,⁹ and EU Organic Product Label.¹⁰
 - Within the “Waste and Pollution Control” category, FAIR ALPHA intends to finance and refinance recycling projects including the construction and improvement of recycling facilities, mechanical process for recycling specific materials and sustainable waste management infrastructure such as an anaerobic digester.
 - Infrastructure will assure the segregation of waste before incineration.
 - Sustainalytics views the investments under this category to be aligned with market practice
 - Under the “Information & Communications Technology” category, the Company intends to invest in information and communication infrastructure including:
 - Energy efficiency data centers with a power usage effectiveness (PUE) of less than 1.5. Sustainalytics views this threshold as aligned with market practice and highlights that FAIR ALPHA has committed to powering data centers primarily with renewable energy or cooled naturally. Sustainalytics believes that the above will significantly reduce scope 1 and 2 emissions.
 - “Transport Infrastructure & Accessibility” expenditures will include the construction, refurbishment, maintenance and operation of transport infrastructure
 - FAIR ALPHA has confirmed to Sustainalytics that the transport infrastructure being financed will fully support electric vehicles and active mobility. Sustainalytics views these expenditures to be aligned with market practice.
 - Project Evaluation and Selection:
 - FAIR ALPHA’s Board of Directors will be responsible for overseeing the evaluation and selection process for all eligible projects under the Framework. The Board will also be responsible for the final approval of eligible projects. New projects are reviewed to ensure alignment with the Framework.
 - FAIR ALPHA has in place an environmental and social risk management system that is applicable to all allocation decisions in the Framework. Refer to Section 2 for additional details.
 - Based on the clearly defined responsibility and the Issuer’s risk management policies, Sustainalytics considers this process to be aligned with market practice.
 - Management of Proceeds:
 - FAIR ALPHA’s Board of Directors will be responsible for overseeing the management of proceeds. Allocation to eligible projects will be tracked through an internal system.
 - FAIR ALPHA intends to allocate proceeds immediately after issuance.
 - Based on the management of proceeds and allocation period, Sustainalytics considers this process to be in line with market practice.

⁷ Roundtable on Sustainable Biomaterials (RSB), “About certification” at: <https://rsb.org/certification/about-certification/>

⁸ Roundtable on Responsible Soy (RTRS), “Certification”, at: <https://responsiblesoy.org/certificacion?lang=en>

⁹ Rainforest Alliance, “UTZ Certification (Now Part of the Rainforest Alliance)”, at: <https://www.rainforest-alliance.org/utz/>

¹⁰ While Sustainalytics considers EU Organic as a credible certification for ensuring sustainable agricultural practices, it notes that the certification does not directly address all key attributes for assessing bioenergy feedstock sustainability, including land-use change and food security considerations.

More details can be found at: https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming/organics-glance_en

- Reporting:
 - FAIR ALPHA intends to report on allocation of proceeds in FAIR ALPHA's Sustainability Report on its website on an annual basis until full allocation. The report will include the number of issued compartments, the total amount of investments in eligible sustainable projects, a short description of the assets and projects financed and balance of unallocated proceeds. In addition, FAIR ALPHA is committed to reporting on relevant impact metrics, subject to confidentiality agreements, such as annual GHG avoided, annual renewable energy produced, capacity or renewable energy plants constructed in MW, annual energy savings etc.
 - Based on FAIR ALPHA's commitment to allocation and impact reporting, Sustainalytics considers this process to be aligned with market practice.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2021

Sustainalytics has determined that the Green Finance 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 FAIR ALPHA

Contribution of Framework to FAIR ALPHA's sustainability strategy

Sustainalytics is of the opinion that FAIR ALPHA's overall business model is supportive of positive environmental outcomes through generating external capital for green, future-oriented projects and hence, growing sustainable debt instruments in the bond market. FAIR ALPHA's sustainability focus relates to the underlying collateral pool of green assets which is primarily linked to renewable energy, clean transportation, transport infrastructure and accessibility, and building efficiency.¹¹

The Company has developed a green asset backed securitization process which seeks to promote investments that generate positive environmental impact in the areas encompassed in the Framework. Moreover, FAIR ALPHA aims to contribute towards the fulfilment of the UN SDGs.¹² As a securitization platform under the Luxembourg Securitization Law of 2004, FAIR ALPHA operates in a flexible environment in terms of structures for the securitization of a wide range of assets. Moreover, the Securitization Law provides the establishment of securitization vehicles with multiple compartments, allowing each independent compartment to raise funds, that are securely invested (ring-fenced) in specific green projects, considered eligible as per the Framework's eligibility criteria.^{13,14} In this context, FAIR ALPHA is leveraging the debt markets' role to address environmental challenges related to ecosystems, biodiversity and the climate.

Sustainalytics acknowledges FAIR ALPHA's plans to use the proceeds to finance green projects linked to renewable energy, clean transportation, transport infrastructure and accessibility, and building efficiency. Furthermore, FAIR ALPHA has communicated with Sustainalytics that the Company intends to develop a sustainability strategy in the coming year. However, the GBP 2021 and GLP 2021 recommend that companies provide transparency on overarching objectives and policies relating to environmental sustainability. Given this context, Sustainalytics encourages FAIR ALPHA to establish a sustainability strategy, along with quantified, time-bound targets, and to publicly disclose its targets and report on the progress.

Approach to managing environmental and social risks associated with the projects

While Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include community relations/stakeholder participation, land use, biodiversity issues associated with large-scale infrastructure development, emissions, effluents and waste generated in construction, and financial risks related to securitization.

Sustainalytics is of the opinion that FAIR ALPHA is able to manage or mitigate potential risks through implementation of the following:

¹¹ FAIR ALPHA has shared its Sales Presentation directly with Sustainalytics for assessment on a confidential basis.

¹² Ibid.

¹³ PwC, "Securitisation in Luxembourg", (2019), at: <https://www.pwclegal.lu/docs/publications/securitization-in-luxembourg-memo.pdf>.

¹⁴ CSSF, "Law of 22 March 2004", (2021), at: <https://www.cssf.lu/en/Document/law-of-22-march-2004/>.

- Tackling community relations/stakeholder participation, land use, biodiversity issues, emissions, effluents and waste, FAIR ALPHA commits to address ESG risks associated with its underlying assets. For each new project a diligent risk assessment will be performed, including the following steps: (i) general and structural assessment, (ii) eligibility assessment, (iii) cross-risk assessment linked to potential impact on other SDGs, and (iv) detailed risk analysis comprising the classification, probability, mitigation, and monitoring of related risks. The overall process is aligned to the four core components of a risk management system: Identification, Assessment, Mitigation and Monitoring.¹⁵
- Regarding land use, biodiversity issues, and effluents and waste issues, all European countries are recognized under the Equator Principles as Designated Countries, indicating the presence of robust environmental and social governance legislation systems and institutional capacity to ensure mitigation of common environmental and social risks.¹⁶
- Referring to risks around emissions, FAIR ALPHA's business operations are certified "carbon neutral" by Climate Partner as of March 2022.¹⁷ Climate Partner defines carbon neutrality based on the carbon footprint being calculated according to internationally recognized standards and being fully offset by supporting certified carbon offset projects. Hence, the certificate confirms the offset of FAIR ALPHA's carbon emissions by additional carbon offset projects.
- The Securitization Law authorizes to mitigate and manage financial risks related to securitization. The compartmentalization allows for the segregation of assets which creates a legally secure environment. In this context, investors whose claims arise with respect to a particular transaction will only have recourse to the assets of the specific compartment associated with that transaction, without any rights to claim over the assets of another compartment.¹⁸ Moreover, the Law allows for active management of a broad scope of risks related to securitized assets.¹⁹
- Moreover, FAIR ALPHA's focus on Europe implies adherence to the simple, transparent and standardized securitization framework, established by the European Securities and Market Authority (ESMA) in 2020.²⁰ The framework combines previous EU regulations on securitizations and applies to all securitization types with regard to due diligence, risk retention, transparency, criteria for short-term and long-term securitizations, as well as rules regarding supervision and sanctions.^{21, 22}

Based on these risk mitigation policies, procedures and legislation, Sustainalytics is of the opinion that FAIR ALPHA has implemented adequate measures to manage or mitigate environmental and social risks commonly associated with the eligible category. FAIR ALPHA may also allocate proceeds to projects in high-risk countries and is willing to implement a due diligence process to manage or mitigate risks associated with human rights. On this basis, Sustainalytics encourages FAIR ALPHA to ensure and report the implementation of this due diligence process in a transparent manner.

Section 3: Impact of Use of Proceeds

All seven 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.

The importance of increasing the renewable energy share in the EU electricity mix

In 2020, the energy sector was responsible for about 75% of the EU's GHG emissions.²³ Fossil fuels remain the dominant source of electricity consumed in the EU at 39%, as of 2019.²⁴ The impact of power consumption

¹⁵ FAIR ALPHA has shared a draft of the Company's ESG Risk Assessment directly with Sustainalytics for assessment on a confidential basis.

¹⁶ The Equator Principles, "Designated Countries", at: <https://equator-principles.com/designated-countries/>.

¹⁷ FAIR ALPHA's certificate by Climate Partner, (2022), at: <https://fpm.climatepartner.com/tracking/17261-2203-1001/en>.

¹⁸ PwC, "Securitisation in Luxembourg", (2019), at: <https://www.pwclegal.lu/docs/publications/securitization-in-luxembourg-memo.pdf>.

¹⁹ CSSF, "Law of 22 March 2004", (2021), at: <https://www.cssf.lu/en/Document/law-of-22-march-2004/>.

²⁰ EUR-Lex, "Regulation (EU) 2017/2402", (2021), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32017R2402>.

²¹ ESMA, "Simple, Transparent and Standardised (STS) Securitisation Notifications", at: <https://www.esma.europa.eu/policy-activities/securitisation/simple-transparent-and-standardised-sts-securitisation>.

²² European Parliament, "Common rules and new framework for securitization", (2018), at:

[https://www.europarl.europa.eu/RegData/etudes/BRIE/2017/608777/EPRS_BRI\(2017\)608777_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2017/608777/EPRS_BRI(2017)608777_EN.pdf).

²³ European Commission, "Powering a climate-neutral economy", (2020), at: https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1259

²⁴ European Commission, "What is the source of the electricity we consume?", at: <https://ec.europa.eu/eurostat/cache/infographs/energy/bloc-3b.html>

on the EU's GHG emissions is, therefore, significant. In 2020, the carbon intensity of electricity generation amounted to 230.7 gCO₂e/kWh, 54% less GHG intensive than in 1990 and 9% less than in 2019.²⁵

The EU's electricity sector is expected to make a significant contribution to climate change mitigation by 2030. In order to achieve climate neutrality by 2050, the carbon intensity from electricity in the EU must decrease significantly over the next few years.²⁶ Under the European Green Deal, the EU set out a 2050 target for climate neutrality, requiring 55% GHG emissions reduction based on 1990 levels, and a 40% share of renewable energy in final consumption by 2030.²⁷ As of 2020, the share of renewable energy amounted to 22.1% of the energy consumed in the EU, 2% above the 2020 target.²⁸ The share of renewables in electricity generation was only 38% in the EU in 2021, highlighting the need for more investments in the sector.²⁹

In view of the above, Sustainalytics expects FAIR ALPHA's financing of renewable energy projects in Europe to be impactful in reducing GHG emissions linked to the power sector and is also expected to contribute to the achievement of the EU's climate and renewable energy targets.

Decarbonizing the transportation sector in the EU

The transportation sector is one of the primary drivers of the EU's GHG emissions, representing almost 25% of the EU's total GHG emissions.³⁰ Transportation-related GHG emissions have continued to increase since 1990, demonstrating the constant growth within this sector.³¹ Furthermore, according to the EEA, road transport was often the major source of air pollution in European cities in 2021, with air pollution being the dominant environmental health risk in Europe.^{32,33}

To reduce GHG emissions in the transportation sector, the European Commission has established a "Sustainable & Smart Mobility Strategy" together with an action plan of 82 initiatives, aiming at cutting 90% of its transport-related GHG emissions by 2050, based on 1990 levels.^{34,35} To achieve this target, the EU aims at increasing the number of zero-emission cars to at least 30 million by 2030 and aims for nearly all cars, vans, buses as well as new heavy-duty vehicles to be zero-emission by 2050.³⁶ In fact, electric vehicles have a strong potential of reducing GHG emissions in the transportation sector and they can substantially lower lifecycle GHG emissions in comparison with conventional combustion vehicles.³⁷

Based on the above context, Sustainalytics expects FAIR ALPHA's financing of clean transportation to contribute towards reducing GHG emissions from the transport sector, thereby supporting the EU's the transition to a decarbonized economy.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) and loan(s) issued under the Green Finance Framework advances the following SDG(s) and target(s):

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

²⁵ European Environment Agency, "Greenhouse gas emission intensity of electricity generation in Europe", at: <https://www.eea.europa.eu/ims/greenhouse-gas-emission-intensity-of-1>

²⁶ Ibid.

²⁷ European Commission, "Fit for 55: delivering the EU's 2030 Climate Target on the way to climate neutrality", (2021), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021DC0550&from=EN>

²⁸ European Commission, "Renewable energy statistics", (2022), at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Renewable_energy_statistics#Share_of_renewable_energy_more_than_doubled_between_2004_and_2020

²⁹ European Commission, "State of the Energy Union 2021" (2021), at: https://ec.europa.eu/energy/sites/default/files/state_of_the_energy_union_report_2021.pdf

³⁰ European Commission, "Transport and the Green Deal", (2020), at: https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/transport-and-green-deal_en

³¹ European Commission, "Transport Emissions", at: https://ec.europa.eu/clima/eu-action/transport-emissions_en

³² EEA, "Improving air quality improves people's health and productivity", (2021), at: <https://www.eea.europa.eu/signals/signals-2020/articles/improving-air-quality-improves-people2019s>

³³ EEA, "Air quality in Europe 2021", (2021), at: <https://www.eea.europa.eu/publications/air-quality-in-europe-2021>

³⁴ European Commission, "Mobility Strategy", (2020), at: https://transport.ec.europa.eu/transport-themes/mobility-strategy_en

³⁵ European Commission, "Factsheet – Transport and mobility sector", (2020), at: https://ec.europa.eu/commission/presscorner/detail/en/fs_20_2350

³⁶ Ibid.

³⁷ Ibid.

Clean Transportation	<p>9. Industry, Innovation, and Infrastructure</p> <p>11. Sustainable cities and communities</p>	<p>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</p> <p>11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</p>
Building Efficiency	<p>7. Affordable and Clean Energy</p> <p>9. Industry, Innovation and Infrastructure</p>	<p>7.3 By 2030, double the global rate of improvement in energy efficiency</p> <p>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</p>
Land Use & Marine Resources	15. Life on Land	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
Waste and Pollution Control	12. Responsible consumption and production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Information & Communications Technology	<p>7. Affordable and Clean Energy</p> <p>9. Industry, innovation and infrastructure</p>	<p>7.3 By 2030, double the global rate of improvement in energy efficiency</p> <p>9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020</p>
Transport Infrastructure & Accessibility	11. Sustainable cities and communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

Conclusion

FAIR ALPHA has developed the Green Finance Framework under which it may issue green bonds and loans and use the proceeds to finance projects in the following categories: (i) Renewable Energy, (ii) Clean Transportation, (iii) Building Efficiency, (iv) Land Use & Marine Resources, (v) Waste and Pollution Control, (vi) Information & Communications Technology and (vii) Transport Infrastructure & Accessibility. Sustainalytics considers that the projects funded by the green finance proceeds are expected to support the transition towards a low-carbon economy and to contribute achieving the EU's climate and energy goals.

The Green Finance 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 Green Finance Framework is aligned with the overall sustainability initiatives of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 9, 11, 12 and 15. Additionally, Sustainalytics is of the opinion that FAIR ALPHA has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that FAIR ALPHA Sustainable SA is well positioned to issue green bonds and that the Green Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021.

Appendix

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

Section 1. Basic Information

Issuer name: FAIR ALPHA Sustainable SA

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: Green Finance Framework

Review provider's name: Sustainalytics

Completion date of this form: May 9, 2022

Publication date of review publication:
Original publication date *[please fill this out for updates]:*

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 GBP:

- | | |
|--|--|
| <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 Renewable Energy, Clean Transportation, Building Efficiency, Land Use & Marine Resources, Waste and Pollution Control, Information & Communications Technology and Transport Infrastructure & Accessibility are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, 11, 12, 15.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input 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 checked="" type="checkbox"/> Clean transportation |
| <input 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 GBP | <input checked="" type="checkbox"/> Other (<i>please specify</i>):
Building Efficiency
Land Use & Marine Resources
Waste and Pollution Control
Information & Communications Technology
Transport Infrastructure & Accessibility |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

FAIR ALPHA's Board of Directors will be responsible for overseeing the evaluation and selection process for all eligible projects under the Framework. The Board will also be responsible for the final approval of eligible projects. FAIR ALPHA has in place an environmental and social risk management system that is applicable to all allocation decisions in the Framework. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input 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

- | | |
|---|--|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

FAIR ALPHA's Board of Directors will be responsible for overseeing the management of proceeds. Allocation to eligible projects will be tracked through an internal system. FAIR ALPHA intends to allocate proceeds immediately after issuance. This is in line with market practice.

Tracking of proceeds:

- | |
|--|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Allocations to future investments only | <input 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*):

FAIR ALPHA intends to report on allocation of proceeds in its Sustainability Report on its website on an annual basis until full allocation. The report will include the number of issued compartments, the total amount of investments in eligible sustainable projects, a short description of the assets and projects financed and balance of unallocated proceeds. In addition, FAIR ALPHA is committed to reporting on relevant impact metrics. Sustainalytics views FAIR ALPHA's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
 On a project portfolio basis
- Linkage to individual bond(s)
 Other (*please specify*):

Information reported:

- Allocated amounts
 Green Bond financed share of total investment
- Other (*please specify*): the number of issued compartments, the total amount of investments in eligible sustainable projects and short description of the assets and projects that are financed.

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*):

Information reported (expected or ex-post):

- GHG Emissions / Savings
 Energy Savings
- Decrease in water use
 Other ESG indicators (*please specify*): Annual renewable energy produced; capacity or renewable energy plants constructed in MW; zero emissions kilometers created; savings in energy demand; contributions to avoid deforestation; number of trees planted; quantity of waste recycled; quantity of waste diverted from landfills; reduction of single-plastic used; recycled supplies used; active mobility infrastructure created

Frequency

- Annual
 Semi-annual
 Other (please specify):

Means of Disclosure

- Information published in financial report
 Information published in sustainability report
 Information published in ad hoc documents
 Other (please specify):
 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.

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- 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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