

Zenith Automotive Holdings Limited

Type of Engagement: Annual Review

Date: 24 July 2024

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Introduction

In January 2022, Zenith Automotive Holdings Limited (“Zenith”) issued a green bond (the “2022 Green Bond”) to finance assets intended to finance battery electric vehicles with an aim to contribute to reducing GHG emissions from road transportation. In 2024, Zenith engaged Sustainalytics to review the assets financed with proceeds from the 2022 Green Bond (the “Nominated Assets”) and provide an assessment as to whether they meet the use of proceeds criteria and Zenith complied with the reporting commitments in the Zenith Green Financing Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in December 2021.²

Evaluation Criteria

Sustainalytics evaluated the Nominated Assets based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

| Use of Proceeds Category | Eligibility Criteria | Key Performance Indicators |
|--------------------------|---|--|
| Clean Transportation | Investments related to the purchase of battery electric vehicles (BEVs) | <ol style="list-style-type: none"> i. Annual GHG emissions reduced/avoided (tCO₂e/year) ii. Average energy consumption of vehicles (MWh/year) |

Issuer’s Responsibility

Zenith is responsible for providing accurate information and documentation relating to the details of the assets, including descriptions of assets, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from Zenith’s 2022 Green Bond. The work undertaken as part of this engagement included collection of documentation from and review of said documentation to assess conformance with the Framework.

¹ Zenith, “Green Financing Framework”, (2021), at: https://www.zenith.co.uk/wp-content/uploads/2022/01/Zenith_Green_Financing_Framework_Dec-21_v1.0.pdf

² Zenith, “Second-Party Opinion, Zenith”, (2021), at: https://www.zenith.co.uk/wp-content/uploads/2022/01/Zenith_Green_Financing_Framework_Second_Party_Opinion.pdf

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

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

Conclusion

Based on the limited assurance procedures conducted,³ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Assets do not conform with the use of proceeds criteria and reporting commitments in the Framework. Zenith has disclosed to Sustainalytics that the proceeds from the 2022 Green Bond were fully allocated as of May 2023.

Detailed Findings

Table 2: Detailed Findings

| Framework Requirements | Procedure Performed | Factual Findings | Error or Exceptions Identified |
|---------------------------------|--|---|--------------------------------|
| Use of Proceeds Criteria | Verification of Nominated Assets to determine alignment with the use of proceeds criteria outlined in the Framework | The Nominated Assets complied with the use of proceeds criteria. | None |
| Reporting Criteria | Verification of Nominated Assets to determine if impact was reported in line with the KPIs outlined in the Framework | Zenith reported on at least one KPI per use of proceeds category. | None |

³ Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Appendix 1: Allocation and Reported Impact

In January 2022, Zenith issued the 2022 Green Bond and raised GBP 475 million, using 100% of the proceeds to finance the Nominated Assets.

Table 3: Allocation and reported impact from the 2022 Green Bond.

| Use of Proceeds Category | Reported Impact | Net Proceeds Allocated (GBP million) |
|-------------------------------------|--|--------------------------------------|
| Clean Transportation | i. Number of BEVs financed: 12,767 ii. Annual GHG emissions reduced/avoided: 38,718.54 tCO ₂ e/ year | 475 |
| Total Net Proceeds Allocated | | 475 |

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