

Second-Party Opinion

Tegeta Motors Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Tegeta Motors Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds, Clean Transportation, is aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 9 and 11.



PROJECT EVALUATION AND SELECTION Tegeta Motors' Green View Committee will select, evaluate and monitor eligible projects in line with the eligibility criteria. Tegeta Motors has in place environmental and social risk management processes that are applicable to the allocation decisions made under the Framework. Sustainalytics considers this to be in line with market practice.



MANAGEMENT OF PROCEEDS Representatives from the following departments will be responsible for the management and allocation of proceeds to eligible projects: i) Car Sales Strategic Business Unit; ii) Trucks and Special Purpose Equipment Strategic Business Unit; iii) Administration; iv) Occupational Health and Safety; and v) Investor Relations. The proceeds will be tracked through an internal tracking system. Tegeta Motors intends to reach full allocation within six to twelve months of issuance. Pending full allocation, unallocated proceeds may be temporarily held in cash and cash equivalents. This is in line with market practice.



REPORTING Tegeta Motors intends to report on the allocation of proceeds and corresponding impact, which will be published on an annual basis until full allocation. Allocation reporting will include the percentage figures and balance of allocated and unallocated investments. In addition, Tegeta Motors is committed to reporting on relevant impact metrics. Sustainalytics views Tegeta Motors' allocation and impact reporting as aligned with market practice.

Evaluation date	March 24, 2023
Issuer Location	Tbilisi, Georgia

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Introduction

Tegeta Motors LLC (“Tegeta Motors” or the “Company”) provides automotive vehicle and equipment sales and after-sale services and products to individual and corporate clients. Founded in 1995 and headquartered in Tbilisi, Georgia, Tegeta Motors operates in Georgia and other countries in the Caucasus region through more than 30 subsidiaries employing approximately 2,500 workers as of December 2022.

Tegeta Motors has developed the Tegeta Motors Green Bond Framework dated March 2023 (the “Framework”), under which it intends to issue green bonds and loans and use the proceeds to finance or refinance, in whole or in part, existing or future assets intended to contribute to expanding Georgia’s electric vehicle fleet. The Framework defines eligibility criteria in one area:

1. Clean Transportation

Tegeta Motors engaged Sustainalytics to review the Tegeta Motors Green Bond Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)¹ and the Green Loan Principles 2023 (GLP).² The Framework has been 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 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 Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- 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 1.13, 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 Tegeta Motors’ management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Tegeta Motors representatives have confirmed that: (1) they understand it is the sole responsibility of Tegeta Motors to ensure that the information provided is complete, accurate and 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 Tegeta Motors.

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 and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the

¹ 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/>.

² The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

³ The Tegeta Motors Green Bond Framework is available at: <https://tegetamotors.ge/en/for-investors/>

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.

responsibility of the Framework owner. Tegeta Motors is encouraged to update the Framework after 24 (twenty-four) months from the evaluation date, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond and loan 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 Tegeta Motors has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Tegeta Motors Green Bond Framework

Sustainalytics is of the opinion that the Tegeta Motors Green Bond Framework is credible and impactful and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Tegeta Motors Green Bond Framework:

- Use of Proceeds:
 - The eligible category, Clean Transportation, is aligned with those recognized by the GBP and GLP.
 - Tegeta Motors confirmed to Sustainalytics that expenditures under the Framework will be limited to financing the Company's purchase of battery electric vehicles (EVs) and charging stations inventory for future sales across its markets, with the majority of financing taking place in Georgia. A minority of financing may take place in Armenia, Azerbaijan and Uzbekistan. Sustainalytics acknowledges that the acquisition of low-carbon vehicles and the subsequent sale in emerging markets such as Georgia, Azerbaijan, Armenia and Uzbekistan may increase the penetration of low-carbon transport alternatives as access to such vehicles in these areas is limited. Furthermore, financing under the Framework has the potential to contribute to enabling the reduction of GHG emissions in the countries' transportation sectors. Sustainalytics further notes that the impact of financing of working capital for the purpose of dealing low-carbon vehicles is contingent on the vehicles sold. Sustainalytics encourages the Company to regularly report on the impact achieved through its dealing activities.
 - For its refinancing activities, Tegeta Motors has established a look-back period of 24 months.
 - Under the Clean Transportation category, Tegeta Motors may finance and refinance EVs with zero tailpipe emissions that meet one of the following criteria: i) light vehicles; ii) passenger road vehicles, including buses; or iii) non-road heavy vehicles, such as electric forklifts and mini excavators⁵. Additionally, the Framework stipulates expenditures toward EV charging stations. Tegeta Motors has confirmed that freight vehicles are excluded from financing. Sustainalytics views the intended expenditures under this category to be in line with market practice.
- Project Evaluation and Selection:
 - Tegeta Motors established a Green View Committee, which consists of representatives from the following departments: i) Strategic Planning and Analysis; ii) Investor Relations; iii) Administration; iv) Security; v) Human Resources; and vi) Car Sales. The committee is responsible for selecting, evaluating and monitoring financed vehicles to ensure that they are in line with the eligibility criteria of the Framework.
 - Tegeta Motors identifies and assesses environmental and social risks, and implements respective control measures through an Environmental, Social and Occupational Safety approach. This approach also has a monitoring and inspection mechanism in place and is applicable to employees, contractors, stakeholders, the environments in which they operate and all allocation decisions made under this Framework. For more details, please see Section 2.

⁵ Additional examples of non-road heavy vehicles include but are not limited to excavators, backhoes, cranes, compressors, generators, bulldozers and similar equipment.

- Based on the presence of cross-functional oversight for project selection and the presence of risk management systems, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Representatives from the following departments will be responsible for the management and allocation of proceeds: i) Car Sales Strategic Business Unit; ii) Trucks and Special Purpose Equipment Strategic Business Unit; iii) Administration; iv) Occupational Health and Safety; and v) Investor Relations. The proceeds will be tracked through an internal tracking system through which an amount equivalent to the net proceeds raised from green bonds and loans will be earmarked to the eligible portfolio.
 - Tegeta Motors intends to reach full allocation within six to 12 months of issuance. Pending full allocation, unallocated proceeds will be temporarily held in cash and cash equivalents.
 - Until maturity of each issuance under the Framework, Tegeta Motors will continuously replenish the eligible pool of assets upon sale of a vehicle to ensure that the net proceeds do not exceed the value of assets financed under the Framework.
 - Based on the use of tracking systems and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Tegeta Motors commits to publicly report on the allocation and impact of proceeds, which will be published on its website on an annual basis until full allocation.
 - Allocation reporting will include the percentage and balance of allocated and unallocated proceeds.
 - Impact reporting will include the following environmental impact metrics: i) annual amount of GHG emissions savings from the use of electric vehicles; ii) increase of the annual number of vehicle users using the electric charging network; iii) increase of the total inventory of electric vehicles; and iv) increase of the total number charging points for electric vehicles.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the Tegeta Motors Green Bond Framework aligns with the four core components of the GBP and GLP. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Tegeta Motors

Contribution to Tegeta Motors' sustainability ambitions

Sustainalytics is of the opinion that Tegeta Motors demonstrates a commitment to sustainability through its 2030 environmental targets, which focus on: i) prevention and reduction of environmental pollution, such as emissions; ii) sustainable use of resources; and iii) reduction of its contribution on global warming.⁶ Tegeta Motors' goal is to reduce tailpipe emissions from its distributed cars and vans by 55% and 50% respectively by 2030, compared to 2022 levels.⁷ To achieve this goal, Tegeta Motors is committed to increasing Georgia's EV fleet by expanding its product portfolio by 1,500 new electric light and heavy road vehicles and non-road vehicle models between 2022 and 2024.⁸ The Company also commits to extending the network of EV charging stations by introducing 70 new EV charging stations in Georgia between 2022 and 2024.⁹ Additionally, Toyota Center Tegeta LLC, a subsidiary of Tegeta Motors, joined the EcoChallenge 2050 global initiative in 2019, promoting sales of alternative combustion engine vehicles, including electric and hybrid vehicles.¹⁰ Regarding resource and waste management, Tegeta Motors established the subsidiary Tegeta Green Planet in 2022, which is dedicated to waste recycling following Georgia's legislation,^{11,12} and also intends to increase the number of collection points for hazardous waste in Georgia. The Company has also set underlying targets for

⁶ The Tegeta Motors Green Bond Framework (2023) is available at: <https://tegetamotors.ge/en/for-investors/>

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ministry of Environmental Protection and Agriculture of Georgia, "For the attention of manufacturers, importers and distributors of products subject to the extended producer responsibility", (2022), at: <https://mepa.gov.ge/En/News/Details/20899/>

¹² Tegeta Green Planet, "About the company", at: <https://tgp.ge/en/about>

its distribution activities, namely: i) recycle 65% of waste tyres; ii) recover 50% of waste oils; and iii) collaborate with subcontractors to recycle accumulators and battery elements by 2030.¹³ Tegeta Motors has also developed a CSR strategy to address the following areas: i) employee well-being; ii) environmental responsibility; and iii) product safety, following the Global Reporting Initiative standards.^{14,15}

Sustainalytics is of the opinion that the Tegeta Motors Green Bond Framework is aligned with the Company's sustainability ambitions and will further the Company's action on the noted key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects could be issues related to business ethics, waste management and product safety.

Sustainalytics is of the opinion that Tegeta Motors is able to manage or mitigate potential risks through the implementation of the following:

- Regarding business ethics, Tegeta Motors 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 rights and prevent bribery and corruption. It requires employees and suppliers (including those supplying vehicles to Tegeta Motors) to adhere to the code and provides guidance on the following: i) treating employees, business partners and customers respectfully; ii) working within the law; and iii) reporting ethical dilemmas.¹⁶
- Tegeta Motors has established an environmental risk assessment approach for its operations, including the assets financed under the Framework. The approach allows the Company to classify environmental risks, such as risks linked to transportation and waste generation, into the following levels: little, average, important or critical. The Company addresses these risks with tools such as staff training, safety checks and equipment maintenance. Tegeta Motors also analyzes compliance with legal and regulatory requirements, including in relation to potential emergencies from environmental impacts and risk management gaps.¹⁷
- Tegeta Motors has developed an environmental management system based on ISO 14001.^{18,19} Tegeta Green Planet operates in compliance with Georgia's Waste Management Code to provide separate collection, transportation, recovery, recycling and safe disposal of product waste.^{20,21} Tegeta Green Planet has committed to implementing collective waste compliance schemes for battery waste, oil waste and tyre waste by 2028.²² The Company's waste management procedures include recycling secondary tyres into stud tiles for playground fields and sports grounds.²³
- Regarding product safety, Georgia has developed a Product Safety and Free Movement Code, which requires distributors to cooperate with authorized bodies on product safety and requires technical inspections and technical risk management. Distributors must also communicate product-related risks to third parties, such as customers.²⁴ Tegeta Motors has also established an Occupational Safety and Environment Department, which is responsible for ensuring legal compliance.

Based on the above policies and procedures, Sustainalytics is of the opinion that Tegeta Motors has implemented adequate measures and is well positioned to manage or mitigate environmental and social risks commonly associated with projects in the eligible category.

¹³ Tegeta Motors, "CSR strategy", (2022), at: <https://shop.tegetamotors.ge/assets/files/csr-strategy.pdf>

¹⁴ Ibid.

¹⁵ GRI Standards: <https://www.globalreporting.org/how-to-use-the-gri-standards/gri-standards-english-language/>

¹⁶ Tegeta Motors has shared the Code of Conduct and Ethics (2022) with Sustainalytics on a confidential basis.

¹⁷ Tegeta Motors has shared the environmental risk management approach with Sustainalytics on a confidential basis.

¹⁸ ISO 14001: <https://www.iso.org/iso-14001-environmental-management.html>

¹⁹ Tegeta Motors, "ISO Certification", at: <https://tegetamotors.ge/en/for-investors/ISO-serTifikati>

²⁰ Ministry of Environmental Protection and Agriculture of Georgia, "For the attention of manufacturers, importers and distributors of products subject to the extended producer responsibility", (2022), at: <https://mepa.gov.ge/En/News/Details/20899/>

²¹ Government of Georgia, "Waste Management Code", at: <https://matsne.gov.ge/ka/document/download/2676416/1/en/pdf>

²² Tegeta Green Planet, "About the company", at: <https://tgp.ge/en/about>

²³ The Tegeta Motors Green Bond Framework is available at: <https://tegetamotors.ge/en/for-investors/>

²⁴ Government of Georgia, "Product Safety and Free Movement Code", (2012), at: <https://matsne.gov.ge/en/document/view/1659419?publication=17>

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP and GLP. Sustainalytics elaborates on the impact in the local context.

Importance of clean transport in Georgia

In 2015, GHG emissions from the transport sector accounted for approximately 24% of the total GHG emissions in Georgia.²⁵ Transport sector emissions in the country are projected to increase by 71% from 2015 to reach 7.11 MtCO₂e by 2030, mostly driven by an expected 60% increase in passenger activity by 2030.²⁶

Road passenger transport accounted for 68% of Georgia’s transport sector emissions in 2015, with private vehicles making up approximately 70% of passenger transport activity. As of 2019, more than 87% of the car fleet registered in Georgia was older than 10 years, with an average emissions intensity of 189 gCO₂e/vehicle-kilometre. By comparison, the average emissions intensity mandated for new cars in the EU is 96 gCO₂e/vkm since 2020. For internal combustion engine vehicles, gasoline accounts for 68% of energy demand, while diesel powers most buses, minibuses, trucks and light trucks. As of 2019, electric vehicles still had a negligible share (under 1%) of Georgia’s car market, which predominantly consists of second-hand vehicles.²⁷

Georgia’s revised Nationally Determined Contribution of 2021 set an unconditional target of reducing GHG emissions by 35% by 2030 from 1990.²⁸ In this sense, the country’s 2030 Climate Change Strategy and 2021-2023 Action Plan²⁹ sets a goal for the transportation sector to reach GHG emissions 15% lower than the projected 7.11 MtCO₂e for 2030. To achieve this, the strategy also sets several goals and objectives, for example, reducing the share of vehicles failing first technical inspection from 55% in 2021 to 30% by 2030, and renewing and upgrading public transport infrastructure and services in major Georgian cities. Also under the strategy, the Georgian government is planning additional tax incentives and infrastructure improvements for EVs in Tbilisi, to stimulate the share of EVs and hybrid vehicles to reach 5% and 20% of all registered vehicles respectively in 2030 (from 0.5% and 5.5% in 2022).³⁰

Sustainalytics views positively Tegeta Motors’ investments in clean transportation and considers that financing under the Framework will support the Georgian government’s efforts to reduce GHG emissions from the transport sector.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Tegeta Motors Green Bond Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Clean Transportation	9. Industry, Innovation and Infrastructure	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
	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible, and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

²⁵ Government of Georgia, Ministry of Environmental Protection and Agriculture, “Georgia’s 2030 Climate Change Strategy”, (2021), at: <https://mepa.gov.ge/En/Files/ViewFile/50123>

²⁶ Ibid.

²⁷ Ibid.

²⁸ UNFCCC, “Georgia’s Updated Nationally Determined Contribution”, (2021), at:

https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Georgia%20First/NDC%20Georgia_ENG%20WEB-approved.pdf

²⁹ Government of Georgia, Ministry of Environmental Protection and Agriculture, “Georgia’s 2030 Climate Change Strategy”, (2021), at: <https://mepa.gov.ge/En/Files/ViewFile/50123>

³⁰ Government of Georgia, Ministry of Environmental Protection and Agriculture, “Georgia’s 2030 Climate Change Strategy”, (2021), at: <https://mepa.gov.ge/En/Files/ViewFile/50123>

Conclusion

Tegeta Motors has developed the Tegeta Motors Green Bond Framework, under which it may issue green bonds and loans and use the proceeds to finance the purchase of battery electric vehicle and charging station inventory for future sale across its markets. Sustainalytics considers that such financing is expected to provide positive environmental impacts contingent on the vehicles sold.

The Tegeta Motors Green Bond 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. Sustainalytics believes that the Tegeta Motors Green Bond Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds will contribute to the advancement of the UN Sustainable Development Goal 9 and 11. Additionally, Sustainalytics is of the opinion that Tegeta Motors has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible expenditures funded by the proceeds.

Based on the above, Sustainalytics is confident that Tegeta Motors is well positioned to issue green bonds and loans and that the Tegeta Motors Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Tegeta motors LLC
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Tegeta Motors Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	March 24, 2023
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:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> 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 category for the use of proceeds, Clean Transportation, is aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 9 and 11.

Use of proceeds categories as per GBP:

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

Tegeta Motors' Green View Committee will select, evaluate and monitor eligible projects in line with the eligibility criteria. Tegeta Motors has in place environmental and social risk management processes that are applicable to the allocation decisions made under the Framework. Sustainalytics considers this to be in line with market practice.

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> 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):

Representatives from the following departments will be responsible for the management and allocation of proceeds to eligible projects: i) Car Sales Strategic Business Unit; ii) Trucks and Special Purpose Equipment Strategic Business Unit; iii) Administration; iv) Occupational Health and Safety; and v) Investor Relations. The proceeds will be tracked through an internal tracking system. Tegeta Motors intends to reach full allocation within six to twelve months of issuance. Pending full allocation, unallocated proceeds may be temporarily held in cash and cash equivalents. 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):

Tegeta Motors intends to report on the allocation of proceeds and corresponding impact, which will be published on an annual basis until full allocation. Allocation reporting will include the percentage figures and balance of allocated and unallocated investments. In addition, Tegeta Motors is committed to reporting on relevant impact metrics. Sustainalytics views Tegeta Motors' 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:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (<i>please specify</i>): balance of allocated and unallocated investments | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (<i>please specify</i>): |
| | - Annual number of vehicle users using the electric charging network increased |
| | - Increase of total inventory of electric vehicles |
| | - Increase of total number charging points for electric vehicles |

Frequency

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other (<i>please specify</i>): |
| <input type="checkbox"/> 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:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

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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