

# Second-Party Opinion

## Lion City Rentals Sustainability-Linked Bond

### Evaluation Summary

Sustainalytics is of the opinion that the asset backed Sustainability-Linked Bond issued by M & T Investments Pte. Ltd. and originated by Lion City Rentals align with the Sustainability-Linked Bond Principles 2020. This assessment is based on the following:

- Selection of Key Performance Indicators (KPI)** Lion City Rentals' Sustainability-Linked Bond identifies one KPI: CO<sub>2</sub> emissions intensity of operational fleet (see Table 1). Sustainalytics considers the KPI chosen to be very strong given its materiality to Lion City Rentals' business operations and high applicability. Sustainalytics further considers that the KPI follows a clear and consistent methodology and can be compared with external science-based contextual benchmarks.
- Calibration of Sustainability Performance Targets (SPTs)** Sustainalytics considers the SPTs to be aligned with Lion City Rentals' sustainability efforts. Sustainalytics further considers the SPTs to be ambitious based on favourable comparison against peers and alignment with science-based trajectories.
- Bond Characteristics** The Issuer will link the bond's financial characteristics to the achievement of the SPTs in the form of coupon rate adjustments. Failure to meet each SPT by its observation date will result in a coupon rate step-up.
- Reporting** Lion City Rentals commits to report on an annual basis on its performance on the KPI in its Noteholders' Report. Lion City Rentals commits to disclose KPI performance including the underlying calculations as well as an annual verification assurance report relative to the SPTs. The reporting commitments are aligned with the Sustainability-Linked Bond Principles.
- Verification** Lion City Rentals commits to have external limited assurance conducted on its KPI progress on an annual basis, which is aligned with market practice.

<b>Evaluation Date</b>	November 24, 2021
<b>Issuer Location</b>	Singapore, Singapore

The SPTs contribute to the following SDGs:



### Overview of KPI and SPTs

KPI	Baseline	SPTs	Strength of the KPI	Ambitiousness of SPTs
CO <sub>2</sub> emissions intensity of operational fleet	2021	1a: Reduce emissions intensity of operational fleet to 101.5 gCO <sub>2</sub> /km by 2022  1b: Reduce emissions intensity of operational fleet to 100.0 gCO <sub>2</sub> /km by 2023	Very Strong	Ambitious

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## Scope of Work and Limitations

Lion City Rentals Pte Ltd (“LCR” or the “Company”) has engaged Sustainalytics to review the Lion City Rentals Sustainability-Linked Bond (the “SLB” or the “Bond”), to be issued in February 2022, and to provide an opinion on the alignment of the bond with the Sustainability-Linked Bond Principles 2020 (SLBP).<sup>1</sup> Lion City Rentals has clarified to Sustainalytics that the Bond will be issued by a Special Vehicle Purpose Company, M & T Investments Pte. Ltd, while Lion City Rentals will be the originator of the transaction. The issuances will comprise of following tranches; (i) rated Class A1 Notes, (ii) unrated Class A2A Notes, and (iii) contingent unrated Class A2B Notes.

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>2</sup> opinion on the alignment of the reviewed SLB with the Sustainability-Linked Bond Principles 2020, as administered by ICMA.

As part of this engagement, Sustainalytics exchanged information with various members of LCR’s management team to understand the sustainability impact of its business processes and SPTs, as well as the reporting and verification aspects of the SLB. LCR’s representatives have confirmed that:

- (1) They understand it is the sole responsibility of LCR to ensure that the information provided is complete, accurate and up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) 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 Bond and should be read in conjunction with the Bond’s Documents. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Lion City Rentals. Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Bond 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 SPTs of the KPI but does not measure KPI progress.<sup>3</sup> The measurement and reporting of the KPI is the responsibility of the Bond issuer. 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 LCR has made available to Sustainalytics for the purpose of this Second-Party Opinion.

The Second-Party Opinion is valid for issuance aligned with the respective Bond for which the Second-Party Opinion was written and aligned with the methodology to calculate the KPI performance outlined in the Second-Party Opinion up to 24 months or until one of the following occurs:

- (1) A material change to the external benchmarks<sup>4</sup> against which targets were set;
- (2) A material corporate action (such as material M&A or change in business activity) which has a bearing on the achievement of the SPTs or the materiality of the KPI.

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<sup>1</sup> The Sustainability-Linked Bond Principles (SLBP) were launched by ICMA in June 2020. They are administered by the ICMA and are available at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-100620.pdf>.

<sup>2</sup> 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.

<sup>3</sup> Sustainalytics has provided an opinion based on the understanding that the financial characteristics of the Bond will be tied to the achievement of the SPTs corresponding to the KPI.

<sup>4</sup> Benchmarks refers to science based benchmarks

## Introduction

LCR is a mobility company that provides car rental and leasing solutions and related services, such as ride hailing and car sharing in Singapore, with a fleet of approximately 4,100 passenger cars. The coupon rate of the Sustainability-Linked Bond is tied to the achievement of two SPTs for the KPI related to reducing CO<sub>2</sub> emissions intensity of its operational fleet.

LCR has engaged Sustainalytics to review the SLB and to provide an opinion on its alignment with the Sustainability-Linked Bond Principles 2020 (SLBP).

The KPI and SPTs used by LCR are defined in Tables 1 and 2 below.

**Table 1: KPI Definitions**

KPI	Definition
CO <sub>2</sub> emissions intensity of operational fleet (Average gCO <sub>2</sub> /km for the operational fleet)	<p>The KPI is a measure of the CO<sub>2</sub> emissions intensity of the operational fleet (in gCO<sub>2</sub>/km) and covers CO<sub>2</sub> emissions from LCR's entire vehicle fleet.</p> <p>The KPI is calculated using the local Land Transport Authority's (LTA)<sup>5</sup> emissions per car model by dividing the total emissions of the fleet (measured in gCO<sub>2</sub>) with the total actual distance travelled (in km). The LTA requires all vehicles imported into Singapore to be tested according to WLTP-Europe or WLTP-Japan.</p>

**Table 2: SPTs and Past Performance**

KPI	2019	2020	2021 (baseline)	SPT 2025
Emissions intensity of operational fleet (gCO <sub>2</sub> /km)	N/A	N/A	102.34	<p>1a: Reduce emissions intensity of operational fleet to 101.5 gCO<sub>2</sub>/km by 2022 from a 2021 baseline</p> <p>1b: Reduce emissions intensity of operational fleet to 100.0 gCO<sub>2</sub>/km by 2023 from a 2021 baseline</p>

<sup>5</sup> LCR commits to calibrate or improve the accuracy of the LTA data by randomly sampling the vehicle log cards of 5 cars per manufacture year. If a car manufacturer reported varying rates of emissions across the years, LCR adopts the emissions rate that is calculated by taking a weighted average across the years.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Alignment of Lion City Rentals' Sustainability-Linked Bond with the Sustainability-Linked Bond Principles

Sustainalytics is of the opinion that the Sustainability-Linked Bond align with the five core components of the Sustainability-Linked Bond Principles 2020 (SLBP).



#### Selection of Key Performance Indicators (KPI)

##### Relevance and Materiality of KPIs

In its assessment of materiality and relevance, Sustainalytics considers: i) whether an indicator speaks to a material impact of the issuer's business on environmental or social issues, and ii) to what portion of impact the KPI is applicable.

Sustainalytics considers the KPIs to be material and relevant given the following:

- In Singapore, the transport sector was responsible for 14.8% of the nation's emissions profile in 2018, the third-largest contributor sector of carbon emissions.<sup>6</sup> Road vehicles accounted for three-quarters of global CO<sub>2</sub> emissions from the transport sector in 2019, most of which from passenger vehicles such as cars,<sup>7</sup> and therefore reducing carbon emissions from cars is important for climate change mitigation. Additionally, LCR considers the vehicles of its operational fleet as a material environmental issue for its core business operations.
- Sustainalytics' Industry Report identifies "Carbon - Own Operations" as a material ESG issue for the transportation industry and its sub-industries. Additionally, the Sustainability Accounting Standards Board (SASB) identifies GHG emissions as a relevant topic to track and disclose for the "Car Rental and Leasing" sub-industry.<sup>8</sup>
- In terms of applicability, the KPI covers emissions from LCR's entire operational fleet including rented and leased vehicles which account for the majority of the Company's total emissions, representing a high scope of applicability.

##### KPI Characteristics

In its assessment of the KPI characteristics, Sustainalytics considers: i) whether a clear and consistent methodology is used; ii) whether the issuer follows an externally recognized definition; iii) whether the KPIs are a direct measure of the performance of the issuer on the material environmental or social issue; and iv) if applicable, whether the methodology can be benchmarked to an external contextual benchmark.<sup>9</sup>

Sustainalytics considers the KPI to be a direct measure of the CO<sub>2</sub> emissions profile for the Company's operational fleet. Further, Sustainalytics considers the Company's definition and calculation of the KPI to be clear and consistent. Additionally, the calculation adheres to CO<sub>2</sub> emissions information as provided in accordance with Procedures on Importation and Registration of a Car in Singapore, which mandates all vehicles imported into Singapore to be tested according to WLTP-Europe or WLTP-Japan. Sustainalytics further notes that the KPI is comparable against external contextual benchmarks, such as the Transition Pathway Initiative (TPI),

<sup>6</sup> NCCS, "Singapore's Emissions Profile", at: <https://www.nccs.gov.sg/singapores-climate-action/singapore-emissions-profile/>

<sup>7</sup> IEA, "Tracking Transport 2020", at: <https://www.iea.org/reports/tracking-transport-2020>

<sup>8</sup> SASB, "Car Rental & Leasing" at: <https://www.sasb.org/standards/download/>

<sup>9</sup> External contextual benchmarks provide guidance on the alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

**Overall Assessment**

Sustainalytics overall considers the KPI – CO<sub>2</sub> emissions intensity of operational fleet – to be very strong given that it speaks to an issue which is environmentally material to LCR’s business and has a high scope of applicability to the Company’s total emissions. Sustainalytics further considers the KPI to be a direct measure of performance on the material issue with a clear, consistent and externally recognizable definition, while also noting that the KPI is comparable against external contextual benchmarks.

<b>CO<sub>2</sub> emissions intensity of operational fleet</b>	Not Aligned	Adequate	Strong	<b>Very strong</b>
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**Calibration of Sustainability Performance Targets (SPTs)**

**Alignment with Issuer’s Sustainability Strategy**

LCR has set the following SPTs for its KPI:

- 1a: Reduce emissions intensity of operational fleet to 101.5 g CO<sub>2</sub>/km by 2022 from a 2021 baseline
- 1b: Reduce emissions intensity of operational fleet to 100.0 g CO<sub>2</sub>/km by 2023 from a 2021 baseline

Sustainalytics considers the SPTs to be aligned with LCR’s sustainability strategy (please refer to Section 2 for an analysis of the credibility of LCR’s sustainability strategy).

LCR has identified vehicle emissions as a material issue for the Company given its large vehicle fleet. LCR’s long-term strategy is targeted towards achieving a fully electric and hybrid fleet by 2030. In addition to the long-term target, in the medium term, LCR is committed to reducing the emissions intensity of its portfolio to 94 gCO<sub>2</sub> by 2025. LCR has informed Sustainalytics that given its short-operating history, LCR is currently in the process of developing and formalizing its sustainability strategy, which will focus on a 2030 target to reduce LCR’s fleet emissions, among other areas.

**Strategy to Achieve the SPTs**

LCR intends to achieve the SPTS through the following strategy:

- In the short term, LCR will target to reduce the emissions of its operational fleet though promoting and stimulating the rental of hybrid vehicles over petrol vehicles, which will be discouraged via increased rental fees. Additionally, LCR will restrict the use or dispose of the most pollutive petrol vehicles from its fleet. Given that LCR’s fleet is rented for car sharing as well as for ride hailing, LCR will strategically increase the share of hybrid and lower emissions vehicles used for ride hailing, as cars used in this business segment run double or triple the distance covered per car compared to cars used for car sharing.

**Ambitiousness, Baseline and Benchmarks**

To determine the ambitiousness of the SPTs, Sustainalytics considers: i) whether the SPTs go beyond business-as-usual trajectory; ii) how the SPTs compare to targets set by peers; and iii) how the SPTs compare with science.<sup>10</sup>

Sustainalytics notes that the baseline for the KPI is set for the period between January 2021 until August 2021 given a recent change in the Company’s ownership. Sustainalytics notes that it is market practice to have a baseline for a full fiscal year.

Sustainalytics was able to use the following benchmarks to assess ambitiousness: peer performance and science. Sustainalytics could not accurately assess past performance of LCR due to changes in ownership resulting lack of reliable historical data.

<sup>10</sup> We refer here to contextual benchmarks that indicate the alignment of targets with ecosystem boundaries.

Sustainalytics notes that LCR’ SPTs compare favourably against global peers, most of which have not yet set publicly available quantitative targets for reducing operational fleet emissions. According to Sustainalytics’ analysis of LCR’s regional peers, the Company is one of the leaders among car rental and leasing companies for setting a climate target for its operational fleet in alignment with the Transition Pathway Initiative’s (TPI) Below 2 Degrees benchmark scenario.

To assess alignment with science, Sustainalytics has relied on the TPI’s benchmark scenario for the auto sector. The “Below 2 Degrees (high efficiency)”<sup>11</sup> benchmark scenario for the auto sector sets an emission intensity target of 95 gCO<sub>2</sub>/km for 2022 and 86 gCO<sub>2</sub>/km for 2023, where emissions are computed as per NEDC methodology. LCR’s SPTs converted from WLTP to NEDC are 83.8 gCO<sub>2</sub>/km for 2022 and 82.6 gCO<sub>2</sub>/km for 2023.<sup>12</sup> Sustainalytics considers LCR’s 2022 and 2023 operational fleet emissions intensity target aligned with the TPI’s “Below 2 Degrees (high efficiency)” benchmark scenario, which is consistent with the Paris Agreement’s overall ambition.<sup>13</sup>

**Overall Assessment**

Sustainalytics considers the SPTs to align with Lion City Rentals’ sustainability efforts and considers LCR’s SPTs to be ambitious given the favourable comparison against peers and alignment with TPI’s Below 2 Degrees benchmark scenario.

<p><b>1a: Reduce emissions intensity of operational fleet to 101.5 CO<sub>2</sub>/km by 2022 from a 2021 baseline</b></p> <p><b>1b: Reduce emissions intensity of operational fleet to 100.0 CO<sub>2</sub>/km by 2023 from a 2021 baseline</b></p>	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
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**Bond Characteristics**

LCR has disclosed that the Bond will have its financial characteristics linked to the performance on the KPI. Failure to achieve SPTs on the target observation date will each trigger a coupon rate step-up. LCR has communicated to Sustainalytics that the coupon rate will be increased by 0.10% each time the SPT is not met and the penalty will apply from the ensuing payment date in February 2023 and February 2024 respectively. LCR intends to measure compliance with the targets on an annual basis throughout the Bond’ duration. Sustainalytics notes positively that each SPT needs to be met to avoid a respective increase in the coupon rate.



**Reporting**

LCR commits to report on an annual basis on its performance on the KPIs, and expects to include the relevant figures, such as the year’s CO<sub>2</sub> emissions intensity of the operational fleet (in gCO<sub>2</sub>/km), in the Noteholders’ Report at each anniversary of the issuance date. Sustainalytics considers this to be aligned with the SLBP. LCR further commits to disclose an annual verification assurance report.

<sup>11</sup> The Below 2 Degrees (High Efficiency) scenario assumes there is no shift in passengers to lower carbon modes of transport; instead, all emissions reductions are delivered through increased fuel efficiency and low-carbon technology.  
<sup>12</sup> Sustainalytics notes that LCR is using Singapore’s Land Transport Authority’s (LTA) emissions per car model multiplied by an average of the actual km travelled by the fleet in the last five months. The LTA stipulates that all vehicles imported into Singapore are required to be tested according to WLTP-Europe or WLTP-Japan.  
<sup>13</sup> The Below 2 Degrees (High Efficiency) scenario, based on the IEA’s 2 Degrees scenario, is consistent with the overall aim of the Paris Agreement to hold “the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels”, albeit at the low end of the range of ambition.



## Verification

LCR commits to have an external verifier provide limited assurance on the published KPI performance figures for each fiscal year, which is aligned the SLB Principles on verification.

## Section 2: Assessment of LCR's Sustainability Strategy

### Credibility of LCR's Sustainability Strategy

Sustainalytics notes that LCR, as a recently acquired company with a short operating history, is in the early stages of developing its sustainability strategy. Given this context, Sustainalytics relied on information shared by LCR on the Company's broad sustainability plans and long-term vision.

With the current share of hybrid vehicles in LCR's fleet at 59.3%, the Company has a long-term vision to have a fully electric and hybrid passenger vehicle fleet by 2030.<sup>14</sup> To achieve this goal, the fleet renewal process is targeted to commence progressively from 2024, when the average age of the portfolio fleet will reach 7-8 years old. Strategies to lower the emissions intensity of its operational fleet include the use of monetary measures to discourage the rental of petrol vehicles and stimulate the rental of hybrid vehicles. Hybrid and lower emissions petrol vehicles will also be offered to the ride hailing rental service, which covers up to triple the distance per car compared to the car sharing service. Additionally, fuel efficiency has been identified as a key factor for consideration when selecting vehicle models for fleet renewal.

Considering the above, Sustainalytics is of the opinion that LCR's SLB will support its long-term sustainability vision of the complete phase out of internal combustion engine vehicles. Sustainalytics encourages the Company to develop and formalize its sustainability commitment through policies and targets to reduce carbon emissions that are publicly disclosed.

### LCR's Environmental and Social Risk Management

Sustainalytics recognizes that LCR's defined targets are impactful, however, acknowledges that achieving the SPT bears environmental and social risks related to carbon-own operations, business ethics and health and safety risks related to vehicle operations.

Sustainalytics comments below on LCR's ability to mitigate such potential risks:

- The Company has a detailed code of conduct in its standard employment contract that details measures against unethical business practices, including security breaches, bribery and corruption.
- The Company adheres to the LTA vehicle safety standards<sup>15</sup> when procuring new vehicles and complies with the LTA's recall advisories to ensure that all faulty cars are rectified or are no longer in use.

Overall, Sustainalytics considers that LCR has demonstrated efforts to mitigate material risks to LCR's sub-industry. Whilst LCR does not have a formal risk mitigation system to reduce carbon from its operations, the Company has clarified to Sustainalytics that it is committed to minimizing its carbon footprint beyond the achievement of the SPTs. Sustainalytics encourages LCR to establish programmes and systems, with formal strategies to minimize carbon from its operations.

## Section 3: Impact of the SPTs Chosen

The transportation sector is a significant source of global anthropogenic emissions, responsible for close to 25% of total carbon emissions globally.<sup>16</sup> Road transportation accounts for 74.5% of these emissions, with passenger vehicles – cars and buses – contributing the largest share.<sup>17</sup> The IEA Energy Technology Perspectives 2020 reports that global transportation (measured by

<sup>14</sup> In the absence of a published sustainability report, this information is based on internal verbal and written communication with the LCR team

<sup>15</sup> LTA, "Procedures on Importation and Registration of a Car in Singapore", at: [https://onemotoring.lta.gov.sg/content/dam/onemotoring/Buying/PDF/Importation\\_Guidelines/Car.pdf](https://onemotoring.lta.gov.sg/content/dam/onemotoring/Buying/PDF/Importation_Guidelines/Car.pdf)

<sup>16</sup> IEA, "Tracking Transport 2020", at: <https://www.iea.org/reports/tracking-transport-2020>

<sup>17</sup> Our World in Data, "Cars, planes, trains: where do CO<sub>2</sub> emissions from transport come from?" (2020), at: <https://ourworldindata.org/co2-emissions-from-transport>

passenger-kilometres travelled) is projected to double between 2019 and 2070.<sup>18</sup> Additionally, despite progress in developing and rolling out electric vehicles globally, road transport emissions continued to rise between 2000 and 2019. In this context, adopting fuel switching and energy efficiency measures are critical for the transport sector to meet projected mobility and freight demand while achieving required Paris-aligned emissions reductions levels. The energy intensity of the transport sector (total energy consumption per unit of GDP) declined by 2.3% in 2019. However, the IEA posits that an average annual decline of 3.2% from 2020 to 2030 is required to put transport efficiency on track with the Sustainable Development Scenario to peak global transport sector emissions at 8.2 GtCO<sub>2</sub> in 2019, fall to 7.5 GtCO<sub>2</sub> by 2030 and eventually achieve net zero by 2070 (ibid.).

In Singapore, the transport sector is the third-largest contributor of carbon emissions, responsible for 14.8% of the nation’s emissions profile in 2018.<sup>19</sup> For Singapore to achieve its enhanced Nationally Determined Contribution of peaking absolute emissions at 65 MtCO<sub>2</sub>e by 2030<sup>20</sup> and Long-Term Low-Emissions Development Strategy for achieving net zero emissions as soon as viable,<sup>21</sup> transport has been recognized as a key sector for decarbonization. As part of the Singapore Green Plan 2030 Energy Reset pillar, new registrations of diesel cars and taxis are targeted to cease from 2025 and all new car and taxi registrations to be of a cleaner-energy model from 2030.<sup>22</sup> These targets feed into the broader 2040 vision of completely phasing out international combustion engine vehicles and to have all vehicles run on cleaner energy.

In this context, Sustainalytics is of the opinion that LCR’s ambition to reduce the emissions intensity of its operational fleet through phasing out petrol fuel cars over time for hybrid and electric vehicles, will contribute meaningfully to Singapore’s Green Plan 2030 and support Singapore in achieving its climate targets.

**Alignment with/contribution to SDGs**

The Sustainable Development Goals (SDGs) were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. Lion City Rentals’ Sustainability-Linked Bond is expected to contribute to advancing the following SDG goal and target:

KPI	SDG	SDG Target
Emissions intensity of operational fleet	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**

Lion City Rentals’ Sustainability-Linked Bond will tie the coupon rate to the achievements of the following SPTs:

- (1) By 2022, reduce emissions intensity of operational fleet to 101.5 gCO<sub>2</sub>/km from a 2021 baseline,
- (2) By 2023, reduce emissions intensity of operational fleet to 100.0 gCO<sub>2</sub>/km from a 2021 baseline.

Sustainalytics considers the SPTs to be ambitious given their favourable comparison against peers and alignment with TPI’s Below 2 Degrees benchmark scenario. Sustainalytics considers the KPI chosen to be very strong given that it addresses an issue with material impact to LCR, the originator of the Bond, and follows a clear, consistent and externally recognized methodology. The KPI is also comparable against external contextual benchmarks.

Furthermore, Sustainalytics considers LCR’s reporting and verification commitments to be aligned with market expectations.

Based on the above, Sustainalytics considers the M & T Investments Sustainability-Linked Bond to be in alignment with the five core components of the Sustainability-Linked Bond Principles 2020 and the prospective of achievement of the SPTs to be impactful.

<sup>18</sup> IEA, “Energy Technology Perspectives 2020”, at: <https://www.iea.org/reports/energy-technology-perspectives-2020>  
<sup>19</sup> NCCS, “Singapore’s Emissions Profile”, at: <https://www.nccs.gov.sg/singapores-climate-action/singapore-emissions-profile/>  
<sup>20</sup> UNFCCC NDC Registry, “Singapore”, at: <https://www4.unfccc.int/sites/ndcstaging/Pages/Party.aspx?party=SGP&prototype=1>  
<sup>21</sup> UNFCCC, “Charting Singapore’s Low-carbon and Climate Resilient Future”, at: <https://unfccc.int/sites/default/files/resource/SingaporeLongtermlowemissionsdevelopmentstrategy.pdf>  
<sup>22</sup> Singapore Green Plan, “Energy Reset”, at: <https://www.greenplan.gov.sg/key-focus-areas/energy-reset/>

## Appendix 1: Sustainability-Linked Bond - External Review Form

### Section 1. Basic Information

**Issuer name:** M & T Investments Pte Ltd

**Sustainability-Linked Bond ISIN:**

**Independent External Review provider’s name for second party opinion pre-issuance (sections 2 & 3):** Sustainalytics

**Completion date of second party opinion pre-issuance:** November 24, 2021

**Independent External Review provider’s name for post-issuance verification (section 4):**

**Completion date of post issuance verification:**

At the launch of the bond, the structure is:

- a step-up structure  a variable redemption structure

### Section 2. Pre-Issuance Review

#### 2-1 SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review:

- assessed all the following elements (complete review)  only some of them (partial review):
- Selection of Key Performance Indicators (KPIs)  Bond characteristics (acknowledgment of)
  - Calibration of Sustainability Performance Targets (SPTs)  Reporting
  - Verification
- and confirmed their alignment with the SLBP.

#### 2-2 ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- Second Party Opinion  Certification
- Verification  Scoring/Rating

*Note: In case of multiple reviews / different providers, please provide separate forms for each review.*

#### 2-3 EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

The M & T Investments Sustainability-Linked Bond will tie the coupon rate to the achievements of the following SPTs:  
 (1) By 2022, reduce emissions intensity of operational fleet to 101.5 gCO2/km from a 2021 baseline,  
 (2) By 2023, reduce emissions intensity of operational fleet to 100.0 gCO2/km from a 2021 baseline.

Sustainalytics considers the KPI chosen to be very strong given that it addresses an issue with material impact to LCR, the originator of the Bond, and follows a clear, consistent and externally recognized methodology. The KPI is also comparable against external contextual benchmarks. Sustainalytics considers the SPTs to be ambitious given their favourable comparison against peers and alignment with TPI’s 2 Degrees benchmark scenario. Furthermore, Sustainalytics considers LCR’s reporting and verification commitments to be aligned with market expectations. Based on the above, Sustainalytics considers the M & T Investments Sustainability-Linked Bond to be in alignment with the five core components of the Sustainability-Linked Bond Principles 2020 and the prospective of achievement of the SPTs to be impactful.

**Section 3. Detailed pre-issuance 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.*

**3-1 SELECTION OF KEY PERFORMANCE INDICATORS (KPIs)**

**Overall comment on the section (if applicable):** Sustainalytics overall considers the KPI – CO<sub>2</sub> emissions intensity of operational fleet – to be very strong given that it speaks to an environmental issue with material impact to LCR’s business and has a high scope of applicability to the Company’s total emissions. Sustainalytics further considers the KPI to be a direct measure of performance on the material issue with a clear, consistent and externally recognizable definition, while also noting that the KPI is comparable against external contextual benchmarks.

**List of selected KPIs:**

- CO<sub>2</sub> emissions intensity of operational fleet

**Definition, Scope, and parameters**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Clear definition of each selected KPIs | <input checked="" type="checkbox"/> Clear calculation methodology |
| <input type="checkbox"/> Other (please specify):                           |   |

**Relevance, robustness, and reliability of the selected KPIs**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Credentials that the selected KPIs are relevant, core and material to the issuer’s sustainability and business strategy. | <input checked="" type="checkbox"/> Evidence that the KPIs are externally verifiable |
| <input checked="" type="checkbox"/> Credentials that the KPIs are measurable or quantifiable on a consistent methodological basis                            | <input checked="" type="checkbox"/> Evidence that the KPIs can be benchmarked        |
|  | <input type="checkbox"/> Other (please specify):                                     |

**3-2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)**

**Overall comment on the section (if applicable):** Sustainalytics considers the SPTs to align with Lion City Rentals’ sustainability efforts and considers LCR’s SPTs to be ambitious given the favourable comparison against peers and alignment with TPI’s 2 Degrees benchmark scenario.

**Rationale and level of ambition**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Evidence that the SPTs represent a material improvement                                  | <input checked="" type="checkbox"/> Credentials on the relevance and reliability of selected benchmarks and baselines |
| <input checked="" type="checkbox"/> Evidence that SPTs are consistent with the issuer’s sustainability and business strategy | <input checked="" type="checkbox"/> Credentials that the SPTs are determined on a predefined timeline                 |
|  | <input type="checkbox"/> Other (please specify):  |

**Benchmarking approach**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Issuer own performance   | <input checked="" type="checkbox"/> Issuer’s peers |
| <input checked="" type="checkbox"/> reference to the science | <input type="checkbox"/> Other (please specify):   |

**Additional disclosure**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> potential recalculations or adjustments description            | <input checked="" type="checkbox"/> issuer’s strategy to achieve description |
| <input type="checkbox"/> identification of key factors that may affect the achievement of the SPTs | <input type="checkbox"/> Other (please specify):                             |

**3-3 BOND CHARACTERISTICS**

**Overall comment on the section (if applicable):** LCR has disclosed that the Bond will have its financial characteristics linked to the performance on the KPI. Failure to achieve SPTs on the target observation date will each trigger a coupon rate step-up. LCR intends to measure compliance with the targets on an annual basis throughout the Bond’ duration. Sustainalytics notes positively that each SPT needs to be met to avoid a respective increase in the coupon rate.

**Financial impact:**

- variation of the coupon
- ...
- Other (please specify):

**Structural characteristic:**

- ...
- ...
- Other (please specify):

**3-4 REPORTING**

**Overall comment on the section (if applicable):** LCR commits to report on an annual basis on its performance on the KPIs, and expects to include the relevant figures, such as the year’s CO<sub>2</sub> emissions intensity of the operational fleet (in gCO<sub>2</sub>/km), in the Noteholders’ Report at each anniversary of the issuance date. Sustainalytics considers this to be aligned with the SLBP. LCR further commits to disclose an annual verification assurance report.

**Information reported:**

- performance of the selected KPIs
- level of ambition of the SPTs
- verification assurance report
- Other (*please specify*):

**Frequency:**

- Annual
- Other (*please specify*):
- Semi-annual

**Means of Disclosure**

- Information published in financial report
- Information published in ad hoc documents
- Reporting reviewed (*if yes, please specify which parts of the reporting are subject to external review*):
- Information published in sustainability report
- Other (*please specify*): Noteholders' Report

Where appropriate, please specify name and date of publication in the "useful links" section.

**Level of Assurance on Reporting**

- limited assurance
- reasonable assurance
- Other (*please specify*):

**USEFUL LINKS** (*e.g. to review provider methodology or credentials, to issuer's documentation, etc.*)

**Section 4. Post-issuance verification**

**Overall comment on the section** (*if applicable*):

**Information reported:**

- limited assurance
- reasonable assurance
- Other (*please specify*):

**Frequency:**

- Annual
- Other (*please specify*):
- Semi-annual

**Material change:**

- Perimeter
- SPTs calibration
- KPI methodology

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