



Second-Party Opinion

Neutral Capital Finance PLC Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the Neutral Capital Finance PLC Green Bond Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, and Clean Transportation – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the investments in eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals (“SDGs”), specifically SDGs 7, 9 and 12.



PROJECT EVALUATION / SELECTION The Neutral Fuels LLC (“Neutral Fuels”) investment team will be responsible for the approval of eligible projects under the Framework. The investment decision will involve at least one of Neutral Fuels’ Chief Executive Officer, Chief Financial Officer or Chief Operating Officer (“COO”). The company has articulated a clear process for evaluating projects, and where necessary, may rely on third-party sustainability experts. Sustainalytics considers the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Neutral Fuels’ Finance Department, supported by its COO, will be responsible for the allocation of bond proceeds per the criteria defined in the Framework. The company intends to fully allocate all proceeds within 36 months from the issuance. Pending allocation, proceeds may be held in cash or cash equivalents or invested in money market funds. This is in line with market practice.



REPORTING Neutral Fuels intends to report on the allocation of proceeds on its website annually until full allocation. The allocation reporting is expected to include project-level details on the allocation of proceeds, proportion of financed and refinanced projects, and the balance to unallocated proceeds. In addition, Neutral Fuels also intends to report on quantitative impact metrics, including avoided emissions, and annual waste diverted from waste stream. Sustainalytics views the allocation and impact reporting as aligned with market practice.

Evaluation Date	May 20, 2021
Issuer Location	London, United Kingdom

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Introduction

Neutral Fuels LLC (“Neutral Fuels” or the “Company”) is a biofuel production and distribution company whose primary business is to collect and process waste cooking oil into biodiesel, to serve as a commercially viable replacement for petroleum diesel.¹ Headquartered in Dubai, United Arab Emirates (“UAE”), Neutral Fuels operates biofuel production and dispensing facilities in the UAE, Bahrain and India. Neutral Fuels has created Neutral Capital Finance PLC (the “Issuer”) for the sole purpose of raising debt.

The Issuer has developed the Neutral Capital Finance PLC Green Bond Framework (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that are expected to provide positive environmental impact and contribute towards the transition to low-carbon transportation. The Framework defines eligibility criteria in two areas:

1. Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes (“Eco-efficient and/or Circular Economy”)
2. Clean Transportation

Neutral Capital Finance PLC engaged Sustainalytics to review the Framework, dated May 2021, and to provide a Second-Party Opinion on the Framework’s environmental credentials, as well as its alignment with the Green Bond Principles 2018 (GBP).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 GBP, as administered by ICMA;
- 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 1.8, 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 Neutral Fuels’ 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. Neutral Fuels representatives have confirmed (1) they understand it is the sole responsibility of Neutral Fuels 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.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Neutral Capital Finance PLC.

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 proceeds but does not measure the actual impact. The

¹ Neutral Fuels website, “About Us”, at: <https://www.neutralfuels.com/about-us>

² 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/>.

³ The Neutral Capital Finance PLC Green Bond Framework is available on Neutral Capital Finance PLC’s website at: <https://www.neutralfuels.com/>

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.

measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond 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 Neutral Fuels has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Neutral Capital Finance PLC Green Bond Framework

Sustainalytics is of the opinion that the Neutral Capital Finance PLC Green Bond Framework is credible and impactful, and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Eco-efficient and/or Circular Economy Adapted Products and Clean Transportation – are aligned with those recognized by the GBP.
 - Neutral Fuels has established a look-back period of 36 months for project refinancing. Sustainalytics recognizes this to be in line with market practice.
 - Under the Eco-efficient and/or Circular Economy Adapted Products category, Neutral Fuels intends to finance capital expenditures related to the collection and tracking of waste cooking oil for its biofuel operations. This may include:
 - Electric and alternative fuel vehicles to be used for the collection and transportation of waste cooking oil. For alternative fuel vehicles, the Company contemplates investments in diesel-engine vehicles that run on 100% biodiesel as well as biodiesel blends, ensuring that overall emissions for the entire portfolio of financed vehicles are below 25g CO₂ per tonne-km. Sustainalytics notes that the market expectation is to invest in freight vehicles that individually meet this threshold, and therefore encourages Neutral Fuels to prioritize the financing of such vehicles. Furthermore, Neutral Fuels has confirmed to Sustainalytics that proceeds from the bonds issued under this Framework will not be used for the transportation of fossil fuels, including blended biofuel.
 - Technologies that support the development and use of biodiesel such as tracking systems and sensors for the Company's waste oil collection process. Sustainalytics views positively activities that divert waste cooking oil for reuse and considers such expenditures to be in line with market practice. Refer to Section 2 for more details on the technologies being contemplated.
 - Activities required for the Company to obtain certifications such as the International Sustainability & Carbon Certification scheme (ISCC) for waste cooking oil sourcing. Sustainalytics has conducted an evaluation of this scheme and considers it to be robust and credible. See Appendix 1 for further description of the referenced standard.
 - For Clean Transportation expenditures, Neutral Fuels contemplates financing a range of projects related to the expansion of its biodiesel production and dispensing capacity, including (i) the construction and/or development of new or existing facilities dedicated to producing 100% biodiesel from waste cooking oil; (ii) electric and alternative-fueled biofuel dispensing vehicles, (iii) equipment such as dispensing pumps, sensors and tanks; and (iv) research and development of biodiesel technologies including patents and certifications. Sustainalytics considers investments in this category to be aligned with market practice and notes the following:

- For alternative fuel dispensing vehicles, the Company contemplates investments in vehicles subject to the thresholds set out in the preceding category.
- Project Evaluation and Selection:
 - The approval for eligible projects under the Framework is the responsibility of Neutral Fuels' investment team. The investment decision will involve at least one of the Company's Chief Executive Officer, Chief Financial Officer or Chief Operating Officer ("COO"). The Company has articulated a clear process for evaluating projects. Where necessary, Neutral Fuels may rely on third-party sustainability experts.
 - Based on the defined process for project selection and involvement from senior oversight, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Neutral Fuels' Finance Department, supported by its COO, will be responsible for the allocation of bond proceeds per the criteria defined in the Framework. The Company intends to fully allocate all proceeds within 36 months from the issuance. Pending allocation, proceeds may be held in cash or cash equivalents or invested in money market funds.
 - Based on the defined management approach and disclosure around management of unallocated bond proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - The Company commits to reporting on the allocation of bond proceeds on its website annually until full allocation. This will include project-level details on the allocation of proceeds, the investment dates, proportion of financed and refinanced projects, and the balance of unallocated proceeds.
 - Neutral Fuels also intends to report annually on the estimated environmental impacts, where feasible, of the projects to which it has allocated proceeds. This will be disclosed via the Company's Sustainability Reports or standalone reports, which will be published on its website. Some of the potential impact metrics include annual reduced mineral diesel consumption (liters), annual gross GHG emissions avoided or reduced (tCO₂e), and annual waste diverted from waste stream (kg). In addition, the Company may publish qualitative and/or case-study reports on outcomes and impacts of the projects funded.
 - Sustainalytics considers Neutral Fuels' allocation and impact reporting processes to be aligned with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Neutral Capital Finance PLC Green Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of Neutral Fuels

Contribution of framework to Neutral Capital Finance PLC's sustainability performance

Sustainalytics is of the opinion that Neutral Fuels demonstrates a commitment to sustainability with a focus on (i) sourcing ISCC-certified waste cooking oil; (ii) producing biodiesel; and (iii) dispensing the biodiesel for the local commercial transportation market, driven by its "local – local – local" strategy.

Sustainalytics highlights the following environmental initiatives by Neutral Fuels:

- Emission reduction initiatives – The Company tracks the carbon footprint reduction achieved by its customers arising from the use of its biofuels. From 2011 to 2020 the Company has facilitated the reduction of over 33 million kilograms of CO₂ emissions for its customers, including the construction, oil and gas, and maritime shipping industries.⁵
- Fuel optimization – For its biofuel production process, Neutral Fuels achieves considerable levels of chemical conversion efficiency, without using any water in the process. This is achieved through the use of its proprietary stainless steel biofuel production equipment that is powered by digital control systems.⁶

⁵ Neutral Fuels website, "About Us", at: <https://www.neutralfuels.com/about-us>

⁶ The information has been referenced from the Framework.

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- Technology-enabled operational efficiency – For its fuel dispensing operations, the Company leverages its mobile application that enables a 100% paper-free oil collection and dispensing system. In addition, the Company uses its technology to track fuel consumption through its mobile and fixed tankers.⁷ This tool also helps its customers to reduce fuel consumption through an app-based fuel optimization feature that tracks their fuel usage pattern.⁸

Sustainalytics recognizes the Company's commitment to key sustainability principles and environmental initiatives and encourages Neutral Fuels to set quantifiable and time-bound environmental targets to further strengthen its sustainability practices.

Well-positioned to address common 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 risks associated with the eligible projects, could include emissions, waste management, occupational health and safety ("OHS"), oil spillage, and quality control.

Sustainalytics acknowledges that Neutral Fuels addresses these risks through existing its internal policies and processes. Furthermore, the Company complies with the following other jurisdictional legislations:

- Neutral Fuels has adopted an internal Safety and Environmental Policy (the "Policy")⁹ through which it addresses environmental issues including waste management through periodic audits and compliance with regional environmental laws. To complement the Policy, the Company leverages credible publicly available templates¹⁰ to identify and assess climate and disaster risks for its own operations and also conducts activity-level environmental and safety assessment for customers at agreed time intervals.
- In terms of waste management, the Company has confirmed that it complies with the following regulations adopted by the countries where it presently operates:
 - The UAE has adopted Federal Law No. 12 of 2018 for Integrated Waste Management through which it addresses the management of hazardous and non-hazardous waste including oil waste.¹¹
 - In Bahrain, waste management is addressed through Resolution (3) 2006 Hazardous Waste Management¹² while India has adopted "Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016"¹³ that guide its waste management efforts.
- The OHS-related risks are also addressed through the Policy. In addition, the Company has confirmed that it adheres to the Federal Law No. 8 on Regulation of Labour Relations¹⁴ in the UAE; Law No. 36 of 2012 Promulgating the Labour Law in the Private Sector¹⁵ and the International Labour Organization's Occupational Safety and Health Convention, 1981 (No. 155)¹⁶ in Bahrain; as well as the Factories Act 1948 (No. 63 of 1948)¹⁷ in India. Neutral Fuels mitigates its risk of oil spillage through its documented "Biodiesel Loading to Tanker" and "Spill Response" processes (the "Processes")¹⁸ which outlines the requirements for the containment and management of spills at a

⁷ The information has been referenced from the Framework.

⁸ Neutral Fuels website, "Technology", at: <https://www.neutralfuels.com/technology>

⁹ Neutral Fuels has shared the Policy with Sustainalytics.

¹⁰ Templates include USAID Climate Risk Screening and Management Tools: Infrastructure, Construction and Energy Annex; and ADB Guidelines for Climate Proofing Investments in Energy

¹¹ MOCCAE website, "Federal Law No. 12 of 2018", at: <https://www.moccae.gov.ae/assets/download/c5e9ee5b/L12-18%20Eng.pdf.aspx>

¹² Bahrain website, "Environment Protection Decrees and Decisions", at:

https://www.bahrain.bh/wps/portal/!ut/p/a0/hY6xDolwFEV_hYX5FTTEFRO1ISYMaKxdSAMPUsX3oDTEz5duOrnde84dLmhQoMkstjfeMpkhdJ3VshRZku7SQtyuR5GX1VaeD3lj9glUSFD8Gym428c06Rx0w-Tx7UFhz8vlpzpuhRopFx-zRxQJpsY7phbSaaHQrbckXH_PFoxYbhzhHhtqQ7bzCGcbn6fYBoqwmcA!/

¹³ CPCB document, "Published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (i)", at:

<https://cpcb.nic.in/displaypdf.php?id=aHdtZC9IV01fUnVsZXNfMjAxNi5wZGY=>

¹⁴ International Labour Organization, "Federal Law No. 8 on Regulation of Labour Relations.", at:

https://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=11956

¹⁵ International Labour Organization, "Law No. 36 of 2012 Promulgating the Labour Law in the Private Sector", at:

https://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=91026

¹⁶ International Labour Organization, "C155 - Occupational Safety and Health Convention, 1981 (No. 155)", at:

http://ilo.ch/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312300:NO

¹⁷ International Labour Organization, "India - 2013", at:

https://www.ilo.org/dyn/legosh/en/f?p=LEGPOL:1100:6927929242946:::P1100_THEME_ID:100039

¹⁸ Neutral Fuels has shared the (documented) Processes with Sustainalytics.

given location. The Processes also ensure that the practices adopted for the cleanup, handling, and disposal of spill materials meet all safety and regulatory requirements. In addition, for the collection of waste cooking oil from suppliers, the Company uses reusable oil containers ("ROCs") which are made from fully recyclable materials and are able to withstand high temperatures. These ROCs are portable and lightweight making them easy to wheel in and out of collection and delivery points, thereby reducing the risk of oil spillage.

- In addition to the above-mentioned policies aimed at risk mitigation, Neutral Fuels has also implemented an Emergency Response Plan,¹⁹ which provides step-by-step guidelines for its employees to manage operational risks, including fire or medical emergency, chemical spillage or leakage, or natural disasters.
- In the UAE, Neutral Fuels has been certified by the Emirates Authority for Standardization and Metrology ("ESMA") biodiesel quality standard UAE.S 5023:2018.^{20,21} Furthermore, the Company's biofuels are also certified according to the European EN 14214 standard,²² and the American Standard ASTM D6751.²³

Based on these policies, and compliance with the above-mentioned regulations, Sustainalytics is of the opinion that the Company has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

Both use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused where the impact is specifically relevant in the local context.

Increasing biofuel use to accelerate the transition to clean energy in transportation

The transportation sector is responsible for 24% of all GHG emissions globally, with road vehicles accounting for nearly three-quarters of sector emissions.²⁴ The sector also faces specific decarbonization challenges as demand continues to grow at a rapid pace, particularly in emerging economies.²⁵ For this reason, climate solutions need to be multifaceted and address the sector's emissions on multiple fronts. Biofuels can play an important role in mitigating transportation sector emissions by presenting a fuel-switching opportunity for vehicles that traditionally operate on petroleum diesel. The United States Department of Energy's Alternative Fuels Data Center estimates that replacing petroleum diesel with 100% biodiesel can have an emissions reduction effect of up to 78% amongst applicable vehicles.²⁶ Furthermore, the ability for existing vehicle engines to benefit from such significant emissions reductions without refurbishment means new vehicle manufacturing, itself an emissions-intensive process, will not be an absolute requirement to mitigate the environmental impact of the transportation sector.²⁷

Beyond its significant GHG emissions, petroleum diesel presents an additional global warming risk due to the black carbon or soot that is produced as a by-product of its combustion.²⁸ Once released, the black carbon makes its way to the earth's polar regions where it settles on the snow and reduces the earth's surface reflectivity, thus accelerating the speed of global warming.²⁹ To limit global warming to an additional 0.5 degree C over the next 25 years, the Climate and Clean Air Coalition recommends a 75% reduction in anthropogenic black-carbon emissions below 2010 levels by 2030.³⁰ Neutral Fuels' biodiesel³¹ offers

¹⁹ Neutral Fuels has shared its documented Emergency Response Plan with Sustainalytics.

²⁰ WTO website, "Emirates Authority for Standardization & Metrology (ESMA)", at:

https://members.wto.org/crnattachments/2017/TBT/ARE/17_4506_00_e.pdf

²¹ ESMA website, "Issuance of conformity certificate for Bio-Diesel According to the health and safety requirements", at: <https://www.esma.gov.ae/en-us/Services/Pages/Issuance-of-conformity-certificate-for-Bio-Diesel.aspx>

²² EN 14214 is a standard published by the European Committee for Standardization that describes the requirements and test methods for Fatty Acid Methyl Ester biodiesel. More information at: <https://www.transportpolicy.net/standard/eu-fuels-biofuel-specifications/>

²³ ASTM website, "ASTM D6751 - 20a- Standard Specification for Biodiesel Fuel Blend Stock (B100) for Middle Distillate Fuels", at: <https://www.astm.org/Standards/D6751>

²⁴ IEA, "Global Energy Review 2020", at: <https://www.iea.org/reports/global-energy-review-2020>

²⁵ IPCC, "Transport", (2018), at: https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_chapter8.pdf

²⁶ Alternative Fuels Data Center, "Bio-diesel – Clean, Green Diesel Fuel", at: <https://afdc.energy.gov/files/pdfs/30882.pdf>

²⁷ IPCC, "Transport", (2018), at: https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_chapter8.pdf

²⁸ International Council on Clean Transportation, "Global Progress Toward Soot-Free Diesel Vehicles", (2019), at: https://theicct.org/sites/default/files/publications/Global_progress_sootfree_diesel_2019_20190920.pdf

²⁹ Hadley & Kirchstetter, (2012), "Black-carbon reduction of snow albedo", available at: <https://www.nature.com/articles/nclimate1433>

³⁰ International Council on Clean Transportation, "Global Progress Toward Soot-Free Diesel Vehicles", (2019), at:

https://theicct.org/sites/default/files/publications/Global_progress_sootfree_diesel_2019_20190920.pdf

³¹ Neutral Fuels, "B100 Biofuel", at: [https://global-](https://global-uploads.webflow.com/5ed951987c2ce87a02fd7480/5fd9136627a61fc1441448c4_B100%20data%20sheet%202020%20final.pdf)

[uploads.webflow.com/5ed951987c2ce87a02fd7480/5fd9136627a61fc1441448c4_B100%20data%20sheet%202020%20final.pdf](https://global-uploads.webflow.com/5ed951987c2ce87a02fd7480/5fd9136627a61fc1441448c4_B100%20data%20sheet%202020%20final.pdf)

approximately 76% reduction in black-carbon emissions from petroleum diesel, thus aligning with global recommendations for climate-aligned emissions reductions.^{32,33}

Investments by Neutral Fuels in the production of biodiesel are expected to contribute to a less GHG-intensive transportation sector, providing greater access to cleaner, climate-friendly fuel options.

Importance of integrated collection and recycling of waste cooking oil

Approximately 16.54 million tons of waste cooking oil is produced annually across the globe, representing a significant environmental risk if not properly disposed of.³⁴ As of 2019, it was estimated that 800,000 tons of this waste oil is improperly discarded each year, after being either disposed of down kitchen drains and/or transported to landfills in bottles.³⁵ This results in water and soil contamination that is particularly destructive to aquatic life due to the oil's high chemical oxygen demand.³⁶

By developing a collection and processing system for waste cooking oil into biofuels, the investments by Neutral Fuels are expected to contribute to the expansion of effective waste management which is particularly needed in developing countries.³⁷

³² Zhang et al. (2015) "Atmospheric impacts of black carbon emission reductions through the strategic use of biodiesel in California", available at: <https://www.sciencedirect.com/science/article/abs/pii/S0048969715305362>

³³ Climate and Clean Air Coalition, "A Global Strategy to Introduce Low-Sulfur Fuels and Cleaner Diesel Vehicles", (2016), available at: <https://www.ccacoalition.org/en/resources/global-strategy-introduce%C2%A0low-sulfur-fuels-and-cleaner-diesel-vehicles>

³⁴ Loizides, M. (2019) "Circular Bioeconomy in Action: Collection and Recycling of Domestic Used Cooking Oil through a Social, Reverse Logistics system", available at: <https://www.mdpi.com/2313-4321/4/2/16/pdf>

³⁵ Loizides, M. (2019) "Circular Bioeconomy in Action: Collection and Recycling of Domestic Used Cooking Oil through a Social, Reverse Logistics system", available at: <https://www.mdpi.com/2313-4321/4/2/16/pdf>

³⁶ Kabir, et al. (2014), "Households' Awareness, Attitudes and Practices Regarding Waste Cooking Oil Recycling in Petaling, Malaysia", at: <http://www.iosrjournals.org/iosr-jestft/papers/vol8-issue10/Version-3/I081034551.pdf>

³⁷ MDPI, "Special Issue: 'Waste Management Practices in Developing Countries' ", (2018), at: https://www.mdpi.com/journal/recycling/special_issues/Developing_Countries

Alignment with/contribution to SDGs

The 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 bonds issued under the Neutral Capital Finance PLC Green Bond Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Clean Transportation	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes	9. Industry, innovation and infrastructure 12. Responsible Consumption and Production	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. 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

Conclusion

Neutral Capital Finance PLC has developed the Neutral Capital Finance PLC Green Bond Framework under which it may issue green bonds and the use of proceeds to finance and/or refinance, in whole or in part, existing and/or future projects for Neutral Fuels, that are expected to provide positive environmental impact and contribute towards the transition to low-carbon transportation. Sustainalytics considers that the projects funded by the green bond proceeds are expected to have provide positive environmental impact.

The 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 Framework is aligned with the overall sustainability initiatives of the Company and that the green use of proceed categories will contribute to the advancement of the UN SDGs 7, 9, and 12. Additionally, Sustainalytics is of the opinion that Neutral Fuels has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Neutral Fuels is well-positioned to issue green bonds and that the Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

Appendices

Appendix 1: Overview of Referenced Schemes

	ISCC ³⁸
Background	International Sustainability and Carbon Certification ("ISCC") is a certification system based in Germany that provides sustainability solutions for traceable and deforestation-free supply chains of agricultural, forestry, waste and/or residue raw materials, non-bio renewables and recycled carbon materials and fuels.
Clear positive impact	Promoting sustainable supply chain practices.
Minimum standards	The ISCC system has core sustainability criteria requirements that must be met. In addition to the core requirements of ISCC PLUS, voluntary add-ons can be added to adapt ISCC PLUS certificates to meet specific market requirements. Verification of GHG emissions is considered voluntary and can be added by applying as an add-on.
Scope of certification or programme	Different certifications are available (ISCC PLUS, ISCC EU, ISCC Solid Biomass NL and ISCC Non-GMO) depending on the type of market suppliers are targeting; food, bio-based products, feed and energy. Within each specific certification, different types of agricultural materials are covered. ISCC PLUS includes all types of agricultural and forestry raw materials, waste and residues, non-bio renewables, recycled carbon materials and fuels.
Verification of standards and risk mitigation	Certified entities undergo third party verifications audits to ensure compliance with the sustainability requirements existing based on legal requirements or voluntary agreements.
Third party expertise and multi-stakeholder process	Standard setting is aligned with the UN Global Compact, the ISEAL Standard Setting Code and ISAE 3000.
Performance Display	
Qualitative considerations	Global recognition across more than 100 countries. There are over 23,000 ISCC certified supply chains with approximately 3,500 system users. For ISCC PLUS, no certification schemes other than ISCC are currently accepted which means that all economic operators along the supply chain must demonstrate that the ISCC sustainability criteria have been fulfilled. ISCC focuses on Stage 1 of the biofuel product life cycle; feedstock production and collection.

³⁸ International Sustainability Carbon Certification (ISCC): <https://www.iscc-system.org/>

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Neutral Capital Finance PLC
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Neutral Capital Finance PLC Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	May 20, 2021
Publication date of review publication:	

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:

- | | |
|--|--|
| ☒ Use of Proceeds | ☒ Process for Project Evaluation and Selection |
| ☒ Management of Proceeds | ☒ Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ 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 –Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, and Clean Transportation – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the investments in eligible categories will lead to positive environmental impacts and advance the UN SDGs, specifically SDGs 7, 9 and 12.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| ☐ Renewable energy | ☐ Energy efficiency |
| ☐ Pollution prevention and control | ☐ Environmentally sustainable management of living natural resources and land use |
| ☐ Terrestrial and aquatic biodiversity conservation | ☒ Clean transportation |
| ☐ Sustainable water and wastewater management | ☐ Climate change adaptation |
| ☒ Eco-efficient and/or circular economy adapted products, production technologies and processes | ☐ Green buildings |
| ☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | ☐ Other (<i>please specify</i>): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The Neutral Fuels LLC ("Neutral Fuels") investment team will be responsible for the approval for eligible projects under the Framework. The investment decision will involve at least one of Neutral Fuels' Chief Executive Officer, Chief Financial Officer or Chief Operating Officer ("COO"). Neutral Fuels has articulated a clear process for evaluating projects, and where necessary, may rely on third-party sustainability experts. Sustainalytics considers the project selection process to be in line with market practice.

Evaluation and selection

- | | |
|--|---|
| ☒ Credentials on the issuer's environmental sustainability objectives | ☒ Documented process to determine that projects fit within defined categories |
| ☒ Defined and transparent criteria for projects eligible for Green Bond proceeds | ☒ Documented process to identify and manage potential ESG risks associated with the project |
| ☐ Summary criteria for project evaluation and selection publicly available | ☐ Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- ☒ Evaluation / Selection criteria subject to external advice or verification
 ☐ In-house assessment
- ☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Neutral Fuels' Finance Department, supported by its COO, will be responsible for the allocation of bond proceeds per the criteria defined in the Framework. Neutral Fuels intends to fully allocate all proceeds within 36 months from the issuance. Pending allocation, proceeds may be held in cash or cash equivalents or invested in money market funds. This is in line with 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):

Additional disclosure:

- ☐ Allocations to future investments only
 ☒ Allocations to both existing and future investments
- ☐ Allocation to individual disbursements
 ☐ Allocation to a portfolio of disbursements
- ☐ Disclosure of portfolio balance of unallocated proceeds
 ☐ Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

Neutral Fuels intends to report on the allocation of proceeds on its website on an annual basis until full allocation. The allocation reporting is expected to include project-level details on the allocation of proceeds, proportion of financed and refinanced projects, and the balance to unallocated proceeds. In addition, Neutral Fuels also intends to report on quantitative impact metrics, including avoided emissions, and annual waste diverted from waste stream. Sustainalytics views the 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):

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 reduced mineral diesel consumption, and annual waste diverted from the waste stream.

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): Company's website
- ☐ 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.
- 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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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.

5th Green Bond Pioneer Awards

Climate Bonds Initiative

Largest Verifier for Certified
Climate Bonds of 2019

awarded to Sustainalytics



Climate Bonds
Awards 2020

More information conference.climatebonds.net/awards



GlobalCapital
SRI Awards

Named

2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider

