

# RENOVATE AMERICA GREEN BOND PRE-ISSUANCE REVIEW

July 24<sup>th</sup>, 2017

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## Introduction

In April 2017, Renovate America developed the HERO Green Bond Framework under which it intends to issue multiple series of green notes (“HERO Green Bonds”) through its ABS platform called Home Energy Renovation Opportunity (“HERO”) Funding. In July 2017, Renovate America engaged Sustainalytics to review the projects funded by the planned second issuance under the HERO Green Bond Framework (HERO Funding 2017-2), and provide an assessment as to whether the projects and transparency requirements of the issuance met the criteria and the reporting commitments outlined in the [HERO Green Bond Framework Overview and Second-Party Opinion](#) provided by Sustainalytics. This document should be read in conjunction with the HERO Green Bond Framework.

## Scope of Evaluation

Sustainalytics evaluated the underlying projects that will be funded through the HERO Funding 2017-2 issuance in August 2017 for compliance based on whether:

1. The products are aligned with the Use of Proceeds Eligibility Criteria outlined in the HERO Green Bond Framework Overview;
2. The estimated environmental impact of the HERO Funding 2017-2 issuance is reported based on one of the twelve Key Performance Indicators (KPIs) outlined in the HERO Green Bond Framework Overview; and
3. The commitments to select projects and manage proceeds from the HERO Funding 2017-2 issuance are aligned with the commitments described in the HERO Green Bond Framework Overview

Appendix 1 lists all the Use of Proceeds and Eligibility Criteria, while Appendix 2 list the associated the KPIs.

## Issuing Entity’s Responsibility

Renovate America is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of eligible products, amount of PACE assessments outstanding, and project impact. This information was provided to Sustainalytics to support its review. Renovate America is also responsible for confirming to Sustainalytics that processes for project selection and management of proceeds for the 2017-2 issuance will remain aligned with the commitments described in the HERO Green Bond Framework.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Renovate America’s 2017-2 Green Bond and provided an independent opinion. The work undertaken as part of this engagement included conversations with relevant Renovate America employees and review of relevant documentation to confirm the alignment with the HERO Green Bond Framework. Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Green and Social Bonds Review Committee to provide oversight over the assessment of the review.

## Conclusion

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects that will be funded through proceeds of Renovate America's HERO Funding series 2017-2 Senior Notes are not in conformance with the Use of Proceeds and Reporting criteria outlined in the HERO Green Bond Framework. Renovate America has also confirmed to Sustainalytics that the proceeds of the HERO Funding 2017-2 Senior Notes will be managed in alignment with the commitments described in the HERO Green Bond Framework.

## Appendix 1: Use of Proceeds Eligibility Criteria

To be eligible to be funded by the proceeds, the projects funded must fall within the following product categories:

### 1. Renewable & Alternative Energy Products

- a. Solar Photovoltaic Systems
- b. Solar Thermal
- c. Advanced Energy Storage System - Electric Vehicle Charging Station
- d. Stationary Fuel Cell Power System

### 2. Energy Efficiency Products

- a. High-Efficiency Heating, Ventilation, and Air Conditioning (HVAC)
- b. Building Envelope (Insulation, Cool Roofing, Air Sealing, etc.)
- c. High-Efficiency Lighting
- d. High-Efficiency Pool Equipment
- e. High-Efficiency Water Heating
- f. Windows, Doors, and Skylights

### 3. Water Efficiency Products

- a. Indoor Water Efficient Fixture & Fittings
- b. Outdoor Water Efficient Landscaping

Improvements that are required for the installation of product types falling into one or more of the previous 3 categories are also eligible to be funded.

## Appendix 2: Impact Statistics for HERO Funding 2017-2 Senior Notes

Environmental Impact			Impact Metrics	Impact Figures
Water Savings			Annual Water Savings (Gal)	44,480,046
			Lifetime Water Savings (Gal)	775,310,135
Energy Savings			Annual Energy Savings (kWh-e)	47,467,443
			Lifetime Energy Savings (kWh-e)	837,185,698
Greenhouse Emission Reduction	Gas (GHG)	Annual Emission Reduction (Tons)		12,185
		Lifetime Emission Reduction (Tons)		218,971

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