

Sustainalytics Second Party Opinion

Tegeta Holding Sustainability-Linked Financing Framework

6 November 2025

Framework owner and location:
Tegeta Motors LLC
Tbilisi, Georgia

Sector:
Automotive

Overall Assessment

Sustainability Linked KPI & SPT Assessment			
KPI 1	Adequate	SPT 1A, 1B	Moderately Ambitious
KPI 2	Adequate	SPT 2A, 2B	Moderately Ambitious
KPI 3	Adequate	SPT 3A, 3B	Moderately Ambitious

Principles Alignment

 **Aligned**

Sustainability-Linked
Bond Principles 2024

Contribution to SDGs



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Assessment Summary

Tegeta Motors LLC has developed the Sustainability-Linked Financing Framework, dated October 2025, under which it intends to issue sustainability-linked bonds. The financial characteristics of the sustainability-linked bonds, namely coupon step-up, step-down or an increase in premium, will be tied to the achievement of the sustainability performance targets (SPTs) for three key performance indicators (KPIs): i) scope 1 GHG emissions intensity; ii) scope 2 GHG emissions intensity; and iii) avoided emissions from use of sold and serviced products.

We have assessed the KPIs as follows: KPIs 1 and 2 are **Adequate** given that they: i) represent an indirect measure of material environmental issues; ii) reflect a high scope of applicability when assessed together with KPI 3; iii) follow a clear and consistent methodology that is externally defined; and iv) do not lend themselves to be compared against external contextual benchmarks. KPI 3 is **Adequate** given that it: i) represent an indirect measure of material environmental issues; ii) reflects a high scope of applicability; iii) follows a clear and consistent methodology that is not externally defined; and iv) does not lend itself to be compared against external contextual benchmarks.

In addition, all SPTs align with the Group's sustainability strategy. SPTs 1A, 1B, 2A, and 2B are **Moderately Ambitious** given that they are: i) below historical performance but represent a continuous material improvement over the baseline; ii) above the targets set by peers; and iii) not comparable against external science-based references. SPTs 3A and 3B are **Moderately Ambitious** given that they are: i) above historical performance but represent a limited improvement in performance given the continued increase in absolute scope 3 emissions; ii) above targets set by peers; and iii) not comparable with an external science-based reference.

We have assessed the Framework as **Aligned** with the Sustainability-Linked Bond Principles 2024.

Issuer Overview & Sustainability Strategy

Tegeta Motors LLC¹ provides automotive sales and after-sales services and products to individual and corporate clients, offering light and heavy-duty vehicles and equipment maintenance. Founded in 1995 and headquartered in Tbilisi, Georgia, Tegeta operates in Georgia, Azerbaijan, Armenia and Uzbekistan through more than 30 subsidiaries. As of 2025, the Company serves approximately 35,000 corporate customers, with more than 4,000 wholesale facilities and nearly 3,000 employees.²

The Company integrates environmental and social factors into its corporate social responsibility (CSR) strategy, which is based on four pillars: i) environmental responsibility; ii) community support; iii) employee welfare; and iv) safety.³

Regarding environmental responsibility, Tegeta aims to reduce tailpipe emissions from its distributed cars and vans by 55% and 50%, respectively, by 2030 compared to 2022 and to produce zero emissions from all new cars sold by 2035. To support these targets, Tegeta has committed to: i) establish more than 20 specialized service centres for electric and hybrid vehicles in the next three to five years; ii) expand its product portfolio with around 1,500 fully electric models, including light vehicles, heavy road vehicles and heavy non-road machinery between 2025 and 2027; and iii) construct 70 universal charging stations across Georgia by 2030.⁴ To further minimize its environmental footprint, the Company also focuses on reducing on-site energy consumption through energy-efficient buildings that meet globally recognized green building standards, such as EDGE;⁵ installing solar panels; promoting the reuse and recycling of waste tyres, used oils and batteries; and implementing water-saving systems.

In alignment with its employee welfare pillar, Tegeta fosters an inclusive work environment and provides development and training opportunities to enhance employees' skills. Under the safety pillar, the Company focuses on ensuring the health and safety of customers, employees and products while raising public awareness on responsible driving through campaigns and initiatives conducted both internally and externally with partners.

Tegeta's CSR Manager is responsible for implementing the Company's CSR strategy and developing projects aligned with the strategy. The Manager reports directly to the Head of the CSR Department, who in turn reports to the Chief Executive Officer and Executive Officer, both in charge of approving strategic decisions. At the operational level, the departments of Occupational Safety and Environment, Human Capital Management, and Administration develop action plans in line with the CSR strategy. The Company published its first Sustainability Report in 2024, covering the years 2022 and 2023.⁶ The report includes information on the Company's sustainability strategy and governance, including efforts related to business ethics and human rights protection. The Company's also provides key updates on its sustainability initiatives in its Annual Report.⁷

¹ Tegeta Motors LLC is the parent company of Tegeta Holding, which also includes Tegeta Motors' subsidiaries.

² Tegeta Motors, "About Tegeta Motors", at: <https://tegetamotors.ge/en/about-tegeta>

³ Tegeta Holding, "Sustainability Report 2023", at: https://tegeta.ge/Sustainability_Report_2023.pdf

⁴ Tegeta Motors, "Tegeta Holding Sustainability-Linked Financing Framework", (2025)

⁵ EDGE: <https://edgebuildings.com/certify/certification/>

⁶ Tegeta Holding, "Sustainability Report 2023", at: https://tegeta.ge/Sustainability_Report_2023.pdf

⁷ Tegeta Holding, "Annual Report 2024", at: https://issuu.com/tegetaholding/docs/annual_report_2024_2701f14f99f1a3?fr=sMzM3ZTgzODQ5MDE

Sustainability Linked Instruments Assessment

Tegeta intends to link the financial characteristics of the sustainability-linked bonds to the achievement of the SPTs for three KPIs: i) scope 1 GHG emissions intensity; ii) scope 2 GHG emissions intensity; and iii) avoided emissions from use of sold and serviced products. KPIs 1, 2 and 3 will always be used jointly in all sustainability-linked issuances. SPTs 1, 2 and 3 have been defined for the year 2029 as: i) SPT A - representing target emission; and ii) SPT B - representing an overachievement.

KPI	Baseline	KPI Strength	SPT Ambitiousness	
KPI 1: Scope 1 GHG emissions intensity (tCO ₂ e/GEL million revenue)	2024	Adequate	SPT 1A: 5% by 2029 SPT 1: Reduce scope 1 GHG emissions intensity per GEL million revenue	Moderately ambitious
			SPT 1B: 10% by 2029	Moderately ambitious
KPI 2: Scope 2 GHG emissions intensity (tCO ₂ e/GEL million revenue)	2024	Adequate	SPT 2A: 5% by 2029 SPT 2: Reduce scope 2 GHG emissions intensity per GEL million revenue	Moderately ambitious
			SPT 2B: 10% by 2029	Moderately ambitious
KPI 3: Avoided emissions from use of sold and serviced products (tCO ₂ e)	2024	Adequate	SPT 3A: 25.724% yearly till 2029 SPT 3: Increase in avoided GHG emissions	Moderately ambitious
			SPT 3B: 30% yearly till 2029	Moderately ambitious

Selection of Key Performance Indicators

Overall KPI Assessment

KPI	KPI Strength			
	Not Aligned	Adequate	Strong	Very Strong
KPI 1: Scope 1 GHG emissions intensity	Not Aligned	Adequate	Strong	Very Strong
KPI 2: Scope 2 GHG emissions intensity	Not Aligned	Adequate	Strong	Very Strong
KPI 3: Avoided emissions from use of sold and serviced products	Not Aligned	Adequate	Strong	Very Strong

KPI Definitions

Tegeta defines the KPIs as follows:

Table 1: KPI Definitions

KPI	Description
KPI 1: Scope 1 GHG emissions intensity (tCO ₂ e/GEL million revenue)	KPI 1 measures the intensity of scope 1 GHG emissions per unit of revenue on an annual basis. The KPI is calculated by dividing scope 1 emissions in tonnes of carbon dioxide equivalent (tCO ₂ e) by Tegeta's revenue in million GEL.

Scope 1 emissions include: i) direct emissions from the transportation of products to the warehouse by fuel-powered vehicles; and ii) direct emissions from the transportation of products to the specific location by fuel-powered vehicles.

The Company calculates its scope 1 emissions in accordance with the GHG Protocol Standard.⁸ Annual revenue figures are extracted from Tegeta's financial statements and expressed in GEL millions.⁹

The KPI's scope covers the entire Company, excluding international operations, which account for less than 2.5% of Tegeta's revenue.

KPI 2: Scope 2 GHG emissions intensity (tCO₂e/GEL million revenue)

KPI 2 is defined as the ratio of location-based¹⁰ scope 2 GHG emissions per unit of revenue on an annual basis. The KPI is calculated by dividing scope 2 emissions in tCO₂e by Tegeta's revenue in GEL millions.

Scope 2 emissions cover indirect emissions from electricity use.

The Company calculates its scope 2 GHG emissions in accordance with the GHG Protocol Standard,¹¹ while reported annual revenue figures are extracted from Tegeta's financial statements expressed in GEL millions.¹²

The KPI's scope covers the entire Company, excluding international operations, which account for less than 2.5% of Tegeta's revenue.

KPI 3: Avoided emissions from use of sold and serviced products (tCO₂e)

KPI 3 measures the estimated reduction in avoided downstream GHG emissions (tCO₂e) resulting from the sales of low-emission vehicles compared to a defined baseline or conventional alternative.

Scope 3 GHG emissions are calculated according to GHG Protocol's methodology for scope 3 emissions, using the tool to calculate GHG emissions from mobile combustion.¹³ The Company calculates the weighted average of yearly scope 3 GHG emissions per unit, then multiplies the average by the total number of sold or forecast vehicle units to estimate the total amount of yearly GHG emissions.

$$\text{Total GHG Emissions} = \sum_i S_i \cdot E_i$$

Where S_i represents the units sold or forecast, and E_i represents the average yearly GHG emissions for the respective fuel type vehicle.

Avoided emissions = (baseline emissions per unit - new emissions per unit) × units sold or forecast

⁸ Greenhouse Gas Protocol, "A Corporate Accounting and Reporting Standard", at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

⁹ Tegeta Holding, "Financial Statements", at: <https://tegeta.ge/en/finances>

¹⁰ Location-based emissions are calculated based on the average emissions intensity of the electricity grid in the location where energy consumption occurs.

¹¹ Greenhouse Gas Protocol, "A Corporate Accounting and Reporting Standard", at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

¹² Tegeta Holding, "Financial Statements", at: <https://tegeta.ge/en/finances>

¹³ Greenhouse Gas Protocol, "Calculating GHG Emissions from Mobile Combustion", at:

https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fghgprotocol.org%2Fsites%2Fdefault%2Ffiles%2F2023-03%2FTransport_Tool_v2_6.xlsx&wdOrigin=BROWSELINK

KPI 1: Scope 1 GHG emissions intensity (tCO₂e/GEL million revenue)

KPI 2: Scope 2 GHG emissions intensity (tCO₂e/GEL million revenue)



We have assessed KPIs 1 and 2 as **Adequate** given that they: i) represent an indirect measure of Tegeta's performance on a material environmental issue related to GHG emissions; ii) reflect a high scope of applicability together with KPI 3; iii) follow a clear and consistent methodology that is externally defined; and iv) cannot be compared against external contextual benchmarks.

Materiality and Relevance

KPIs 1 and 2 collectively address the issue of Tegeta's operational GHG emissions. Both KPIs are material and relevant and have a high scope of applicability together with KPI 3 given the following:

The Sustainability Accounting Standards Board (SASB) identifies energy management as a relevant and material topic for the multiline and specialty retailers and distributors industry due to the significant amounts of energy used by these entities for retail facilities and warehouses.¹⁴ In addition, private cars and vans accounted for approximately 10% of the global energy-related CO₂ emissions and more than 25% of global oil use in 2023.¹⁵ It is important to also note, that 81% of electricity in Georgia is generated from renewable sources, primarily hydropower.¹⁶

Regarding applicability, we have assessed the applicability of KPIs 1, 2 and 3 on a combined basis because they collectively cover the Company's GHG emissions, and all three KPIs will be jointly used in all issuances. In particular, scope 3 emissions from the use of sold vehicles represent the majority of the Company's total emissions, and the coverage of KPI 3 could extend to all vehicles sold as the Company transitions toward low-emission models. Therefore, we consider KPIs 1, 2 and 3 to jointly have a high scope of applicability.

Methodology and Comparability with Benchmark

Tegeta's definition and methodology to calculate KPI 1 and KPI 2 performance is clear and consistent with its disclosures on scope 1 and scope 2 GHG emissions respectively since 2022. KPI 1 and 2 follow the GHG Protocol's Corporate Accounting and Reporting Standard.¹⁷

Given that KPI 1 and 2 measure economic emissions intensity in tCO₂e per GEL million in revenue, the KPIs do not facilitate comparison against currently available external contextual benchmarks.

We consider the KPIs to be an indirect measure of Tegeta's GHG emissions performance, as emissions intensity is expressed per unit of revenue, a top-line accounting metric that can be influenced by financial or commercial factors that do not necessarily reflect changes in the Company's underlying emissions performance.

¹⁴ SASB, "Materiality Finder: Multiline and Specialty Retailers & Distributors", at: <https://sasb.ifrs.org/standards/materiality-finder/find/?industry%5B0%5D=CG-MR>

¹⁵ IEA, "Cars and Vans", (2023), at: <https://www.iea.org/energy-system/transport/cars-and-vans>

¹⁶ IEA, "Georgia Energy Profile: Overview", at: <https://www.iea.org/reports/georgia-energy-profile/overview>

¹⁷ Greenhouse Gas Protocol, "A Corporate Accounting and Reporting Standard", at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

KPI 3: Avoided emissions from use of sold and serviced products (tCO₂e)



We have assessed KPI 3 as **Adequate** because it: i) represents an indirect measure of a material environmental issue related to GHG emissions from the Company's downstream value chain; ii) reflects a high scope of applicability; iii) follows a clear and consistent methodology but is not externally defined; and iv) cannot be compared against external contextual benchmarks.

Materiality and Relevance

KPI 3 addresses the Company's downstream scope 3 GHG emissions avoided through the sales of vehicles with low emissions: electric vehicles (EVs), hybrids and vehicles that adhere to the Euro 6 standard or above. We determine it to be highly material and relevant given the following:

Sustainalytics' ESG Risk Rating identifies Environmental and Social Impact of Products and Services as a material ESG issue for companies in the Automotive Retail sub-industry.¹⁸ The Company operates in Georgia, where current regulation permits the use of vehicles that adhere to the Euro 5 standard.¹⁹ By replacing its current light vehicle fleet with EVs, hybrid or Euro 6 vehicles that emit a lower amount of emissions compared to Euro 5 vehicles, Tegeta can reduce its scope 3 category 11 GHG emissions. Tightening CO₂ emission standards and shifts in market demand create business incentives for distributors like Tegeta to expand low-emission vehicle sales.

In terms of applicability, the KPI addresses avoided emissions resulting from replacing older light vehicles with low-emission light vehicles. The boundary of the KPI is limited to the light vehicle segment within Tegeta's total fleet and excludes heavy-vehicles and any other types of vehicles and equipments in its portfolio. Tegeta bases its scope 3 GHG emissions calculation for category 11 on light vehicles as they are the main source of the Company's revenue and offer the greatest opportunity for transitioning to low-emission vehicles. We view the KPI as highly applicable, as it addresses the Company's most material emission sources within its downstream value chain.

Methodology and Comparability with Benchmark

Tegeta's definition and methodology to calculate KPI performance is clear and consistent with historical reporting since 2022, however it does not follow an externally recognized methodology. The Company calculates the weighted average of yearly GHG emissions per unit, then multiplies the average by the total number of sold or forecast units to estimate the total amount of yearly GHG emissions (see Table 1: KPI Definitions for details).

The KPI is indirectly linked to the Company's performance on a material environmental topic, as it measures avoided scope 3 downstream emissions associated with the use of sold vehicles, rather than actual reductions in the Company's scope 3 emissions.

The KPI is not directly comparable to external science-based decarbonization pathways, as there are no external benchmarks for assessing progress toward the KPI.

¹⁸ Sustainalytics, Industry Report: Retailing (2024)

¹⁹ Ministry of Environmental Protection and Agriculture of Georgia, (2023), at: <https://mepa.gov.ge/En/News/Details/21297>

Calibration of Sustainability Performance Targets

Overall SPT Assessment

SPT		SPT Ambitiousness			
SPT 1: Reduce scope 1 GHG emissions intensity per GEL million revenue from a 2024 baseline by:	SPT 1A: 5% by 2029	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
	SPT 2B: 10% by 2029	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 2: Reduce scope 2 GHG emissions intensity per GEL million revenue from a 2024 baseline by:	SPT 2A: 5% by 2029	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
	SPT 2B: 10% by 2029	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 3: Increase in avoided GHG emissions from a 2024 baseline by:	SPT 3A: 25.724% yearly till 2029	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
	SPT 3B: 30% yearly till 2029	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious

Past Performance and SPTs

Tegeta’s past performance and SPTs are as follows:

Table 2: Past Performance and SPTs

KPI	2022	2023	2024 (baseline)	SPT A 2029 (target emission)	SPT B 2029 (over-achievement)
KPI 1: Scope 1 GHG emissions intensity (tCO ₂ e/ GEL million revenue)	0.80	1.09	0.72	0.69	0.65
KPI 2: Scope 2 GHG emissions intensity (tCO ₂ e/ GEL million revenue)	0.66	0.41	0.43	0.41	0.39
KPI 3: Avoided emissions from use of sold and serviced products (tCO ₂ e)	447.20	-32.90	1,017.80	3,197.0	3,882.6

Alignment with Issuer Sustainability Strategy

We have assessed the SPTs to be aligned with the Company’s sustainability strategy.

Tegeta has identified reducing the impact of climate change as one of the key focus areas in its CSR strategy. To minimize its environmental footprint, the Company is committed to reducing on-site energy consumption through energy-efficient building design and the installation of solar panels. It also aims to cut waste generation by promoting reuse and recycling initiatives.²⁰ In addition, Tegeta is working to progressively lower emissions from its sold vehicles, intending to sell only zero-emission vehicles by 2035 (please refer to Issuer Overview & Sustainability Strategy for more details).²¹

²⁰ Tegeta Holding, “Sustainability Report 2023”, at: https://tegeta.ge/Sustainability_Report_2023.pdf

²¹ Tegeta Motors, “Tegeta Holding Sustainability-Linked Financing Framework”, (2025)

SPT 1: Reduce scope 1 GHG emissions intensity per GEL million revenue from a 2024 baseline by:

SPT 1A: 5% by 2029

SPT 1B: 10% by 2029

We have assessed SPTs 1A and 1B as **Moderately Ambitious**, given that they are: i) below historical performance and represent a limited material improvement over the baseline; ii) above the targets set by peers; and iii) not aligned with science-based trajectories.

Baseline

The baseline year is 2024, as it reflects the latest reporting year.

Strategy to Achieve the SPT 1

Tegeta intends to achieve the SPT through the following strategies:

- ▶ Increase the share of low-emission vehicles to approximately 50% of the logistics fleet over the target period by replacing internal combustion vehicles with hybrid and electric models.
- ▶ Build a new warehouse in western Georgia and optimize supply placement for western regional branches to improve fleet efficiency and reduce travel distances and fuel consumption.

Ambitiousness

Tegeta's scope 1 GHG emissions intensity decreased from 0.80 to 0.72 tCO₂e/GEL million revenue between 2022 and 2024, representing an average linear annual reduction of 5%. This reduction was mainly driven by the implementation of a stricter vehicle management policy, which involved withdrawing company vehicles from employees who did not require them, resulting in a more efficiently used fleet and reduced fuel consumption. Achieving SPTs 1A and 1B implies an average annual reduction of 0.8% or 1.9%, respectively, from 2024 to 2029. Hence, we consider SPT 1 to be below historical performance. Additionally, Tegeta did not provide evidence that scope 1 emissions will decrease in absolute terms by the final SPT date.

In terms of peer comparison, we have evaluated the performance of six companies with comparable geographical presence and business models. None of these peers have set GHG reduction targets or have publicly disclosed their emissions data. Therefore, we consider Tegeta's target to be above the peer level.

SPTs 1A and 1B are not aligned with science-based trajectories.

SPT 2: Reduce scope 2 GHG emissions intensity per GEL million revenue from a 2024 baseline by:

SPT 2A: 5% by 2029

SPT 2B: 10% by 2029

We have assessed SPTs 2A and 2B as **Moderately Ambitious**, given that they are: i) below historical performance but represent a limited material improvement from the baseline; ii) above the targets set by peers; and iii) not aligned with science-based trajectories.

Baseline

The baseline year is 2024 as it reflects the latest reporting year.

Strategy to Achieve the SPT 2

Tegeta intends to achieve the SPT through the following strategies:

- ▶ Construct at least 10 new energy-efficient express service centres for EVs, powered by renewable energy, across Tbilisi and regional cities.
- ▶ Enhance building efficiency by implementing smart control systems, optimizing lighting and HVAC operations, and introducing energy-saving upgrades across its facilities.

- ▶ Install solar panels in new and existing facilities.

Ambitiousness

Tegeta's scope 2 GHG emissions intensity decreased from 0.66 to 0.43 tCO₂e/GEL million revenue between 2022 and 2024, representing an average linear annual reduction of 17.42%. Operational expansion and business growth primarily drove the reduction in emissions intensity, although it also led to a slight increase in the absolute amount of scope 2 emissions. To achieve SPT 2A and 2B, the Company must reduce its GHG emissions intensity by approximately 0.9% and 1.9% per year, respectively, between 2024 and 2029. Hence, we consider SPT 2 to be below historical performance. Additionally, Tegeta did not provide evidence that scope 2 emissions will decrease in absolute terms by the final SPT date.

In terms of peer comparison, we have evaluated the performance of six companies with comparable geographical presence and business models. None of these peers have set GHG reduction targets or have publicly disclosed their emissions data. Therefore, we consider Tegeta's target to be above peer level.

SPTs 2A and 2B are not aligned with science-based trajectories.

SPT 3: Increase in avoided GHG emissions from a 2024 baseline by:

SPT 3A: 25.724% yearly till 2029

SPT 3B: 30% yearly till 2029

We have assessed SPTs 3A and 3B as **Moderately Ambitious** given that they are: i) above historical performance but represent a limited improvement in performance due to a continuous increase in absolute scope 3 emissions; ii) above peer targets; and iii) not aligned with science-based trajectories.

Baseline

The baseline year is 2024 as it reflects the latest reporting year.

Strategy to Achieve the SPT 3

Tegeta intends to achieve the SPT through the following strategies:

- ▶ Increase the share of EVs, hybrids, and Euro 6+ vehicles offered across all customer segments, including affordable urban vehicles, premium vehicles and commercial vehicles.
- ▶ Invest in the expansion of charging infrastructure for EVs and strengthening servicing capacity for hybrid and Euro 6+ vehicles. This includes installing fast-charging stations, enhancing workshop readiness and training technicians to handle new technologies and maintenance needs.
- ▶ Implement targeted marketing campaigns and educational initiatives to raise awareness about the economic, environmental and practical benefits of EVs, hybrids and Euro 6+ vehicles through communication of incentives, fuel savings and emissions reductions that support informed decision-making among consumers.
- ▶ Improve customer experience across all vehicle types by providing support and services throughout the ownership life cycle by offering personalized consultations, loyalty programmes and tailored incentives to encourage the shift toward low- and zero-emission vehicles. This is expected to ensure long-term customer satisfaction and design attractive financing solutions for buyers.

Ambitiousness

Regarding past performance, Tegeta avoided 1,017.7 tCO₂e in emissions in 2024 compared with 447.2 tCO₂e in 2022, representing an average of approximately 285 tCO₂e in avoided GHG emissions each year. Achieving SPT 3A requires a 25.724% annual increase in avoided annual emissions, resulting in 3,197.0 tCO₂e avoided in 2029. This would result in approximately 436 tCO₂e of average avoided GHG emissions compared to 2024. Achieving SPT 3B requires a 30% annual increase in avoided emissions, resulting in 3,882.6 tCO₂e being avoided in 2029. This would result in approximately 573 tCO₂e of average avoided GHG emissions compared to 2024. Therefore, the SPTs are above past performance. Given that avoided emissions are calculated as the difference between baseline emissions and new emissions from the sale of low-emission vehicles, a continuous reduction in scope 3 emissions is required to ensure that the metric represents sustainability improvement. We note that there will be a systematic increase in yearly absolute scope 3 emissions between 2024 and 2029. Therefore, the SPTs represent only a limited improvement in overall emissions performance, despite higher levels of avoided emissions, due to a continuous increase in absolute scope 3 emissions.

In terms of peer comparison, we have evaluated six companies in the automotive retail industry, selected based on their geographical presence and business model similarity. None of these peers have set targets for increasing avoided GHG emissions. Due to peers' lack of targets, we consider SPT 3 to be above peer performance.

SPTs 3 A and B cannot be compared to science-based decarbonization trajectories, as there are currently no external science-based references available to calculate and benchmark avoided emissions.

Financial Characteristics

The financial characteristics of the sustainability-linked bonds issued under the Framework will be linked to the achievement of the SPTs in the form of a coupon step-up, step-down or increase in premium. The financial characteristics of each financial instrument issued under the Framework will be specified in its corresponding documentation. All KPIs and their associated SPTs will be included for issuances under the Framework. Tegeta may issue callable bonds under the Framework. The issuer has an adjustment mechanism in place to ensure that material economic consequences, based on the issuer's performance against the SPTs, are realized prior to the exercise of the call option.

The financial characteristics of the sustainability-linked bonds are aligned with the SLBP, but we do not opine on the adequacy of the magnitude and structure of the financial penalty.

Reporting

Tegeta commits to report on its progress on the KPIs on an annual basis and expects to include the relevant figures in its sustainability report, which is aligned with the SLBP. The Company further commits to disclose relevant information – including updated information on performance of the selected KPIs, including baselines; verification report outlining the performance of the KPIs and the related impact; and timing of the impact – on the bond's financial and/or structural characteristics, qualitative and/or quantitative explanation of the contribution of the main factors behind the

evolution of the KPI, an illustration of the positive impact related to improved sustainability performance and any additional information that allows investors to monitor the level of ambition of the SPTs. The reporting commitments are aligned with the SLBP.

Verification

Tegeta commits to have an external verifier provide limited assurance against each SPT for each KPI at least once a year, which is aligned with the SLBP.

Environmental and Social Risk Management

We have identified the following environmental and social risks associated with the KPIs and SPTs defined in the Framework: product governance;²² human capital;²³ data privacy and cybersecurity;²⁴ business ethics;²⁵ and supply chain. Tegeta has the following policies and processes in place to identify and mitigate such risks.

E&S risk identified	Applicable policies, procedures and measures
Product governance	<ul style="list-style-type: none"> ▶ Tegeta complies with Georgia's Product Safety and Free Movement Code, which requires distributors to cooperate with authorized bodies on product safety, conduct technical inspections, mitigate technical risks and communicate product-related risks to third parties, including customers.²⁶ ▶ Tegeta commits to ensuring product safety and quality through: i) strict adherence to manufacturers' technical requirements; ii) quality and environmental management systems certified to ISO 9001²⁷ and ISO 14001,²⁸ respectively; iii) regular maintenance and GPS monitoring of all fleet vehicles; iv) use of AI-driven analytics and remote diagnostics to improve driver safety; and v) public awareness campaigns on seasonal tyre changes, child safety and safe driving practices to promote road safety.²⁹ ▶ The Company has established Voice of the Customer, a process to gather and analyze client feedback to identify concerns and emerging issues early and prevent product safety and quality risks.³⁰
Human capital	<ul style="list-style-type: none"> ▶ As a member of the UN Global Compact Network Georgia, Tegeta is committed to operating in a manner that protects human rights and eliminates unfair labour practices.^{31,32} The Company promotes an inclusive and equitable workplace by increasing women's representation in senior management through mentorship and leadership programmes; offering employee development and upskilling opportunities; and supporting underrepresented groups. ▶ To provide a safe environment for employees and customers at its service centres, the Company has implemented an occupational health and safety management system aligned with ISO 45001,³³ which includes regular employee training, daily risk assessments and the provision of personal protective equipment.³⁴ ▶ Tegeta's Sexual Harassment Prevention Policy and Diversity, Equity and Inclusion Policy prohibit harassment and discrimination based on sexual orientation or gender identity. The Company

²² Our Product Governance MEI focuses on how companies manage responsibilities to their clients. Emphasis is put on quality management systems, marketing practices, fair billing and post-sales responsibility.

²³ Our MEI Human Capital focuses on the management of risks related to the scarcity of skilled labour, as well as labour relations, such as non-discrimination, working hours and minimum wages.

²⁴ Our Data Privacy and Cybersecurity MEI focuses on data governance practices, including how companies collect, use, manage and protect data.

²⁵ Our Business Ethics MEI focuses on the management of ethical considerations applicable to most or all sectors, such as taxation and accounting, anti-competitive practices and intellectual property issues.

²⁶ Government of Georgia, "Law of Georgia. Product Safety and Free Movement Code", (2012), at: <https://matsne.gov.ge/en/document/view/1659419?publication=39>

²⁷ ISO, "ISO 9001:2015 - Quality management systems", at: <https://www.iso.org/standard/62085.html>

²⁸ ISO, "ISO 14001:2015 - Environmental management systems", at: <https://www.iso.org/standard/60857.html>

²⁹ Tegeta Holding, "Annual Report 2024", at: https://issuu.com/tegetaholding/docs/annual_report_2024_2701f14f99f1a3?fr=sMzM3ZTgzODQ5MDE

³⁰ Ibid.

³¹ UN Global Compact Network Georgia, at: <https://unglobalcompact.ge/en/globaluri-shetankhmebis-saqartvelos-qseli/>

³² Tegeta Holding, "Sustainable Development Report of Tegeta Holding for 2023", (2024), at: https://tegeta.ge/Sustainability_Report_2023.pdf

³³ ISO, "ISO 45001:2018 - Occupational health and safety management systems", at: <https://www.iso.org/standard/63787.html>

³⁴ Tegeta Holding, "Annual Report 2024", at: https://issuu.com/tegetaholding/docs/annual_report_2024_2701f14f99f1a3?fr=sMzM3ZTgzODQ5MDE

also raises awareness of gender-based violence and gender equality through internal initiatives and external seminars focused on women's social and economic empowerment.³⁵

- Data privacy and cybersecurity
- ▶ Tegeta is committed to protecting customers' rights and processing personal data lawfully, fairly and transparently. The Company complies with Georgia's Law on Personal Data Protection, which requires lawful data processing and the implementation of appropriate organizational and technical security measures to prevent unauthorized access, accidental loss or unlawful data processing.³⁶
 - ▶ Tegeta collects personal data solely for specific, clearly defined and legitimate purposes and retains it only for the period necessary to fulfil those purposes.
 - ▶ The Company has appointed a data protection specialist, who oversees compliance and provides regular employee training. All employees handling personal data are contractually obligated to maintain confidentiality and adhere to the Company's internal data protection procedures.³⁷

- Business ethics and supply chain
- ▶ Tegeta has developed a Code of Conduct and Ethics, which is applicable in all countries where the Company operates. The code sets ethical standards, such as to respect and protect human and labour rights, and prevent bribery and corruption. It requires employees, business partners and suppliers, including vehicle suppliers, to adhere to the code. It also provides guidance on: i) maintaining a non-discriminatory and respectful work environment; ii) conducting business in line with applicable laws; iii) prohibiting forced and child labour; iv) ensuring fair and transparent pricing for customers; and v) reporting ethical dilemmas.³⁸

³⁵ Tegeta Holding, "Annual Report 2024", at: https://issuu.com/tegetaholding/docs/annual_report_2024_2701f14f99f1a3?fr=sMzM3ZTgzODQ5MDE

³⁶ Personal Data Protection Service of Georgia, "Law of Georgia on Personal Data Protection", at: https://pdps.ge/files/content/LAW%20OF%20GEORGIA%20ON%20PERSONAL%20DATA%20PROTECTION_en_1711020422.pdf

³⁷ Tegeta Holding, "Sustainable Development Report of Tegeta Holding for 2023", (2024), at: https://tegeta.ge/Sustainability_Report_2023.pdf

³⁸ Tegeta Motors, "Code of Conduct and Ethics", (2024), at: https://api.tegeta.ge/storage/statement/26/pdf/1273/fe45824600952c85cd32d4645637d0c4_1715776722.pdf

Annex 1: Sustainability Linked Assessment Framework Overview

The following is a brief overview of the methodology that we use to assess sustainability-linked instruments and the frameworks that support them. Using this methodology, we assess the strength of the Key Performance Indicators (KPIs) and the ambitiousness of the Sustainability Performance Targets (SPTs) identified in a sustainability-linked instrument framework.

Key Performance Indicators (KPIs)

Central to our assessment of KPIs are a consideration of their Relevance and Materiality. Here we assess: i) whether the indicator relates to an area of environmental or social impact that is material to the issuer's activities; and ii) to what extent the KPI is applicable.

In addition, we assess certain other KPI characteristics, including: i) whether it uses a clear and consistent methodology; ii) whether it follows an externally recognized definition; iii) whether the KPI is a direct measure of the issuer's performance on a material environmental or social issue;³⁹ and iv) whether performance on the KPI can be compared against an external contextual benchmark.⁴⁰

The strength of each KPI is assessed as Very Strong, Strong, Adequate or Not Aligned.

Sustainability Performance Targets (SPTs)

To determine the ambitiousness of an SPT, we consider: i) whether the SPT goes beyond a business-as-usual trajectory; ii) how the SPT compares to targets set by peers; and iii) how the SPT compares with science-based references.⁴¹ Additionally, we assess the strategies outlined to achieve the SPT and how the SPT is aligned with the issuer's overall sustainability strategy.

The strength of an SPT is assessed as Highly Ambitious, Ambitious, Moderately Ambitious, or Not Aligned.

³⁹ A direct measure refers to a metric selected for the KPI that shows a specific indicator of performance or an outcome on the material ESG issue.

⁴⁰ External contextual benchmarks are standards or points of reference established by recognized third-party organizations to facilitate comparability.

⁴¹ Where possible we assess targets in relation to science-based benchmarks that correspond to ecosystem boundaries.

Scope of Work and Limitations

This Second Party Opinion provides a point-in-time independent opinion of the Framework as of the Evaluation Date. Our opinion may consider additional documentation and information that the Framework owner may have provided during the engagement, in addition to public and non-public information. The owner refers to the entity featuring as an issuer, borrower, special-purpose vehicle or any other entity as described in the Framework.

As part of this engagement, we communicated with representatives of the Framework owner, who acknowledge that: i) it is the sole responsibility of the Framework owner to ensure that the information provided is complete, accurate and up to date; ii) they have provided us with all of the relevant information; and iii) that all of the information has been provided in a timely manner.

This Second Party Opinion provides our opinion of the Framework and should be read in conjunction with that Framework. Any update of this Second Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and the Framework owner.

Our Second Party Opinion provides our opinion on the alignment of the Framework with current market standards and practice but provides no guarantee of alignment nor warrants alignment with future versions of any such standards. Furthermore, Sustainalytics' Second Party Opinion addresses the anticipated SPTs but does not measure progress on the KPIs. This Second Party Opinion is valid for issuances aligned with the Framework until one of the following occurs: i) a material change to the external benchmarks against which targets were set; ii) a material corporate action (such as a material M&A or change in business activity) which has a bearing on the achievement of the SPTs or the materiality of the KPIs. Measuring and reporting on KPIs and SPTs is the responsibility of the Framework owner.

No information provided in this Second Party Opinion shall be considered as being a statement, representation, warrant or argument in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that the Framework owner may have made available to Sustainalytics for the purpose of this Second Party Opinion.

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