



Second-Party Opinion

Zenith Green Financing Framework

Evaluation Summary

Sustainalytics is of the opinion that the Zenith Green Financing Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2021. 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 Green Loan Principles. Sustainalytics considers that investments in the eligible category will lead to a reduction in GHG emissions from road transportation by financing electric mobility in the UK and advance the UN Sustainable Development Goals (SDGs), specifically SDG 11.



PROJECT EVALUATION / SELECTION Zenith Automotive Holdings Limited’s Green Financing Working Group will be responsible for evaluating and selecting eligible projects in line with the Framework’s eligibility criteria under oversight from the Deputy Chief Financial Officer. Zenith Automotive Holdings Limited’s group-level environmental and social risk mitigation processes are applicable for all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Zenith Automotive Holdings Limited’s Finance Team will be responsible for the management and allocation of proceeds to eligible projects. The team will track the net proceeds using a Green Financing Register and intends to allocate all proceeds to eligible instruments within 24 months of issuance. Pending allocation, proceeds may be temporarily held in cash or other short-term instruments. Sustainalytics considers this process to be in line with market practice.



REPORTING Zenith Automotive Holdings Limited intends to report on the allocation of proceeds in its Annual Report and Accounts on its website annually until full allocation. Allocation reporting will include the size of the eligible expenditure portfolio, the share of financing versus refinancing and the balance of unallocated proceeds. In addition, Zenith Automotive Holdings Limited is also committed to reporting on relevant impact metrics. Sustainalytics views Zenith Automotive Holdings Limited’s allocation and impact reporting as aligned with market practice.

Evaluation date December 2, 2021

Issuer Location Leeds, United Kingdom

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For inquiries, contact the Sustainable Finance Solutions project team:

Shreeya Garg (Amsterdam)
 Project Manager
 shreeya.garg@sustainalytics.com
 (+31) 20 205 0067

Arnab Deb (Mumbai)
 Project Support

Anirban Sengupta (Mumbai)
 Project Support

Keerthana Gopinath (Mumbai)
 Project Support

Enrico Tessadro (Amsterdam)
 Client Relations
 susfinance.emea@sustainalytics.com
 (+44) 20 3880 0193

Introduction

Zenith Automotive Holdings Limited (“Zenith” or the “Company”) is a Mobility-as-a-Service provider that offers leasing, vehicle outsourcing and fleet management services. Established in 1988, the Company is headquartered in Leeds in the UK. Zenith offers its services from two locations in the UK and has approximately 1,100 employees. Zenith leases and manages a fleet of approximately 150,000 vehicles, including motorbikes, cars, light commercial vehicles, heavy goods vehicles and special assets, such as trailers.

Zenith has developed the Zenith Green Financing Framework (the “Framework”) under which it intends to issue green finance instruments, such as bonds, loans and asset-backed securitizations, and use the proceeds to finance or refinance, in whole or in part, existing and future projects that are expected to foster electric mobility in the UK and ultimately contribute to reducing GHG emissions from road transportation. The Framework defines eligibility criteria in one green area:

1. Clean Transportation

Zenith engaged Sustainalytics to review the Zenith Green Financing Framework, dated December 2021, 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 2021 (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 2021, 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 1.11, 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 Zenith’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. Zenith representatives have confirmed that: (1) they understand it is the sole responsibility of Zenith to ensure that the information provided is complete, accurate and up to date; (2) 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 Zenith.

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

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 Zenith Green Financing Framework is available on Zenith’s website at: <https://www.zenith.co.uk/results-policies/>.

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.

projects expected to be financed with instrument 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. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written for a period of 24 (twenty-four) months from the evaluation date stated herein.

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

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Zenith Green Financing Framework

Sustainalytics is of the opinion that the Zenith Green Financing Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Zenith Green Financing Framework:

- Use of Proceeds:
 - The eligible category – Clean Transportation – is aligned with those recognized by the GBP and GLP. Sustainalytics notes that the proceeds of the green finance instruments issued under the Framework are expected to finance electric mobility in the UK and contribute to reducing GHG emissions from road transportation and the UK's climate goals.
 - Zenith has established a three-year lookback period for its refinancing activities, which Sustainalytics considers to be in line with market practice.
 - Within the Clean Transportation category, Zenith may finance the purchase of battery electric vehicles (BEVs). Sustainalytics notes that the purchase of BEVs is recognized as a sustainable activity under the EU Taxonomy and considers such financing to be aligned with market practice.
- Project Evaluation and Selection:
 - Zenith has established a Green Financing Working Group (GFWG) which is comprised of representatives from various departments, including the existing ESG Committee as well as the operations, legal and finance teams. The GFWG will be responsible for evaluating and selecting eligible expenditures in line with the Framework's eligibility criteria under oversight from Zenith's Deputy Chief Financial Officer.
 - The Company has established a multi-step assessment process. The GFWG will shortlist eligible expenditures and submit them for review to the ESG Committee. The final approval of eligible expenditures will be provided by the Leadership Board which is composed of Zenith's executive board members.
 - Zenith Automotive Holdings limited will follow a company level environmental and social risk mitigation process for all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail, see Section 2.
 - Based on the establishment of a formal group and its cross-functional oversight, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Zenith's Finance team will be responsible for the management and allocation of proceeds with oversight from the GFWG and the ESG committee. The Finance team will track the allocation of net proceeds to eligible assets through a dedicated Green Financing Register based on a portfolio approach. The Green Financing Register will include a summary of expenditures, the amount of allocation and balance of unallocated proceeds.
 - Zenith intends to allocate all proceeds to eligible instruments within 24 months of issuance. Pending allocation, proceeds may be temporarily held in cash or other short-term instruments.

- Based on the use of a tracking system and disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Zenith intends to report on the allocation of proceeds in its Annual Report and Accounts on its website annually until full allocation. Allocation reporting will include the size of the eligible expenditure portfolio and the balance of unallocated proceeds, including financing versus refinancing where relevant.
 - In addition, Zenith is committed to reporting on relevant impact metrics, such as annual GHG emissions reduced and avoided, and average energy consumption of vehicles (MWh/year).
 - 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 2021

Sustainalytics has determined that the Zenith Green Financing 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 Zenith

Contribution of framework to Zenith's sustainability strategy

Sustainalytics is of the opinion that Zenith demonstrates a commitment to sustainability through its ESG strategy, which is underpinned by three key pillars: i) environmental impact, ii) impact on employees, customers and society, and iv) transparency in reporting and risk management.⁵ The Company has also established a sustainability governance structure whereby an ESG Committee, consisting of Zenith's senior stakeholders, is responsible for setting targets and monitoring their sustainability performance.

Under the environmental impact pillar, Zenith has focused its efforts on decarbonization through increased adoption of clean transport.⁶ In line with this, Zenith has joined EV100, a global initiative focused on accelerating the transition to electric vehicles by 2030. As part of the EV100 initiative, the Company has committed to switching 100% of its vehicle fleet to electric vehicles by 2025.⁷ As of 2021, 42% of the Company's car fleet comprises battery-operated electric vehicles. As a result of its ongoing transition to electric vehicles, Zenith avoided 1.32 tonnes of CO₂ emissions in 2019.⁸ Additionally, the Company has also set a target for its funded vehicle fleet to be fully electric by 2030.

In 2021, the Company reported carbon neutrality as a result of purchasing carbon credits.⁹ Sustainalytics notes that Zenith is in the process of collaborating with the Science-Based Targets initiative (SBTi) to develop emission reduction targets in alignment with the well-below two-degree scenario without using carbon credits. In line with these goals, Zenith reduced its total carbon emissions by 48% in 2020 through the use of carbon credits, relative to 2019.¹⁰ Additionally, the Company is proactively engaging with its customers to achieve its 2030 target of a fully electric funded fleet by 2030 through initiatives such as introducing a digital option for EV booking, a marketing strategy to increase the appeal of EVs among customers, driver tools to increase customer awareness of EVs and assess suitability; and assigning customer support for EV use.¹¹

Sustainalytics is of the opinion that the Zenith Green Financing Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

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

Sustainalytics recognizes that the net proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have a 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 associated with the eligible projects could include the

⁵ Zenith, "Our ESG Mission Statement", (2020), at: <https://www.zenith.co.uk/company-documents/esg-report-2019-20/>

⁶ Zenith, "Annual Review", (2021), at: <https://www.zenith.co.uk/annual-review-march-2021/>

⁷ Zenith, "Zenith Makes Industry-Leading Electric Vehicle Commitment", (2020), at: <https://www.zenith.co.uk/news/zenith-makes-industry-leading-electric-vehicle-commitment/>

⁸ *Ibid*

⁹ Zenith, "Zenith Becomes Carbon Neutral", (2021), at: <https://www.zenith.co.uk/news/zenith-becomes-carbon-neutral/>

¹⁰ Zenith, "Annual Review", (2021) at: <https://www.zenith.co.uk/annual-review-march-2021/>

¹¹ Zenith, "Zenith's engagement with customers", (2020), at: <https://www.zenith.co.uk/company-documents/esg-report-2019-20/>

environmental and social impacts of electric vehicle supply chains, including the sourcing and production of batteries, and health and safety risks related to vehicle operations.

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

- The Company complies with the Waste from Electrical and Electronic Equipment Directive (WEEE) that aims to prevent the creation of electronic waste and contribute to the efficient use of resources and retrieval of secondary raw materials through reuse, recycling and other forms of recovery.¹² These regulations provide guidelines for producer responsibilities for managing waste generated throughout the installation, use, and end-of-life phases of electrical and electronic equipment.
- Zenith has in place an ESG policy that governs its responsibilities with regards to the impact of its operations on the environment and society.¹³ Under this policy, the Company monitors its carbon and energy emissions and ensures sustainable practices in its supply chain and procurement activities. Under its Code of Conduct for Core Suppliers, Zenith requires its suppliers to implement policies and systems related to monitoring and managing risks, including health and safety, data protection and information security, anti-corruption, human rights and labour conditions, and environmental and social legislation and regulations.¹⁴
- Zenith has a Health and Safety Policy to support the implementation of the UK's Health and Safety at Work etc. Act 1974.¹⁵ which sets out the general duties of employers towards the employees and members of the public. The Health and Safety policy is applicable to all its operations and includes employees, visitors and suppliers. Under this policy, the Company assesses potential risks to its employees, visitors and contractors, and develops and implements proactive measures to eliminate or reduce the same.¹⁶ Zenith has also established systems to monitor, report and review its safety performance and provides relevant training to all its employees.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Zenith has implemented adequate measures and is well positioned to manage or mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP and GLP. Sustainalytics focuses below on where the impact is specifically relevant in the local context.

Role of clean transportation in reduction of GHG emissions in the UK

In 2019, the transport sector was the largest contributor of carbon emissions in the UK, responsible for 27% of total GHG emissions.¹⁷ While the UK managed to reduce its overall GHG emissions by 44% between 1990 and 2019, there has been minimal reduction in GHG emissions from road transport, which are largely generated through the use of petrol and diesel vehicles.¹⁸ Road transport was also a significant contributor to air pollution in the UK in 2019, accounting for 34% of NO_x emissions and 12% of particulate matter emissions.¹⁹ In 2019, the UK introduced the Clean Air Strategy to limit the harm caused by air pollution to human health. Under this strategy, the UK has set a goal of reducing PM emissions by 46% by 2030 compared to 2019 levels.²⁰ The government has committed more than EUR 3.5 billion to tackle poor air quality and promote cleaner road transport since 2017.²¹ The Framework's financing of zero emission vehicles is expected therefore to contribute to the UK's efforts to reduce air pollution.

In 2018, the UK government launched a "Road to Zero" strategy to transition to cleaner road transport modes. Under the strategy, the country has set a goal for all new cars and vans introduced on the roads to be zero

¹² EUR-LEX, "Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE)" at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02012L0019-20180704>

¹³ Sustainalytics has assessed the Environment, Social and Governance Policy on a confidential basis.

¹⁴ Sustainalytics has assessed the Code of conduct for Core Suppliers on a confidential basis.

¹⁵ UK Legislation, "Health and Safety at Work etc. Act 1974", (1974), at: <http://www.legislation.gov.uk/ukpga/1974/37/contents>

¹⁶ Sustainalytics has assessed the Health and Safety Management Policy on a confidential basis.

¹⁷ Department for Transport, "Transport and Environment Statistics 2021 Annual report", (2021), at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/984685/transport-and-environment-statistics-2021.pdf

¹⁸ Department for Business, Energy, & Industrial Strategy, "2019 UK Greenhouse Gas Emissions", (2019), at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/957687/2019_Final_emissions_statistics_one_page_summary.pdf

¹⁹ Government of the UK, "Clean Air Strategy", (2019), at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/770715/clean-air-strategy-2019.pdf

²⁰ *Ibid*

²¹ *Ibid*

emission by 2040. In order to achieve this goal, the UK is encouraging an increase in the manufacturing of zero-emission vehicles and is developing infrastructure to support electric vehicles.²² In 2020, the UK updated its target as part of its “Ten Point Plan for a Green Industrial Revolution” and is now committed to banning the sale of conventional fossil fuel vehicles by 2030, with only zero-emission vehicles permitted from 2035. To support this transition, the government has committed to invest EUR 1.5 billion for the development of battery technologies, public and at-home charging infrastructure and other electric vehicle incentives.^{23,24}

Based on the above context, Sustainalytics is of the opinion that Zenith’s financing of battery electric vehicles offers the potential to help reduce the road transportation sector’s overall GHG emissions in the UK and contribute to the achievement of the UK’s climate-related goals.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The instruments eventually issued under the Zenith Green Financing Framework are expected to contribute to advance the following SDG and target:

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

Conclusion

Zenith has developed the Zenith Green Financing Framework under which it may issue green bonds, loans and asset-backed securitizations, and use the proceeds to finance and refinance projects that support GHG emissions reduction from the transportation sector. Sustainalytics considers that the projects funded by the green finance proceeds are expected to provide positive environmental impact.

The Zenith Green Financing Framework outlines a process for tracking, allocating and managing proceeds, and makes commitments for Zenith to report on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Zenith Green Financing Framework is aligned with the overall sustainability strategy of the company and that the green use of proceed category will contribute to the advancement of the UN Sustainable Development Goal 11. Additionally, Sustainalytics is of the opinion that Zenith has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Zenith Automotive Holdings Limited is well positioned to issue green bonds and loans and other instrument, and that the Zenith Green Financing Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021.

²² Government of the UK, “The Road to Zero”, (2018), at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/739460/road-to-zero.pdf

²³ UC Davis, “United Kingdom Moves Electric Vehicle Target to 2035”, at: <https://policyinstitute.ucdavis.edu/united-kingdom-moves-electric-vehicle-target-to-2035/v>

²⁴ Government of the UK, “The Ten Point Plan for a Green Industrial Revolution”, (2020), at: <https://www.gov.uk/government/publications/the-ten-point-plan-for-a-green-industrial-revolution/titlev>

Appendix

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

Section 1. Basic Information

Issuer name:	Zenith Automotive Holdings Limited
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Zenith Green Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	December 2, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize 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 Green Loan Principles. Sustainalytics considers that investments in the eligible category will lead to reduction in GHG emissions from road transportation by financing electric mobility in the UK and advance the UN Sustainable Development Goals, specifically SDG 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 (please specify): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Zenith Automotive Holdings Limited's Green Financing Working Group, which is comprised of representatives from various departments, including the existing ESG Committee and the operations, legal and finance teams, will be responsible for evaluating and selecting eligible projects in line with the Framework's eligibility criteria under oversight from the Deputy Chief Financial Officer. Zenith Automotive Holdings Limited's group-level environmental and social risk mitigation processes are applicable for all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process 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 |

- 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*):

Zenith Automotive Holdings Limited's Finance Team will be responsible for the management and allocation of proceeds to eligible projects. The team will track the net proceeds using a Green Financing Register and intends to allocate all proceeds to eligible instruments within 24 months of issuance. Pending allocation, proceeds may be temporarily held in cash or other short-term instruments. Sustainalytics considers this process to be 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*):

Zenith Automotive Holdings Limited intends to report on allocation of proceeds in its Annual Report and Accounts on its website annually until full allocation. Allocation reporting will include the size of the eligible expenditure portfolio, share of financing versus refinancing and the balance of unallocated proceeds. In addition, Zenith Automotive Holdings Limited is also committed to reporting on relevant impact metrics. Sustainalytics views Zenith Automotive Holdings Limited'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*):
 Unallocated Proceed, share of financing versus refinancing

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*): Average energy consumption of vehicles (MWh per annum)

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*):
- 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.)

<https://www.zenith.co.uk/results-policies/>

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.

Disclaimer

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