



Stroom Group

PRE-ISSUANCE VERIFICATION LETTER

LOW CARBON TRANSPORTATION CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement

Period engagement was carried out: July 2023

Approved verifier: Sustainalytics

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Scope and Objectives

Stroom Holding SAS (“Stroom”, the “Issuer” or the “Company”) has engaged Sustainalytics to review its 2023 Green Floating Rate Notes and Green Fixed Rate Notes (“FNs”) and verify that they meet the Pre-Issuance Requirements of the Climate Bonds Standard.¹

The Company is a provider of railcar leasing services across Europe and tank containers leasing services globally. Stroom also offers construction, refurbishment, maintenance and repair services for railcars through a network of seven workshops across France and Germany, as well as depot services in the Netherlands and in the USA by the end of 2023.

Stroom intends to issue green bonds to finance and refinance railcars for freight transport. The financing of zero direct emissions railcars aims to support the modal shift to rail transport and therefore reduce carbon emissions of the overall transport sector.

Pre-Issuance Evaluation Criteria

Pre-Issuance requirements of the Climate Bonds Standard Version 4.0:

- Use of Proceeds
- Evaluation and Selection of Projects, including conformance with the relevant Sector Criteria²
 - Low Carbon Transportation
 - Purchase, financing, leasing, rental, and operation of zero direct emissions freight transport on mainline rail networks as well as short line freight railroads (excluding transport dedicated to fossil fuels).
- Management of Proceeds
- Reporting

¹ Climate Bonds Initiative, Climate Bonds Standard Version 4.0, at: https://www.climatebonds.net/files/files/CBI_Standard_V4.pdf

² Climate Bonds Initiative, Low Carbon Transportation Criteria, at: <https://www.climatebonds.net/standard/sector-criteria>

Issuing Entity's Responsibility

Stream is responsible for providing information and documents relating to:

- The details concerning the selection process for the Nominated Projects
- The details of the Nominated Projects
- The management systems for internal processes and controls for projects, including: tracking of proceeds, managing unallocated proceeds and earmarking funds to projects
- The details of the issuer's commitments prior to issuance for reporting, including: investment areas, management of unallocated proceeds and frequency of periodic assurance engagements

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Stream's 2023 FNs to provide an independent opinion on its conformance with the Pre-Issuance Requirements of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by Stream with respect to the Nominated Projects. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Stream.

Sustainalytics makes all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the bond.

Verifier's Responsibility

Sustainalytics conducted the verification in accordance with the Climate Bonds Standard Version 4.0 and with International Standard on Assurance Engagements 3000 (ISAE 3000).

The work undertaken as part of this engagement included conversations with relevant Stream employees and review of relevant documentation to assess the conformance of the FNs with the Climate Bonds Certification Pre-Issuance Requirements.

Conclusion

- Stream intends to finance zero direct emissions railcars to support the modal shift to rail transport and therefore reduce carbon emissions of the transport sector.

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics' attention that causes us to believe that, in all material aspects, Stream's 2023 FNs is not in conformance with the Climate Bonds Standard's Pre-Issuance Requirements.

Schedule 1: Overview of Nominated Projects and Assets

Details of the Nominated Projects which constitute the project portfolio as of May 2023 are provided below:

Stroom's green asset portfolio consists of approximately 36,068 assets falling under the Low Carbon Transportation sector criteria of the Climate Bonds Standard, whose total value is EUR 1,614.15 million.

Table 1. List of Nominated Assets

Railcar category	Number of railcars	Valuation (EUR)
Box – covered and open top	3,478	70,603,540
Cereal and sugar	5,552	220,995,602
Chemical	1,323	79,043,907
Flat	21,103	990,365,953
Gas Chemical	625	55,417,103
Hopper	3,639	153,220,577
Powder	348	44,498,386
Total	36,068	1,614,145,069

Schedule 2: Conformance to the Pre-Issuance Requirements of the Climate Bonds Standard^{3,4}

Procedure Performed	Factual Findings	Error or Exceptions Identified
A.2.1. Use of Proceeds	<p>2.1.1 Stroom has developed a list of proposed Nominated Projects which comply with the Low Carbon Transportation Criteria of the Climate Bonds Standard. Stroom intends to keep this list updated. The proposed Nominated Projects and Assets include the purchase, financing, leasing, and operation of zero direct emissions railcars.</p> <p>2.1.2 Stroom confirms that the net proceeds of the debt instrument will not be greater than the total investment exposure to the proposed Nominated Projects or the relevant proportion of the total market value of the proposed Nominated Projects owned or funded by Stroom.</p> <p>2.1.3 Stroom’s management confirms that the Nominated Projects will not be nominated to other certified debt Instruments unless Stroom demonstrates that distinct portions of the Nominated Projects are being funded by different certified debt instruments or, the present certified debt instrument is being refinanced via another certified debt instrument.</p>	None
A.2.2. Process for Evaluation and Selection of Projects and Assets	<p>2.2.1 Stroom established and documented a decision-making process to determine the eligibility of the Nominated Projects.</p> <p>2.2.2 Stroom’s decision-making process mentioned in 2.2.1 above includes the following:</p> <ul style="list-style-type: none"> i. The climate-related objectives of the debt instrument. ii. How the climate-related objectives of the debt instrument are positioned within the context of Stroom’s overarching objectives, strategy, policy and processes relating to environmental sustainability. iii. Stroom’s rationale for issuing the debt instrument is to support a cleaner investment strategy on transport assets as it recognizes its 	None

³ Climate Bonds Initiative, Climate Bonds Standard Version 4.0, at: https://www.climatebonds.net/files/files/CBL_Standard_V4.pdf

⁴ For ease of reference, the numbering in this section follows the numbering of the Climate Bonds Standard Version 4.0.

	<p>responsibility as one of the largest railcar lessors in Europe.</p> <ul style="list-style-type: none"> iv. A process to determine how the proposed Nominated Projects meet the eligibility requirements of the Climate Bonds Standard, including the relevant Sector Criteria. The Stroom Green Financing Framework includes a process for project evaluation and selection in which its Green Finance Committee (the "Committee") will be responsible for evaluating and selecting eligible assets in line with the Framework's eligibility criteria with oversight from the Executive Committee. The Committee is comprised of representatives from various departments including the Railcars business unit, and the Finance and Technical departments. v. Stroom has sufficient measures in place to manage and mitigate environmental and social risks that are commonly associated with the Nominated Projects. vi. The debt instrument's underlying framework references Climate Bonds Standard version 4. 	
<p>A.2.3. Management of Proceeds</p>	<p>2.3.1 Stroom has documented and disclosed to Sustainalytics the systems, policies and processes it will use to manage the net proceeds.</p> <ul style="list-style-type: none"> a. Tracking of proceeds: Stroom has a process in place to track and monitor the proceeds. b. Managing unallocated proceeds: Stroom will manage unallocated net proceeds by holding them temporarily in a segregated account. Unallocated proceeds will temporarily be invested in line with the Company's liquidity policy, in cash, deposits or money market instruments. c. Earmarking funds to Nominated Projects: Stroom details the process it will use to allocate and manage proceeds of the debt instrument. This will enable the estimation of the share of the net proceeds being used for financing and refinancing. 	<p>None</p>
<p>A.2.4. Pre-Issuance Reporting</p>	<p>2.4.1 Stroom has prepared a framework and has made or will make it publicly available prior to or at the time of issuance.</p> <p>2.4.2 The framework mentioned in 2.4.1 includes:</p>	<p>None</p>

	<ul style="list-style-type: none"> i. A statement of compliance with the Climate Bonds Standard and other applicable standards, such as the Green Bond Principles or the United Nations Sustainability Development Goals. ii. A summary of the expected use of proceeds. iii. A description of Stroom’s decision-making process iv. A description of Stroom’s processes for managing the proceeds v. A description of Stroom’s processes for reporting and external review or verification <p>2.4.3 Stroom has confirmed the following:</p> <ul style="list-style-type: none"> i. Stroom’s Nominated Projects conform with the Low Carbon Transportation Criteria. Stroom may report on the following impact metrics: effective and avoided GHG emissions (gCO₂ eq. per ton-km). ii. Stroom will manage unallocated net proceeds in accordance with Clause A.3.3.3 of the Climate Bonds Standard. iii. Stroom will report on the allocation of proceeds in a Green Financing Report on an annual basis until the maturity of the debt instruments. Allocation reporting will be made available privately to investors and lenders. iv. Stroom’s Nominated Projects meet the Low Carbon Transportation Criteria. Stroom will report on the investment areas in which the Nominated Projects qualify by Assets fall into by number of eligible green assets, the outstanding debt qualified as green debt, green loan to value and details of the eligibility criteria amongst others. v. Stroom has stated that 100% of proceeds are planned to refinance eligible assets. <p>2.4.5 Stroom has confirmed that its disclosure documentation will include:</p> <ul style="list-style-type: none"> i. Nominated Projects will conform with the Low Carbon Transportation criteria. ii. The intended types of temporary investment instruments for the 	
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	<p>management of unallocated net proceeds are in accordance with Clause A.3.3.3 of the Climate Bonds Standard.</p> <p>iii. Stroom has confirmed that an approved third-party verifier will conduct periodic verification within a year to reaffirm conformance of the bond with the Low Carbon Transportation criteria of the Climate Bonds Standard. Further, auditors appointed by Stroom will verify the allocated proceeds and the remaining balance of unallocated proceeds on an annual basis until full allocation.</p> <p>iv. Stroom will report on the allocation and impact of proceeds in a Green Financing Report on an annual basis until the maturity of the debt instruments which will be made available privately to investors and lenders.</p> <p>v. The CBI Disclaimer provided in the Certification Agreement.</p>	
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The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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