

# Second-Party Opinion

## Goldman Sachs Solar Green Use of Proceeds Securitized Bonds



### Evaluation Summary

Sustainalytics is of the opinion that the Goldman Sachs Solar Green Use of Proceeds Securitized Bonds Framework, updated in July 2019, is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



**USE OF PROCEEDS** The eligible category for the use of proceeds – Loans that finance Solar Energy Systems – is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers the eligible category to have positive environmental impact and to advance the UN Sustainable Development Goal 7.



**PROJECT EVALUATION / SELECTION** Loanpal originates the Solar Loans and leverages proprietary technology and processes to evaluate and approve prospective customers. The company's custom credit-underwriting algorithm helps Loanpal's credit underwriters to make an immediate and informed decision on the approval of customers for financing. Once a customer meets Loanpal's underwriting requirements and the project satisfies Loanpal's criteria, funds are dispersed to the Loanpal-approved Installer at installation. Sustainalytics considers this to be in line with market practice.



**MANAGEMENT OF PROCEEDS** The proceeds of the Notes, directed to an underlying trust, will be used to acquire and hold Solar Loans and other related Solar Assets on behalf of the Issuer and the holders of Notes, including Class R Subordinate Notes. Once the Notes are issued, all Solar Loans will be assigned to the underlying trust. Sustainalytics believes that Goldman Sachs's management of proceeds, through securitization structure, mechanisms, and involved entities, is in line with the market practice.



**REPORTING** Goldman Sachs Asset Backed Securities Corp. will publish the allocation of the proceeds in the offering memorandum upon the issuance of the Notes. Loanpal's Partners utilize models to estimate the aggregate capacity of the solar energy systems that are financed by the Solar Loans, and the total assumed renewable energy produced by the solar energy systems (during assumed useful life), as a part of impact reporting. Sustainalytics views Loanpal's allocation and impact reporting as aligned with market practice.

<b>Evaluation date</b>	July, 2019
<b>Issuer Location</b>	New York, NY

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## Introduction

Paramount Equity Mortgage, LLC d/b/a Loanpal,<sup>1</sup> a California limited liability company (“Loanpal”) operates a financial technology platform that provides homeowners with loans used to finance, among other things, the purchase and installation of solar energy systems on their home through a network of US-based, third-party contractors (the “Partner”) to offer loans to homeowners as one option to fund the purchase of their solar energy system. Loanpal originated all the Solar Loans and sold, transferred, assigned and conveyed the Solar Loans and other related Solar Assets to Goldman Sachs Bank USA, CVI Investment Trust, or warehouse financing subsidiaries prior to their sale to Mill City.

Mill City Solar Loan 2019-2 Ltd. (“Mill City”), an exempted company incorporated with limited liability under the laws of the Cayman Islands, and Mill City Solar Loan 2019-2 LLC, a limited liability company organized under the laws of the State of Delaware (the “Co-Issuer”) will co-issue the Series 2019-2-GS Solar Loan Backed Notes.

Goldman Sachs Asset Backed Securities Corp. (“Goldman Sachs”) has developed the Goldman Sachs Solar Green Use of Proceeds Securitized Bonds Framework (the “Framework”) under which it will be issuing Notes which will be secured by a pool of loans made to homeowners (the “Solar Loans”) to finance the projects based on the eligibility criteria. The projects funded by the proceeds of the Notes must meet the following eligibility criteria:

- a. Fall within selected renewable and alternative energy product categories
  - i. Solar Panel Modules
  - ii. Solar inverters
  - iii. Services related to the installation of products under i. and ii.
- b. Installed by Loanpal approved installer
- c. Use Loanpal approved equipment.

Goldman Sachs Asset Backed Securities Corp. engaged Sustainalytics to review the Goldman Sachs Solar Green Use of Proceeds Securitized Bonds Framework, dated July 2019, and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).<sup>2</sup> This Framework has been published as an Appendix 1 within this document.

As part of this engagement, Sustainalytics received information from members of Loanpal’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 green use of proceeds securitized bonds.

This document contains Sustainalytics’ opinion of the Goldman Sachs Solar Green Use of Proceeds Securitized Bonds Framework, dated July 2019, and should be read in conjunction with that Framework.

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<sup>1</sup> Loanpal, Solar Loans: <https://www.loanpal.com/green-energy.html>

<sup>2</sup> 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/>

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Goldman Sachs Solar Green Use of Proceeds Securitized Bonds Framework

#### Summary

Sustainalytics is of the opinion that the Goldman Sachs Solar Green Use of Proceeds Securitized Bonds Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The use of proceeds category - Loans that finance Solar Energy Systems - is recognized as impactful by the GBP 2018 and Green Securitized Bonds are a recognized type of bond as per the GBP 2018.
- Project Evaluation and Selection:
  - All projects approved by Loanpal meet the eligibility criteria described above. In order to facilitate each sale, Loanpal provides prompt underwriting decisions through an automated electronic credit decisioning system. Loanpal's electronic credit decision making system relies on homeowners' information, including personal identity and income sourced from reliable third-parties (such as credit bureaus) with associated permissions.
  - Loanpal's Partner Underwriting Policy, as outlined in Appendix 2, contains the description of the thorough application process and questionnaire to understand potential partners' interests, business experience, sales & marketing, and historical performance including financial strength. All Approved Installers typically access Loanpal's platform during the process of selling equipment related to Eligible Projects to qualify homeowners for a Solar Loan while making the sale.
  - Loanpal determines the eligibility of the projects financed based on "Installer Approval policies" and "Equipment qualification criteria" (as outlined in Appendix 2: "Partner Underwriting Policy"). Eligible projects must be undertaken with Loanpal's 150 Approved Installers, as of the statistical cutoff date, and use equipment from the Approved Vendor List.
  - Loanpal's project evaluation and selection processes, to disperse the funds to Loanpal's Approved Installers and commence the Solar System installation for homeowners, are aligned with market practice.
- Management of Proceeds:
  - The proceeds of the Notes, directed to an underlying trust, will be used to acquire and hold Solar Loans and other related Solar Assets on behalf of the Issuer and the holders of Notes, including Class R Subordinate Notes. Once the Notes are issued, all Solar Loans will be assigned to the underlying trust. There are credit enhancement mechanisms in place, such as (i) overcollateralization where principal balance of the Solar Loans exceeds that of Notes (excluding the notional amount of the Class R Subordinate Notes), and (ii) subordination of Notes and the Class R Subordinate Notes.
  - Sustainalytics believes that the management of proceeds, through securitization structure, mechanisms, and involved entities, is in line with the market practice.
- Reporting:
  - Goldman Sachs has confirmed to Sustainalytics through the Framework that all proceeds of Notes will be immediately allocated to acquire Solar Loans and the verification on allocation of proceeds will be disclosed in the offering memorandum upon the issuance of the Notes. Sustainalytics believes that allocation reporting is aligned with market practice.
  - Loanpal's Partners utilize models to estimate the aggregate capacity of the solar energy systems that are financed by the Solar Loans, and the total assumed renewable energy produced by the solar energy systems (during assumed useful life). These metrics provide investors with insights on the scale of the impact of the solar energy systems funded by the Notes and are aligned with market practices

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### Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Goldman Sachs Solar Green Use of Proceeds Securitized Bonds Framework aligns to the four core components of the Green Bond Principles 2018. For detailed information please refer to Appendix 4: Green Bond/Green Bond Programme External Review Form.

## Section 2: Sustainability Strategy of the Issuer

### Contribution of the Framework to Loanpal's sustainability strategy

Sustainalytics is of the opinion that Loanpal has demonstrated a commitment to achieve positive environmental and social impacts by enhancing homeowners' access to solar financing while increasing the supply of renewable energy. Sustainalytics also believes that the Framework is aligned with Loanpal's overall sustainability efforts to advance solar energy through lending.

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

Sustainalytics is of the opinion that Loanpal implements an appropriate process to ensure that the Solar Loans underlying the Notes will be disbursed directly to the approved installers that meet Loanpal's criteria, as outlined in the Appendix 2. Furthermore, the Solar Loans will not be permitted to be used for any purpose other than the purchase and installation of a Solar Energy System, Energy Storage Systems, and/or related items and services. Financed projects must be undertaken by Loanpal's "Approved Installers" and only use equipment from Loanpal's "Approved Vendor List" and as further described under "The Residential Solar Industry" in the Offering Memorandum. In order to select installers, Loanpal has approval policies and procedures through which it performs due diligence on its potential channel partners. This assessment includes, among others, an evaluation of an installer's financial health; business operations experience, reputation and credit; insurances; and active licenses. Loanpal has confirmed to Sustainalytics that approved installers will comply with all applicable laws and regulations and will manage the environmental and social risks associated with their installation of Solar System for homeowners, including raw material sourcing for equipment, and health & safety during installation.

Due to the above-mentioned policies and diligence procedures, Sustainalytics believes that Loanpal, through approved installers, has sufficient measures to identify, manage and mitigate environmental and social risks commonly associated with the use of proceeds.

## Section 3: Impact of Use of Proceeds

The eligible category is recognized as impactful by the GBP 2018.

### Contribution of residential solar to low-carbon economy

In the US, although residential solar installations fell by 16% in 2017 mainly due to a loss of state incentives and higher customer-acquisition costs associated with maturing markets,<sup>3</sup> the following year observed some improvements including California's proposal to require solar on all new home builds.<sup>4</sup> Moreover, several policies at the federal, state, and local levels have helped to spur the adoption of solar energy in the United States. The bulk of support has come from the federal solar investment tax credit ("ITC")<sup>5</sup> that is available to taxpayers making investments in new solar energy systems. ITC generally provides an incentive for such investments by giving taxpayers a credit of up to 30% of the acquisition cost for new solar energy systems placed in service before specified deadlines. Loanpal's Solar Loans incentivizes homeowners and

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<sup>3</sup> GTM Research, US Residential and Utility-Scale Solar Markets See Installations Fall for the First Time:

<https://www.greentechmedia.com/articles/read/us-residential-and-utility-scale-solar-see-installations-fall-first-time#gs.yTKYQ7fR>

<sup>4</sup> Clean Technica, New Home Solar Laws Could Triple US Solar Base By 2045: <https://cleantechnica.com/2018/12/04/new-home-solar-laws-could-triple-us-solar-base-by-2045/>

<sup>5</sup> Solar Energy Industries Association (SEIA), Solar Investment Tax Credit (ITC): <https://www.seia.org/sites/default/files/inline-files/SEIA-ITC-101-Factsheet-2018-June.pdf>

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offers an effective way to promote the uptake of renewable energy-generating products in the US, where customers will be able to: (1) own their solar energy system and (2) apply for federal tax credits.

Loanpal's Solar Loans and a favorable regulatory environment will help reduce the country's greenhouse gas emissions while offering financial benefits to residential customers for owning solar energy systems and related products.

### Alignment with/contribution to SDGs

The UN Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. Goldman Sachs's securitized bonds advance the following SDG goal and target:

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.

### Conclusion

Goldman Sachs Asset Backed Securities Corp. has developed the Goldman Sachs Solar Green Use of Proceeds Securitized Bond Framework under which it will be issuing multiple classes of Notes which will be secured by a pool of Solar Loans. The originator of Solar Loans, Loanpal, has described a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for the allocation and impact reporting based on Installers' estimates in the offering memorandum.

Sustainalytics believes that the eligible category is aligned with Loanpal's overall sustainability efforts of providing financial support to homeowners for solar energy and will also contribute to the advancement of the UN Sustainable Development Goal 7. Additionally, Sustainalytics believes that Loanpal, through Approved Installers, has sufficient measures to identify, manage and mitigate environmental and/or social risks associated with selection and lending for homeowners' purchase and installation of solar systems.

Sustainalytics is of the opinion that the issuance of the Notes will be aligned with current market norms and that the Goldman Sachs Solar Green Use of Proceeds Securitized Bonds Framework is robust, transparent, and in alignment with the GBP 2018.

## Appendices

### Appendix 1: Goldman Sachs Solar Green Use of Proceeds Securitized Bonds Framework July 2019

#### Use of Proceeds

The proceeds of the green bonds will be allocated to Solar Loans that finance Solar Systems that meet the eligibility criteria set forth herein. A “Solar System” refers to either a Solar Energy System or an Energy Storage System, a “Solar Energy System” means a photovoltaic energy generating system, consisting of solar panels or modules, inverter(s), electricity storage, charging, energy efficient monitoring equipment and related equipment and wiring installed at a premises owned by the related obligor at the time of installation, and an “Energy Storage System” means a unit that receives energy from a Solar Energy System with the objective of storing it electrically, chemically, electrochemically, mechanically or thermally and of making it available again for use at a later time, which may consist of inverter(s), monitoring equipment and other related equipment, and wiring installed at a premises owned by the related obligor at the time of installation.

#### Eligibility Criteria

To be eligible to be funded by the proceeds, the projects funded must meet the following criteria:

- a. Fall within selected renewable and alternative energy product categories
  - i. Solar Panel Modules
  - ii. Solar inverters
  - iii. Services related to the installation of products under i. and ii.
- b. Installed by Loanpal Approved Installer
- c. Use Loanpal approved equipment.

Loanpal determines the eligibility of the projects financed based on “Installer Approval policies” and “Equipment qualification criteria”. Eligible projects must be undertaken with Loanpal’s “Approved Installers” and use equipment from the “Approved Vendor List” (as outlined in Appendix 1 and 2).

## 2. Project Evaluation and Selection Process

All projects approved by Loanpal meet the eligibility criteria described above. Loanpal then leverages proprietary technology and processes to evaluate and approve prospective customers seeking to obtain a Solar Loan. The Company deploys its custom credit-underwriting algorithm to determine if a homeowner meets Loanpal’s credit underwriting requirements. This allows Loanpal’s credit underwriters to make an immediate and informed decision on whether to approve a customer for financing. If the customer meets Loanpal’s underwriting requirements and the project satisfies Loanpal’s criteria, funds are dispersed to the Loanpal-approved Installer at installation.

## 3. Management of Proceeds

The proceeds of the Notes are immediately directed to an underlying trust that is being used to acquire and hold the Solar Loans and other related Solar Assets on behalf of the Issuer and the holders of the Notes and the Class R Subordinate Notes. The Solar Loans are currently owned by Goldman Sachs Bank USA, CVI Investment Trust, or warehouse financing subsidiaries thereof prior to their sale to the Issuer. All Solar Loans will be assigned to the underlying trust upon the issuance of the Notes resulting in full allocation of the proceeds to the Solar Loans.

The total proceeds in respect of the Notes (excluding the notional amount of the Class R Subordinate Notes) that are collateralized by the pool of Solar Loans are approximately USD \$217.9mm. The transaction benefits from credit enhancement in the form of overcollateralization, subordination of Notes, a yield supplement and a liquidity reserve account. Overcollateralization is created by the principal balance of Solar

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Loans exceeding the aggregate principal balance of the Notes (excluding the notional amount of the Class R Subordinate Notes).

The proceeds from the issuance of the Notes will be used by the securitization issuer to acquire the Solar Loans and to pay certain expenses incurred in connection with the issuance of the Notes, and to repay existing warehouse financing facilities.

The Notes (other than the Class R Subordinate Notes) will be secured by all of the Solar Loans acquired by the securitization issuer. The principal balance of the Solar Loans as of the transaction's statistical cut-off date of May 31<sup>st</sup>, 2019 will be approximately USD \$255.6mm.

### 4. Reporting

#### Allocation Reporting

As all the initial proceeds in respect of the sale of the Notes will be immediately allocated to (or for) the acquisition of the Solar Loans, verification on allocation of the proceeds will be disclosed in the offering memorandum upon the issuance of the Notes.

#### Impact Reporting

Loanpal uses a proprietary calculation model to review the renewable energy generating capacity of their Solar Loan portfolio.

Loanpal reports on assumed impact in the following areas:

#### Renewable Energy Generation

1. Methodology
  - a. Aggregate capacity of the solar energy systems in Megawatts
2. Specific Impact Metrics
  - a. Aggregate capacity of the solar energy systems in Megawatts (DC, direct current)
  - b. Total assumed renewable energy produced by the solar energy systems (during assumed useful life) in Megawatt hours

## Appendix 2: Loanpal's Partner Underwriting Policy

Loanpal permits an Installer (Partner) to access Loanpal Solar Financing Platform only after such Installer has been underwritten, evaluated and approved by Loanpal's capital markets team and designated as an Approved Installer. There are minimum standards and requirements set forward by Loanpal for Approved Partner to meet, including satisfactory financial health, business reputation and customer reputation. Any Installer who seeks to become an Approved Installer must initially provide Loanpal with the following information: complete Partner Application and Questionnaire, copies of all contractor licenses for the states in which the Installer want loan financing, last two years and current YTD financials, copy of Installer's General Liability and Workers Compensation Insurance, copy of Installer's current Cash Solar Contract (with any Workmanship Warranty, other Warranty, and Performance Guarantees) that will be used in conjunction with solar loan financing, copy of Installer's Approved Equipment List, and the Bio's for Management Team.

In the beginning, Loanpal's business development team will identify a potential partner that has interest in joining the Loanpal Solar Financing Platform, and provide the potential partner the Loanpal approval checklist, application, and questionnaire. Loanpal Partner Application requires an Installer to provide detailed information required for underwriting process regarding, among other things: number of years in business, historical and projected install volume, installation/warranty overview, and sales and marketing overview.

Once completed, Loanpal business development team will submit the information to the Loanpal capital markets team, which will conduct various steps for Approval process, including review the credit application for completeness, enter the data from the Underwriting Worksheet and Application/Questionnaire into Partner Underwriting Decision Matrix, and review all information for accuracy. If the underwriting score is sufficient for Approval, the documentation will be sent to the SVP of Capital Markets or the COO for the final approval, followed by the business development team's partner onboarding process.

Performance by Approved Installers (Partners) will be monitored by Loanpal on an ongoing basis with, at least, annually collected information on their financials, renewed insurance certificates, contractor licenses, and material adjustments to Partner training and sales material. A Partner may be removed as an Approved Installer by Loanpal's capital markets team at any time based on a breach of the Installer's agreement with Loanpal, if observed through the annual onsite diligence of Partner's operations conducted by third party experts and overseen by Loanpal's business development team. Quarterly, Loanpal will benchmark the Partner's customer's payment performance against all other Loanpal Partners.

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### Appendix 3: Impact Statistics for Mill City Solar Loan 2019-2 Ltd.

Based on the sizes reported and usage assumed by the Approved Installers, the following environmental impacts are assumed from the Solar Energy Systems funded by the Solar Loans that collateralize the Notes. These are good faith estimates provided by the Approved Installers, but Loanpal cannot and does not guaranty the accuracy of these estimates.

Environmental Impact	Impact Metrics	Impact Figures
<b>Total capacity of solar energy systems financed by solar loans backing the Notes</b>	Megawatts (DC)	approximately 61 MW
<b>Total estimated renewable energy produced by solar energy systems (during estimated 30 years of useful life operating at full capacity)</b>	Megawatt hours	approximately 16,030,800 MWh

# Goldman Sachs Solar Green Use of Proceeds Securitized Bonds

## Appendix 4: Green Bond / Green Bond Programme - External Review Form Section 1. Basic Information

<b>Issuer name:</b>	Mill City Solar Loan 2019-2 Ltd.
<b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i></b>	Goldman Sachs Solar Green Use of Proceeds Securitized Bonds Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	July 2019
<b>Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i></b>	

## 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 <sup>nd</sup> 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.

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### 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 category for the use of proceeds –Solar System -- is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers the eligible category to have positive environmental impact and to advance the UN Sustainable Development Goals, specifically 7.

#### 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 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 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):

Loanpal leverages proprietary technology and processes to evaluate and approve the prospective customers for Solar Loans. The company's custom credit-underwriting algorithm helps Loanpal's credit underwriters to make an immediate and informed decision on the approval of customers for financing. Once customer meets Loanpal's underwriting requirements and project satisfies Loanpal's criteria, funds are dispersed to the Loanpal-approved Installer at installation. Sustainalytics considers this to be in line with market practice.

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### 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 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 checked="" 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*):

The proceeds of the Notes, directed to an underlying trust, will be used to acquire and hold Solar Loans and other related Solar Assets on behalf of the Issuer and the holders of Notes, including Class R Subordinate Notes. Once the Notes are issued, all Solar Loans will be assigned to the underlying trust. Sustainalytics believes that Mill City's management of proceeds, through securitization structure, mechanisms, and involved entities, is in line with the 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*): the proceeds of the Notes are tracked and managed by the co-issuers in an appropriate manner

### 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 checked="" type="checkbox"/> Other ( <i>please specify</i> ): Allocation to acquire Solar Loans. |

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### 4. REPORTING

Overall comment on section (if applicable):

Goldman Sachs Asset Backed Securities Corp. will publish the allocation of the proceeds in the offering memorandum upon the issuance of the Notes. Loanpal's Partners utilize models to estimate the aggregate capacity of the solar energy systems that are financed by the Solar Loans, and the total assumed renewable energy produced by the solar energy systems (during assumed useful life), as a part of impact reporting. Sustainalytics views the 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 (please specify):                 |

#### Information reported:

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify):      |  |

#### Frequency:

- |  |                                      |
|--|--------------------------------------|
| <input type="checkbox"/> Annual  | <input type="checkbox"/> Semi-annual |
| <input checked="" type="checkbox"/> Other (please specify): one time at offering |                                      |

#### Impact 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 (please specify):                 |

#### Frequency:

- |  |                                      |
|--|--------------------------------------|
| <input type="checkbox"/> Annual  | <input type="checkbox"/> Semi-annual |
| <input checked="" type="checkbox"/> Other (please specify): one time at offering |                                      |

#### Information reported (expected or ex-post):

- |  |   |
|--|---|
| <input type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings   |
| <input type="checkbox"/> Decrease in water use   | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Aggregate capacity of the solar energy systems that are financed by the Solar Loans, and the total assumed renewable energy produced by the solar energy systems (during assumed useful life). |

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### Means of Disclosure

- |   |   |
|---|---|
| <input type="checkbox"/> Information published in financial report  | <input type="checkbox"/> Information published in sustainability report         |
| <input type="checkbox"/> Information published in ad hoc documents  | <input checked="" type="checkbox"/> Other (please specify): Offering Memorandum |
| <input type="checkbox"/> 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:

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

**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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Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider. The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

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