

# Second-Party Opinion

## AMAG Leasing AG Green Finance Framework



### Evaluation Summary

Sustainalytics is of the opinion that the AMAG Leasing AG Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Clean Transportation and Renewable Energy – are aligned with those recognized by the Green Bond Principles and Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 11.



**PROJECT EVALUATION / SELECTION** AMAG Leasing’s treasury department will be responsible for evaluating and selecting projects under the Clean Transportation category, together with other departments, including controlling, risk management and the management board, with oversight from the AMAG Sustainability Board. The AMAG Sustainability Board will be responsible for evaluating and selecting projects under the Renewable Energy category. AMAG Leasing’s risk management systems are applicable to all allocation decisions made under the Framework. Sustainalytics considers the risk management process to be adequate and the project selection process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** AMAG Leasing’s treasury department will be responsible for the management and allocation of proceeds and will track the use of proceeds through a separate register. AMAG Leasing intends to allocate all proceeds within 24 months of issuance; pending full allocation, unallocated proceeds will be held in cash or cash equivalents at AMAG Leasing’s discretion. This is in line with market practice.



**REPORTING** AMAG Leasing intends to report on allocation and impact of proceeds on its website annually until full allocation. Allocation reporting will include the amount of net proceeds allocated to the portfolio, the total number of cars, the amounts allocated to battery electric vehicles and plug-in vehicles, the balance of unallocated proceeds, and the share of new financing versus refinancing, in addition to relevant impact metrics. Sustainalytics views AMAG Leasing’s allocation and impact reporting as aligned with market practice.

<b>Evaluation Date</b>	August 16, 2021
<b>Issuer Location</b>	Cham, Switzerland

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## Introduction

AMAG Leasing AG (“ALAG” or the “Company”) is a wholly-owned subsidiary of AMAG Group AG (“AMAG”). Founded in 1980, ALAG is headquartered in Cham, Switzerland and offers automobile leasing, fleet management and related services. AMAG is the official Swiss partner of the Volkswagen Group and is the general importer of Volkswagen, Audi, SEAT, ŠKODA and Volkswagen commercial vehicles brands, leasing out these vehicles in Switzerland. ALAG operates in the Swiss leasing market for passenger cars and light commercial vehicles, with more than 180,000 lease contracts under management as of August 2021.

ALAG has developed the AMAG Green Finance Framework (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance or refinance, in whole or in part, existing or future projects that can enable emissions reduction in Switzerland. The Framework defines eligibility criteria in the following areas:

1. Clean Transportation
2. Renewable Energy

ALAG engaged Sustainalytics to review the AMAG Leasing AG Green Finance Framework, dated August 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)<sup>1</sup> and Green Loan Principles (GLP).<sup>2</sup> The Framework has been published in a separate document.<sup>3</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>4</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021 and the Green Loan Principles 2021, as administered by ICMA and LMA;
- 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 1.10.1 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 AMAG Leasing’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. AMAG Leasing representatives have confirmed that: (1) they understand it is the sole responsibility of AMAG Leasing to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information, and (3) 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 AMAG Leasing.

<sup>1</sup> 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/>.

<sup>2</sup> The Green Loan Principles are administered by the International Capital Market Association and are available at: [Green\\_Loan\\_Principles\\_Feb2021\\_V04.pdf \(lma.eu.com\)](https://www.lma.eu.com/~/media/10000000/2021/02/Green_Loan_Principles_Feb2021_V04.pdf).

<sup>3</sup> The AMAG Green Finance Framework is available on AMAG Leasing AG’s website at: [Investor Relations AMAG Leasing AG | AMAG Leasing \(amag-leasing.ch\)](https://www.amag-leasing.ch/en/investor-relations)

<sup>4</sup> 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.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that AMAG Leasing has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the AMAG Leasing AG Green Finance Framework

Sustainalytics is of the opinion that the AMAG Leasing AG Green Finance Framework is credible, impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of AMAG Leasing's green bond framework:

- Use of Proceeds:
  - The eligible categories – Clean Transportation, Renewable Energy – are aligned with those recognized by the GBP.
  - ALAG has established a three-year lookback period for its refinancing activities, which Sustainalytics considers to be in line with market practice.
  - Under the Clean Transportation category, ALAG intends to finance or refinance the acquisition of electric and low-carbon vehicles. More specifically, the Company intends to finance battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs) that meet the emissions threshold criterion of 50 g CO<sub>2</sub>/km or below. Sustainalytics views the emissions threshold for financing or refinancing BEVs and PHEVs as aligned with market practice.
  - Within the Renewable Energy category, the Company intends to finance or refinance the installation of onsite photovoltaic panels and related infrastructure. This is in line with market practice.
- Project Evaluation and Selection:
  - ALAG's treasury department will be responsible for selecting and evaluating eligible projects under the Clean Transportation category in collaboration with other departments, including controlling, risk management and the management board. The treasury department will review and approve eligible projects that are aligned with the criteria in the Framework and will monitor projects through an Eligible Green Asset Portfolio. The project evaluation and selection process for the Clean Transportation category will be overseen by the AMAG Sustainability Board (the "Board") which is comprised of the AMAG's CEO, CFO as well representatives of various business units. The Board will have the sole responsibility of evaluating and selecting projects for the Renewable Energy category.
  - ALAG has in place a credit screening process which is based on multiple criteria to ensure prudent credit quality screening and is applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and aligned with market practice. For additional detail, see Section 2.
  - Based on the clear delegation of authority and the establishment of the screening process, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - ALAG's treasury department will track the use of proceeds using a cash register and will maintain a level of allocation to the portfolio that matches the bonds' proceeds.

- The Company intends to allocate all proceeds within 24 months of issuance. Pending full allocation, ALAG will hold proceeds at its own discretion in a separate cash register.
- Based on the use of an internal tracking system, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - ALAG will report on the allocation and impact of net proceeds in an annual allocation report, which will be made available on the Company's website until full allocation. Allocation reporting will include: (i) the total amount of net proceeds allocated to the portfolio, (ii) the total number of cars and amounts allocated to battery electric vehicles and plug-in vehicles, (iii) the balance of unallocated proceeds, and (iv) the share of refinancing versus financing.
  - In addition, the report may also include relevant impact metrics where feasible. Impact metrics may include the amount of CO<sub>2</sub> emissions saved from the use of battery and plug-in vehicles relative to vehicles with combustion or other engines.
  - 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

Sustainalytics has determined that the AMAG Leasing AG Green Finance 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 AMAG Leasing

### Contribution of framework to AMAG Leasing AG's sustainability strategy

ALAG demonstrates a commitment to sustainability through its commitment to carbon emission reductions and promotion of electric mobility. ALAG has defined a vision to "become the leading provider of sustainable individual mobility" and aims to integrate sustainability into its operations and deliver positive environmental and social impact.<sup>5</sup>

ALAG's sustainability governance structure includes a Sustainability Board, in charge of implementing the climate change strategy. The Sustainability Board is comprised of managing directors from each business unit as well as the CFO, CEO and the Head of Corporate Development and Sustainability.<sup>6</sup> ALAG has set a goal to become a CO<sub>2</sub> neutral enterprise by 2025,<sup>6</sup> by reducing CO<sub>2</sub> emissions, switching to renewable energy sources and offsetting unavoidable emissions. Regarding scope 1 and 2 emissions, ALAG's target is to achieve a 30% emissions reduction by 2025, compared to 2019 levels.<sup>6</sup> ALAG intends to expand its solar capacity at its own locations with the goal to produce at least 30% of its own electricity requirements.<sup>6</sup> ALAG aims for a reduction of 30% of its Scope 3 emissions by 2025, by increasing the share of electric powertrain vehicles in its fleet and therefore the broader public in Switzerland.<sup>6</sup> Additionally, ALAG aims for a 50% share of electric vehicles by 2025 and for more than 70% by 2030.<sup>6</sup> The Company also intends to implement further measures such as electric vehicle charging infrastructure, the installation of photovoltaic panels and low temperature painting systems.<sup>6</sup> To further its commitment towards CO<sub>2</sub> reduction, ALAG invests in research and innovation such as with the Swiss Federal Laboratories for Materials Science and Technology on the development of synthetic fuels. As of 2020, the electricity used by AMAG for its own operations is generated from hydropower or solar power. The Group also aims to develop three solar plants in 2021.<sup>5</sup>

Sustainalytics is of the opinion that the AMAG Leasing AG Green Finance Framework is aligned with the Group's overall initiatives and will further the Company's action on its key environmental efforts. While recognizing that ALAG has developed an internal sustainability strategy with time-bound and quantitative targets, Sustainalytics encourages ALAG to publicly disclose this strategy.

### Well positioned to address common environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact. However, Sustainalytics is also aware that such eligible projects could lead to negative environmental and social outcomes. For the deployment of battery electric or plug-in hybrid electric vehicles, the most relevant risks include end-of-life management, the environmental and social impacts of electric vehicle supply chain, in particular batteries,

<sup>5</sup> AMAG, "Annual Report 2020", at: [https://imagepool.spruenglidruck.ch/pageflip/amag/amag\\_leasing\\_geschaeftsbericht\\_2020/index.html](https://imagepool.spruenglidruck.ch/pageflip/amag/amag_leasing_geschaeftsbericht_2020/index.html)

<sup>6</sup> AMAG, "Green Finance Framework", : [Investor Relations AMAG Leasing AG | AMAG Leasing \(amag-leasing.ch\)](https://investor-relations.amag-leasing.ch)

and road safety risks. Additionally, leasing involves risk of over-indebtedness for the offering entity as well as risks to borrowers.

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

- ALAG leverages a credit management data analytics platform developed by the US-based Fair Isaac Corporation to manage and monitor credit risks. The creditworthiness of leasing applicants is assessed using this platform, which incorporates 50-60 screening criteria to mitigate financial risks. Applicants are also checked on whether they meet the legal requirements of Switzerland's Federal Law on Consumer Credit history of the applicants is verified at the Central Office for Credit Information (CEK) to ensure that there are no negative entries.<sup>7</sup> Sustainalytics believes that such measures will ensure that eventual borrowers adhere to contractual obligations while mitigating debt overload scenarios for them.
- The use of electric vehicles warrants the need for a robust vehicle end-of-life (EOL) management process to ensure that the associated environmental risks are sufficiently mitigated. Sustainalytics notes that ALAG's dealers are under an obligation to repurchase the vehicles at the end of the contract and recognizes that the EOL management responsibility lies with the Company's dealers. For cases where the dealership is the AMAG Group, Sustainalytics encourages AMAG to develop robust risk management policies to address this risk.

Based on these processes and standards, Sustainalytics is of the opinion that there are adequate measures in place to manage environmental and social risks commonly associated with the Clean Transportation category. However, Sustainalytics also encourages the Company to establish robust risk management processes for its renewable energy projects.

### Section 3: Impact of Use of Proceeds

The use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused on the below, where the impact is specifically relevant in the local context.

#### Role of low-carbon transportation in GHG emissions reduction in Switzerland

Transportation is the primary source of greenhouse gas emissions in European cities, accounting for almost one-quarter of Europe's total GHG emissions.<sup>8</sup> In Switzerland, transportation sector is responsible for about one-third of the nation's CO<sub>2</sub>.<sup>9</sup> Emissions from transportation sector was estimated to be about 15 million tonnes of CO<sub>2</sub>eq in 2018 which is slightly above the 1990 level (14.9 million tonnes of CO<sub>2</sub>eq). Switzerland's Federal Council adopted the 'Long-Term Climate Strategy' in January 2021, outlining the nation's path to achieve net zero goal.<sup>10</sup> As part of this strategy, Switzerland has set a target of achieving zero emissions from land transport by 2050.<sup>10</sup> Battery electric and plug-in hybrid electric vehicles play a significant role in enabling such emission reductions. Electric vehicle uptake in Europe is growing strongly: Europe overtook China as the world's leading electric vehicle (EV) market for the first time since 2015, registering 1.3 million units in 2020 against China's 1.2 million units.<sup>11</sup> In December 2018, Switzerland's Federal Department of Environment, Transport, Energy and Communications released the Roadmap for Electric Mobility 2022, which set a target of 15% share for battery electric and plug-in hybrid electric vehicles amongst newly registered cars by 2022.<sup>12</sup> Sales of electric vehicles in Switzerland had already reached 14.3% of all new passenger car sales in 2020.<sup>13</sup> Part of this growth can be credited to federal governmental policies and tax incentives, such as waiving the 4% import tax (before VAT) for battery electric vehicles. Additionally, several cantons in Switzerland grant a reduction in the annual motor vehicle tax for both battery electric as well as plug-in hybrid electric vehicles.<sup>14</sup>

<sup>7</sup> AMAG Leasing, "Lease refusal", <https://www.amag-leasing.ch/de/faq?category=00020005#00020005>

<sup>8</sup> European Commission, "Transport Emissions", at: [https://ec.europa.eu/clima/policies/transport\\_en](https://ec.europa.eu/clima/policies/transport_en)

<sup>9</sup> Climate Action Tracker, "Switzerland", at: <https://climateactiontracker.org/countries/switzerland/>

<sup>10</sup> Swiss Government, "Long-term Climate Strategy to 2050", at: <https://www.bafu.admin.ch/bafu/en/home/topics/climate/info-specialists/emission-reduction/reduction-targets/2050-target/climate-strategy-2050.html>

<sup>11</sup> International Energy Agency, "Global EV Outlook 2021", at: <https://www.iea.org/reports/global-ev-outlook-2021>

<sup>12</sup> Federal Department of Environment, Transport, Energy and Communications DETEC "Switzerland's Roadmap for Electric Mobility 2022", at: [https://thedriven.io/wp-content/uploads/2019/04/55164\\_fr\\_en.pdf](https://thedriven.io/wp-content/uploads/2019/04/55164_fr_en.pdf)

<sup>13</sup> Statista, "Electric Mobility: Europe Races Ahead", at: <https://www.statista.com/chart/17344/electric-vehicle-share/>

<sup>14</sup> European Alternative Funds Observatory, "Switzerland EV incentives and Legislation", at: <https://www.eafo.eu/countries/switzerland/1756/incentives>

Sustainalytics is of the opinion that the leases funded under the Framework are impactful and could contribute to decarbonizing the transportation sector in Switzerland while assisting the country in meeting its emission reduction targets.

**Importance of investing in renewable energy in Switzerland**

The International Energy Agency estimates that annual global energy demand will increase by 9% from 2019 to 2030, despite the recent decrease in demand because of COVID-19 related economic contractions.<sup>15</sup> As the world’s population continues to increase to an estimated 8.5 billion by 2030, energy use is expected to rise in tandem.<sup>16</sup> According to the International Renewable Energy Agency, 261 GW of renewable energy generation capacity (an increase of 10.3% from 2019 levels) were added to globally in 2020, driven primarily by solar and wind projects.<sup>17</sup> In spite of this growth, renewables represent only one third of electricity generation worldwide.<sup>18</sup> Hence, significantly more investments in renewable energy will be required to meet the Paris Agreement goal of 65% of energy produced by renewables by 2050 and the climate target of limiting temperature increases to well below 2°C (and ideally to 1.5°C).<sup>19</sup>

Switzerland adopted its “Energy Strategy 2050” framework in 2018 to achieve net-zero greenhouse gas emissions by 2050.<sup>20</sup> Increasing the share of renewable energy use in the energy mix has been one of the key strategies adopted by Switzerland to achieve its climate-related targets.<sup>21</sup> Switzerland received an estimated 75% of its electricity from renewable sources in 2020, dominated by hydropower (66%) and followed by solar power.<sup>22</sup> The Swiss federal government earmarked about USD 1 billion for solar rebates in 2020 and 2021 to realize its climate-related targets by leveraging the untapped potential of solar power in Switzerland.<sup>23,24</sup>

Sustainalytics is of the opinion that ALAG’s financing of solar PV plants will contribute to decarbonizing the electricity sector in Switzerland, thereby assisting the national in its path to climate-neutrality by 2050.

**Alignment with/contribution to SDGs**

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds eventually issued under the AMAG Green Finance Framework may advance the following SDG and targets:

Use of Proceeds Category	SDG	SDG target
Clean Transportation	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
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

<sup>15</sup> The International Energy Agency , “World Energy Outlook 2020”, at: <https://www.iea.org/reports/world-energy-outlook-2020>  
<sup>16</sup> United Nations, “Population 2030”, (2015) at: <https://www.un.org/en/development/desa/population/publications/pdf/trends/Population2030.pdf>  
<sup>17</sup> IRENA, “Renewable Capacity Highlights” (2021), at: [https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2021/Apr/IRENA\\_-\\_RE\\_Capacity\\_Highlights\\_2021.pdf?la=en&hash=1E133689564BC40C2392E85026F71A0D7A9C0B91](https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2021/Apr/IRENA_-_RE_Capacity_Highlights_2021.pdf?la=en&hash=1E133689564BC40C2392E85026F71A0D7A9C0B91)  
<sup>18</sup> EIA, “Global Energy Review” (2021), at: <https://www.iea.org/reports/global-energy-review-2021/renewables>  
<sup>19</sup> International Renewable Energy Agency” Renewable energy: a key climate solution”, (2017) at: [https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2017/Nov/IRENA\\_A\\_key\\_climate\\_solution\\_2017.pdf?la=en&hash=A9561C1518629886361D12EFA11A051E004C5C98](https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2017/Nov/IRENA_A_key_climate_solution_2017.pdf?la=en&hash=A9561C1518629886361D12EFA11A051E004C5C98)  
<sup>20</sup> Swiss Government, “Climate-neutral Switzerland by 2050”, at: <https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-76206.html>  
<sup>21</sup> Swiss Government, “Monitoring Energy Strategy 2050”, at: <https://www.bfe.admin.ch/bfe/en/home/versorgung/statistik-und-geodaten/monitoring-energiestrategie-2050.exturl.html/aHR0cHM6Ly9wdWJkYi5iZmUuYWRTaW4uY2gvZW4vcHVibGljYX/Rpb24vZG93bmxvYWQvMTAzMTg=.html>  
<sup>22</sup> Switzerland’s Renewable Portfolio, at: <https://www.swissinfo.ch/eng/swiss-get-75-of-power-from-renewable-sources/46016854>  
<sup>23</sup> Switzerland allocates \$513 million for solar incentives, at: <https://www.pv-magazine.com/2020/11/16/switzerland-allocates-another-513m-for-solar-incentives/>  
<sup>24</sup> Switzerland allocates \$521 million in 2021 for solar rebates, at: <https://www.pv-magazine.com/2021/05/12/switzerland-allocates-521-million-for-solar-rebates-in-2021/>

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## Conclusion

AMAG has developed the AMAG Green Finance Framework under which it may issue green bonds and use the proceeds to finance clean transportation and renewable energy projects. Sustainalytics considers that the projects funded by the green bond and loan proceeds are expected to enable emissions reduction in Switzerland.

The AMAG Green Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the AMAG Green Finance Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7 and 11. Additionally, Sustainalytics is of the opinion that AMAG has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

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

## Appendix

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

#### Section 1. Basic Information

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**Issuer name:** AMAG Leasing AG

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**Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:** AMAG Green Finance Framework

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**Review provider's name:** Sustainalytics

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**Completion date of this form:** August 12, 2021

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**Publication date of review publication:**

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#### 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 <sup>nd</sup> 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 categories for the use of proceeds – Clean Transportation, Renewable Energy – are aligned with those recognized by the Green Bond Principles and Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7 and 11.

#### Use of proceeds categories as per GBP:

- |   |  |
|---|--|
| <input checked="" 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):

AMAG Leasing's treasury department will be responsible for evaluating and selecting projects under the Clean Transportation category, together with other departments, including controlling, risk management and the management board, with oversight from the AMAG Sustainability Board. The AMAG Sustainability Board will be responsible for evaluating and selecting projects under the Renewable Energy category. AMAG Leasing's risk management systems are applicable to all allocation decisions made under the Framework. Sustainalytics considers the project selection process to be in line with market practice and the risk management process to be adequate.

#### 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                       | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated               |

eligible for Green Bond proceeds

with the project

- Summary criteria for project evaluation and selection publicly available
- Other (*please specify*):

#### 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*):

AMAG Leasing's treasury department will be responsible for the management and allocation of proceeds and will track the use of proceeds through a separate cash register. AMAG Leasing intends to allocate all proceeds within 24 months of issuance. Pending full allocation, unallocated proceeds will be held in cash or cash equivalents based on AMAG Leasing's discretion. 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):

AMAG Leasing intends to report on allocation and impact of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the amount of net proceeds allocated to the portfolio, the total number of cars and amounts allocated to battery electric vehicles and plug-in vehicles, the balance of unallocated proceeds, the share of new financing versus refinancing, in addition to relevant impact metrics. Sustainalytics views AMAG Leasing's allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (*please specify*):

**Information reported:**

- Allocated amounts
- Green Bond financed share of total investment
- Other (*please specify*): financing vs. refinancing, total number of cars and amounts for BEV and PEV, total area of PV panels installed and amount invested, balance of unallocated proceeds

**Frequency:**

- Annual
- Semi-annual
- Other (*please specify*):

**Impact reporting:**

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (*please specify*):

**Information reported (expected or ex-post):**

- GHG Emissions / Savings
- Energy Savings
- Decrease in water use
- Other ESG indicators (*please specify*): carbon emissions savings, capacity installed in MWh

**Frequency**

- Annual
- Semi-annual
- Other (*please specify*):

**Means of Disclosure**

- Information published in financial report
- Information published in sustainability report
- Information published in ad hoc documents
- Other (*please specify*): website
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> 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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