Indaba Renewable Fuels W Memphis, LLC

ESG Ratings

	ESG Rating[a]	Score	Analysis Type
Entity	Not applicable	Not applicable	Full entity
Instrument	1	98	Integrated debt
Framework	1	94	Green

[a] ESG Rating of 1-5, where 1 is the strongest. Date ESG Rating and score assigned: 15 September 2022
Note: For Framework, analysis types can be green, social, sustainability, sustainability-linked, conventional or other.

Credentials

Transition	ICMA	EU Green Bond Standard
No	Yes	No

See Appendix A for definitions of Transition and ICMA; other details.

Key Debt Details

Instrument	Issue Date	Currency	Amount	Coupon	Maturity Date	Type[a]
Bond	Dec 2022	USD	925m	5.75%	Dec 2042	Green

[a] As defined by issuer. Note: Issued by Indaba Renewable Fuels W Memphis, LLC.

The Entity - Highlights

- Indaba Renewable Fuels W Memphis, LLC (Indaba) is a US-based company specialised in producing renewable diesel and sustainable aviation fuel (SAF) from waste oil feedstock. The company is currently establishing a fuel processing facility in West Memphis, with a second project location being planned in California. The company's vision is to provide SAF and renewable diesel from feedstock with strong sustainability profiles, to support the decarbonisation of the US transport sector.
- Once operational, Indaba's new West Memphis refinery will produce around 79.5 million gallons of high-grade, low-sulphur, drop-in SAF a year using the Haldor Topsøe technology "HydroFlex". Hydroflex is a process for producing renewable diesel that meets the ASTM D975 standard, and for producing HEFA jet fuel through hydrotreatment of any fatty-acid based feedstock. Indaba's SAF will be produced using feedstock from 50% yellow grease – from used cooking oil (UCO), and 50% brown grease – from fat, oil and grease (FOG). The facility will also contain the capacity to process FOG feedstock on site. The company has signed a 20-year feedstock supply agreement with supply manager Ecostrat, which will provide brown grease, yellow grease and distillers corn oil (DCO) feedstock to Indaba.
- Sustainable Fitch considers the manufacturing of SAF as a positive step to mitigate the environmental impact of the aviation sector, as it can achieve considerable GHG emissions savings compared to standard jet fuel. Depending on the feedstock used for production, the use of 100% SAF in aviation has a potential to achieve over 80% GHG emissions savings in comparison to conventional jet fuel. Hydroflex SAF, as a drop-in fuel, also requires no engine adaptation, which is positive from a resource perspective.

  However, we consider that the climate change mitigation potential of SAF in comparison to fossil fuels depends on the underlying feedstock used to produce the SAF, as some feedstocks can achieve significant GHG emissions savings, while others produce higher emissions and carry significant land-use concerns. As UCO and FOG are residual biomaterials, these are estimated to have a higher GHG emissions savings potential and less significant land-use concerns; however, other issues prevail such as concerns around fraudulent UCO supply (where virgin oil is labelled as or blended with UCO), and a shortage of feedstock supply. It is positive from an ESG perspective that the company endeavours to limit feedstock to UCO and FOG, instead of first-generation feedstock. The company's feedstock supply may also include DCO, which is a by-product from ethanol production. As a waste product, it has a stronger sustainability profile than virgin feedstock, but may still be linked to issues around supply as the product is also used for animal feed. We note that Indaba's feedstock supply chain is monitored and Parsons Engineering will act as verifier of the proceeds tracking method.

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- Use of SAF is increasing in many markets such as the US and Europe, with SAF blending mandates being implemented; however, the standard blending percentage remains low at around 1%–2%. Greater availability of SAF will be required to enable widespread adoption of the fuel, so SAF producers such as Indaba will play an important role.

Source: Sustainable Fitch, company information

The Transaction – Highlights

- This quasi-credit tenant lease transaction is financing the construction and operation of a new SAF refinery in West Memphis. It is a private placement bond of around USD925 million. The notes are issued by the project owner, a bankruptcy-remote SPV, and are non-recourse to the sponsor, Indaba Renewable Fuels AR LLC. The refinery is managed by a project operator, a second distinct subsidiary of Indaba Renewable Fuels AR. Another transaction will be issued to finance a second refinery in California. There is a cross-collateralisation agreement between the two projects. The documentation specifies that the proceeds from the facility support the construction (with construction costs of around USD586 million) and operation of the refinery. The investor in the transaction has a direct recourse against the project assets, and a priority claim on the revenue.
- The Memphis facility has a 20-year off-take agreement with an investment grade off-taker for the purchase of the 79.5 million gallons of SAF a year that it will produce. The location of the Memphis facility will be strategically located in proximity to the facilities of the investment grade off-taker. The SAF will be transported from Indaba's refinery to the blending facility by barge and truck, and then onwards by pipeline to the investment grade off-taker. The short distance between facilities has a positive impact on the fuel's sustainability profile, as extensive transport emissions are avoided.
- The issuer does not provide a framework that includes the relevant pillars recommended by the ICMA Green Bond Principles. Nevertheless, the company has provided information regarding the use of proceeds, project selection process, management of proceeds and reporting commitments. Sustainable Fitch has analysed the information provided by the company and determined that the use of proceeds will have a direct positive impact on climate change mitigation, as the produced SAF has been estimated to deliver GHG emissions savings in relation to its fossil fuel alternatives. The analysis has considered the UCO and FOG feedstock, meaning that the outcome may be affected should the feedstock change. Following analysis of the UoP, alongside information on the remaining three pillars, Sustainable Fitch considers this transaction to be aligned with the ICMA Green Bond Principles.

Source: Sustainable Fitch, company information

Asset Analysis

Asset/Collateral –Projects

ESG Rating: 2

Company Material	Fitch's View
• The bond is funding the construction and related costs of a SAF processing facility in West Memphis that converts and refines UCO and FOG to SAF. The funding can be used without limitation for hard and soft costs. • The project owner and the project operator are two separate bankruptcy-remote SPVs controlled by their parent Indaba Renewable Fuels AR. • The project owner provides funding for initial project costs and design, purchase and installation commissioning for the projects, for the benefit of the project operator. • The project operator provides "ESA payments", inclusive of any lease or sublease rents, as well as any management or other fees to the project owner. • The project includes an off-take agreement (for up to twenty years post-completion) with the investment grade off-taker. The agreement specifies that the produced SAF will be blended at 30% with conventional jet fuel. The blending is completed by a third party. • The lender is the bankruptcy-remote trust created and controlled by Lance Capital. As security for the loan, it has a first priority claim on the revenue, and a first mortgage and uniform commercial code filings on all real and other property of the projects financed under the loan. • The loan shall be cross-collateralised with a loan for a similar project to be built by a related Indaba entity in Imperial, California. • EF Hutton will act as the broker dealer to fund the loan via the sales of private placement bonds to insurance companies and pension funds.	• The asset backing the transaction is the SAF refinery, which in itself will have a clear positive contribution to climate change mitigation, particularly when dedicated to producing SAF from residual feedstock such as UCO and FOG. Indaba produces 100% SAF, with the blending of SAF with conventional jet fuel being done by a third party before it is delivered to the investment grade off-taker. • Sustainable Fitch acknowledges the inclusion in the structure of risk reduction features such as speciality insurance policies (including regulatory risk insurance and technology performance insurance) and cash reserves that reduce the project completion risk. The cash reserves are expected to be held in cash and not in green liquid investments. • Investors have a priority claim on the revenue (after servicing fee). The cash flows from the transaction will be used to amortise the bond at the end of the construction phase. • The amount of the green assets (excluding cash reserves) pledged under the transaction could be lower than the bond amount. • The US Inflation Reduction Act (2022) includes section 45Z, allowing a USD0.35 clean fuel production credit for each gallon for SAF. The credit is applicable until 2027, and will have a positive impact on Indaba's debt service coverage ratio. The credit excludes palm feedstock as the emissions profile is higher.

Asset/Collateral –Projects

ESG Rating: 2

Company Material	Fitch's View
• The cash flow from the transaction is fully segregated and centralised from a cash manager, who is in charge of distributing the cash flows between the lessor, the lessee and the lender. • The engineering, procurement, and construction contractor is Phoenix Inc.	
Source: Preliminary funding agreement and summary of terms (6 May 2022)	Source: Sustainable Fitch

Framework Analysis

Use of Proceeds – Eligible Projects

ESG Rating: 1

Company Material	Fitch's View
Construction of a new refinery plant for the production of SAF	
• The new SAF refinery funded by the proceeds will be located in West Memphis, Arkansas. • Funds will be allocated to various purposes related to the construction of the refinery, including plant construction, insurance program for risk mitigation, construction of regional receiving stations for waste FOG and dewatering systems, as well as a multi-purpose USD100 million reserve. • The funds may also be allocated to regional sustainability programmes and a mentorship programme for qualified New Zealand Maori interns. • The SAF will be created using the Haldor Topsøe HydroFlex technology, primarily using feedstock from 50% yellow grease (UCO) and 50% brown grease (FOG). • The feedstock will be limited to the use of brown and yellow grease, unless lack of availability means feedstock will need to be extended to plant based oils. To secure the supply of feedstock, the company has signed a 20-year supply management agreement with Ecostrat. The agreement includes FOG, UCO and distillers corn oil. • The output from the West Memphis facility is expected to be 79.5 million gallons of SAF a year. The refinery process will also result in by-products in the form of around 10 million gallons of renewable naphtha and propane, which will be used to produce hydrogen to power the refinery process. • Lee Enterprises consulting have conducted a pre-completion life-cycle GHG emission assessment	• This use of proceeds is considered aligned with the ICMA Green Bond Principles' clean transportation project category, as the production of SAF aims to reduce GHG emissions and thereby contributes to climate change mitigation. • The sustainability of SAF depends on the feedstock used. The HydroFlex process can use fats from plant, algae and animal sources for production; however, the Indaba West Memphis facility will focus on FOG and UCO feedstock. Both UCO and FOG are second-generation feedstocks, i.e. residual materials that were not produced for the purpose of manufacturing fuel. Second-generation feedstocks can have demonstrable environmental benefits over first-generation feedstock, i.e. primary materials produced for biofuel production. • Indaba's SAF may be produced from DCO, which may alter its sustainability profile; DCO is a by-product of ethanol production from maize; however, it can also be used as animal feed, which is a concern if shortages of food and feed occur. It is therefore positive from an ESG perspective to see a primary focus on UCO and FOG feedstock. • International taxonomies, such as the European taxonomy, have developed land-use and GHG emissions criteria for biofuels that are to be used in transportation. These criteria can be used as a guide for assessing the climate change mitigation potential of SAF. The EU taxonomy sets an emissions requirement of at least 65% life-cycle GHG emissions savings compared to a fossil fuel comparator of 94gCO2e/MJ, meaning emissions below 33gCO2/MJ, for the fuel to be considered aligned with climate change mitigation objectives.

Use of Proceeds – Eligible Projects

ESG Rating: 1

Company Material	Fitch's View
(LCA) of the project in line with the California Low Carbon Fuel Standard (LCFS), and using GREET default emissions values. The LCA is based on using the Haldor Topsøe process, with UCO as a feedstock and naphtha-based hydrogen as an energy source. It includes emissions from the feedstock (upstream), indirect land-use change, process and co-products, transport and vehicle use. • The LCA indicates that the life-cycle emissions for Indaba's fuel product would range between 5.2gCO2e/MJ and 11.1gCO2e/MJ. The SAF is tested against set quality standards both before and after blending, which provides assurance on the GHG emissions performance, to confirm the SAF's carbon intensity score. This is to provide assurance to the investment grade off-taker and to the applicable federal renewable fuel credit programmes. • The LCA result can vary depending on the energy source for the process, where using fossil-fuel-based energy increases the emissions. An additional 2gCO2/MJ can be added depending on specific pre-treatment. • The above assessment is an estimate, but Indaba confirms that a post-completion LCA will be conducted once the facility is operational. An LCA is a requirement both of the Fed-Ex offtaker agreement and the LCFS.	• The current LCA estimate indicates that Indaba's SAF would comply with the emissions' threshold. The energy source from the process will be hydrogen from renewable propane and naphtha, which are waste outputs from the HydroFlex process. This also positively impacts the sustainability profile of Indaba's SAF.. However, the use of other oil-based feedstocks, such as primary oil feedstock, can conversely increase its emissions. It is positive from an ESG perspective that the company has committed to completing an LCA once the facility is operational. • It is positive that the company will undertake frequent testing of the SAF throughout the production and blending process, to ensure transparency to its client and compliance with credit programmes. • Generally, the increasing demand for UCO and waste greases can lead to potential negative environmental impacts. A main risk that has been recognised is the sale of fraudulent UCO. Since the trading price for UCO is higher, compared to virgin oil, as a result of increase in demand, virgin oils have been observed to be mislabelled as UCO, or blended with UCO. The GHG emissions savings from virgin cooking oil is not as high as for waste oils, and both land-use change risks and food competition risks grow with the use of virgin oils. Scrutiny on this issue is key to the sustainability of the feedstock. • Blending of SAF with non-renewable jet fuel reduces the mitigating effect proportionally. Indaba delivers 100% SAF that is then blended by third parties. Indaba's contract with the investment grade off-taker indicates the SAF supplied will be blended to 30% with conventional fuels. The largest environmental benefit would

Framework Analysis

Use of Proceeds – Eligible Projects

ESG Rating: 1

Company Material	Fitch's View
	come from 100% SAF, a 30% ratio is currently high compared to market standard, which is around 1%–2%.
Source: Company information	Source: Sustainable Fitch

Use of Proceeds – Other Information

ESG Rating: 2

Company Material	Fitch's View
• The funds will be dedicated to the new West Memphis-based facility, and will not be used to refinance existing projects with any lookback period. • The feedstock supply management agreement with Ecostrat specifies the type of feedstock to be used as FOG; UCO; DCO and other animal fats; by-products; or virgin plant oils, including soy, canola or corn-based oils. • The feedstock agreement with Ecostrat requires that all feedstocks must be traceable from the source and through the supply chain to Indaba's plant. The entire feedstock chain must also be certified according to multiple certifications, including the LCFS, the International Sustainability and Carbon Certification (ISCC), ISCC CORSIA, and the roundtable on sustainable biomaterials. The company has also confirmed it may use blockchain processes to increase traceability. • The company confirms that the investment grade off-taker will allow for modifications that can improve the sustainability profile of the project, such as increasing renewables as the energy source for the facility, or constructing an anaerobic digestion facility at the facility to secure supply of natural gas. The company is currently investigating these potential amendments. • The Memphis project is estimated to create 9,500 new jobs, and will also offer internships to New	• It is positive from an ESG perspective that all of the funds will be allocated to investments in new developments, rather than for refinancing purposes. • No explicit exclusion has been placed on the use of first-generation feedstock or other agricultural feedstock; however, the company has confirmed that such feedstock will be used only if there is a lack of availability of yellow and brown grease feedstock. This is important due to the competition with food and feed supply that is often connected to the use of first-generation feedstock for biofuels. The company confirms that shortage of feedstock supply is unlikely based on current predictions; however, it is an area to monitor going forward. Demand for residual feedstock such as UCO and FOG is likely to increase in the coming years, as biofuels are a part of decarbonisation efforts in many industries and countries. • It would be preferable from an ESG perspective for Indaba to set exclusions on feedstocks that may increase the carbon intensity of the final product. From a land-use change risk perspective, exclusions should ideally also apply to oils from first-generation crops with high land-use change risk. • It is positive from an ESG perspective that Indaba's agreement with the feedstock supply manager includes requirements on certifications to reduce feedstock risks. We consider the

Use of Proceeds – Other Information

ESG Rating: 2

Company Material	Fitch's View
Zealand Iwis and Māori members including pre-operational internships on a USD925 million capex project.	company's diligent monitoring to be good insurance for investors, and to be particularly relevant for addressing the risks around fraudulent feedstock. In the processing of SAF, Indaba is also taking considerations with regards to the circularity of its operations, such as reusing process waste outputs, naphtha and propane as feedstock for powering the refinery process and using produced heat steam to generate electricity from a steam turbine and hot water for facility use. Water is also either returned to the city or used for irrigation needs. • It is positive from an ESG perspective that the agreement with the investment grade off-taker may allow for modifications such as increasing the renewable energy use in the process. These changes are in the early stages of assessment, but would positively impact the GHG emissions profile of the project if implemented. • It is a good indication of the company's overall positive impact that social aspects are considered, such as job creation and the internship programme, which includes training and upskilling of workers and interns to promote progression higher positions within the company.
Source: Company information	Source: Sustainable Fitch

Evaluation and Selection

ESG Rating: 1

Company Material	Fitch's View
• The eligible projects for the transaction are limited to the use of proceeds related to the West Memphis factory, as described above. As such, funds can only be allocated to this purpose, and payments will be approved by Parson's Engineering as a third party.	• The bond will be issued with the purpose of funding the West Memphis facility, which has been specified in the legal documentation of the transaction, with a third party approving the allocation. This provides a good level of transparency and commitment in the evaluation and selection process.

Framework Analysis

Evaluation and Selection

ESG Rating: 1

Company Material	Fitch's View
• Indaba's lender Lance Capital has engaged Parsons Engineering to provide a third-party review of the project. The review also includes considerations of key project risks.	• Indaba has taken measures to mitigate environmental risks relating to its project. The main risks connected to the production of biofuels and SAF are connected to the feedstock used. For residual UCO and FOG feedstock, the most relevant risks include ensuring that the feedstock is residual and not mislabelled, examples of which have been observed in multiple markets. Indaba addresses this risk by collaborating with Ecostrat to implement diligent feedstock controls throughout its supply chain, as described above. • Another risk regarding UCO and FOG use is the availability of the feedstock, as demand for biofuels is expected to increase. This risk was also identified by Parsons Engineering in a third-party project review. The company raises that the Haldor Topsøe process allows for feedstock flexibility, meaning that the use of feedstock could be stretched beyond the use of UCO and FOG. Depending on the other types of feedstock used, this could affect both the GHG emissions saving potential as well as raise the risks of land-use change and competition with food and feed provision. Indaba has confirmed that other feedstocks will only be used in the case of a shortage of UCO and FOG. Sustainable Fitch considers that while the shortage risk is not immediate, it is an issue that may become more likely in the future. The Parsons Engineering report concluded that the Ecostrat agreement provides good assurance on feedstock availability; however, the review did not comment on the impact on the GHG emissions impact of using other feedstocks.
Source: Company information	Source: Sustainable Fitch

Management of Proceeds

ESG Rating: 1

Company Material	Fitch's View
• The proceeds will be managed through an invoicing system with a third party. • The project developer group will submit invoices to Parsons Engineering, which is the engineer of Lance Capital. Once invoices are approved, they will be submitted to Lance Capital as a lender. Lance Capital will be responsible for wiring the funds, on behalf of the developer, to the various vendors. • Parsons Engineering will track invoices approved for payment to Lance Capital as a third-party auditor and engineer. In its capacity of external auditor, Parsons Engineering will also act as verifier of the proceeds tracking method.	• The process around management of proceeds is well defined and entails lenders' oversight around drawdown and usage of funds. The funds are segregated from the company's general funds in an SPV. A cash manager is in charge of overseeing the cash flows from the project. These mechanisms provide sufficient comfort that the funds will be used for their intended purpose. • It is positive from an ESG perspective that the external auditor will also verify the method of tracking funds allocation.
Source: Company information	Source: Sustainable Fitch

Report and Transparency

ESG Rating: 1

Company Material	Fitch's View
• Allocation reporting will be completed on an annual basis. The allocation reporting will be completed through a template provided by Parsons Engineering. • Testing of the SAF for the products carbon intensity score will occur throughout the process: at the plant laboratory, at the storage facility, at the blended storage facility and at the final delivery point. The testing will be completed with a constant commissioning approach, and conducted by Parson's Engineering. • Measurement of the SAF carbon intensity score will be completed continuously to provide real time data. It will be externally verified by VERRA, which will enable collection of renewable identification number credits, biomass-based diesel tax credits and LCFS credits.	• The company has committed to report on allocation and impact reporting on an annual basis, which we consider to be a good level of frequency. The company has confirmed that it will • The allocation reporting will specify the expenses related to the project. • A majority of the funds will be allocated to capex, while remaining portions will also be used for other purposes connected to the facility, such as insurance programmes, mentorship programmes and a USD100 million reserve. It is in line with best practice for green transactions to allocate a majority of funds to capex, as this contributes to the concept of additionality with regards to impact. • The company has not specified the metrics by which impact will be measured, but has confirmed

Framework Analysis

Report and Transparency

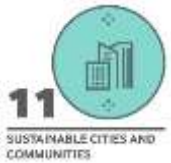
ESG Rating: 1

Company Material	Fitch's View
• Feedstock provision will be monitored from Indaba's satellite receiving stations, with the aim to ensure that the waste feedstock does not include fraudulent feedstock. Ecostrat will be overseeing the monitoring process. • Reporting on environmental metrics such as electricity, water and gas consumption, will be completed on a monthly basis. • The impact reporting is overseen by Indaba's VP of sustainability. • . For the impact reporting, Indaba will engage VERRA to provide verified carbon units (VCU) and register the same for resale, along with a carbon intensity score/LCFS report • Both allocation and impact reporting will be privately reported to Indaba's bond holders as part of annual distributions and repayments to both bond holders and equity holders, as well as to the investment grade off-taker as per the agreement. • The third-party project review conducted by Parsons Engineering covered, among other topics, technology, feedstock, offtake agreements, contractors, operations and maintenance.	that a life-cycle GHG analysis will be conducted. Once the life-cycle analysis has been completed, we are expecting, based on the company's confirmation, that the impact metrics will be clear and measurable. It is in line with best practice to select clearly measurable metrics, such as GHG emissions savings, for the project impact assessment. • It is positive from an ESG perspective that the impact reporting will be completed in line with external standards, such as the California LCFS. This adds an extra layer of credibility to the impact reporting, and is a good assurance to investors on the impact of the project. • It is another good signal from an ESG perspective that an external third party will be appointed to review the allocation and impact reporting, which adds a good level of transparency and assurance to investors. • It would be relevant to provide more details regarding the carbon credits that may be received for the project.
Source: Company information	Source: Sustainable Fitch

Framework Analysis

Relevant UN Sustainable Development Goals – Instrument

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



Source: Sustainable Fitch, United Nations

Framework Analysis

Alignment with EU Green Bond Standards

Framework	
- Strategy and rationale – aligned with EU taxonomy	Yes
- Issuer selection process	No
- Issuer evaluation process verified	No
- Project description	Yes
- Management of proceeds	Yes
- Reporting	Yes
Overall framework alignment	**No**
Allocation Reporting	
- Statement on EU GBS	No
- Project breakdown (sector level)	Yes
- Geographic distribution	Yes
- External verification	No
- Frequency	Yes
Overall allocation reporting alignment	**No**
Impact Reporting	
- Project descriptions	Yes
- Environmental objectives	Yes
- Breakdown by type and by financing /refinancing	Yes
- Impact metrics	Yes
- Frequency	Yes
Overall impact reporting alignment	

Source: Sustainable Fitch

Green Projects

EU Environmental Objectives: EO1 – climate change mitigation; EO2 – climate change adaptation; EO3 – sustainable use and protection of water and marine resources; EO4 – transition to a circular economy, waste prevention and recycling; EO5 – pollution prevention and control; EO6 – protection of healthy ecosystems.

Use of Proceeds	**Construction of a new refinery plant for the production of SAF**					
Contribution to EU Environmental Objectives	**EO1**	**EO2**	**EO3**	**EO4**	**EO5**	**EO6**
	Yes	No	Na	Na	Na	Na

Technical Screening Criteria (TSC)	• Yes, alignment with the EU taxonomy's TSC for the manufacturing of biofuels is subject to GHG emissions savings criteria and land-use criteria. Performance against the criteria varies depending on the feedstock for the biofuel. For feedstock using FOG and UCO to manufacture biofuels for transportation, the achieved GHG emissions savings in comparison to fossil fuels must be at least 65%. In addition, the sourcing of the feedstock shall not be causing significant land use changes. • As the production facility is still under construction, an emissions life-cycle assessment has not been completed at this point; however, the company confirms that the expected GHG emissions savings are over 80% compared to a fossil fuel comparator. The issuer has also confirmed that it will conduct an LCA analysis for the produced SAF once the facility is operational.
Do No Significant Harm (DNSH)	• Yes, the EU taxonomy's DNSH criteria have not been specified for biofuels. Therefore, the activity is considered aligned with the criteria. • In general, the manufacturing of biofuels should mitigate negative impacts on biodiversity and land. The emissions from use of biofuels may also negatively impact air quality. Considering the lower emissions profile and land-use change risk of UCO and FOG feedstock, these concerns are lesser with regards to Indaba's activities.
Minimum Safeguard	• No, the company does not report on alignment with the minimum safeguard criteria. Generally, organisations should ensure the alignment with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the eight conventions in the declaration of the International Labour Organization on Fundamental Principles and Rights at Work, and the International Bill of Human Rights

Note: n.a. – not applicable.
Source: Sustainable Fitch

Appendix A: Key Terms

Term	Definition
Debt types	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.

Term	Definition
Standards	
Transition	A term applied to green, social, sustainable or sustainability-linked instruments, only when the purpose of the debt instrument is to enable the issuer to achieve a climate change-related strategy according to Fitch criteria or methodology.
ICMA	International Capital Market Association. The "ICMA" credential on page 1 refers to alignment with ICMA's Green Bond Principles: a series of principles and guidelines for green, social, sustainability and sustainability-linked (or KPI-linked) instruments.
EU Green Bond Standard	A set of voluntary standards created by the EU to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".
Other terms	
ESG debt	Green, social, sustainability and sustainability-linked types of debt.
Short term	Within five years.
Long term	At least six years away.
Entity's business activity overlap with use of proceeds	The share of the entity's total business activities that can use proceeds from the debt instrument in question.
NACE	An industry standard classification system for economic activities in the EU, based on the United Nations' International Standard Industrial Classification of All Economic Activities (ISIC).

Source: Sustainable Fitch, ICMA, UN, EU Technical Expert Group

Appendix B: Methodology and ESG Rating Definitions

Fitch's ESG Ratings are designed to indicate an entity's Environmental, Social and Governance (ESG) performance and commitment, as well as its integration of ESG considerations into its business, strategy and management, with a focus on actions and outcomes rather than purely on policies and broader commitments.

There are three ratings: the ESG Entity Rating (ESG ER), ESG Instrument Rating (ESG IR) and, for debt instruments linked to ESG key performance indicators (KPIs) and/or use of proceeds, the ESG Framework Rating (ESG FR). ESG Ratings are on a scale from one to five, where one represents full alignment with ESG best practice. Behind each rating sit scores of zero to 100, as well as sub-scores for even greater granularity.

Sustainable Fitch's analysts assess all the business activities of an entity and more than 40 additional headline factors, covering all three ESG pillars. For debt instruments, they assess use of proceeds and more than 20 additional headline factors.

Fitch provides individual datasets with grades and commentary through a feed. The score and sub-score database allows direct comparison of entities and instruments, on a full ESG basis or on selected fields.

ESG ERs consider the issuer's strategy, how it relates to sustainability, and how sustainability is embedded in the issuer's business, including ESG policies, procedures and outcomes. The entity is broken down into constituent business units, with NACE codes, for a granular assessment of E and S factors. Fitch assesses G aspects at the company level.

ESG FRs consider any type of bond, with varying analysis if there is a defined use of proceeds, KPI-linked coupon or conventional bond. The rating aims to identify the strength of the bond framework on a standalone basis, separate to the entity, regardless of any self-assigned descriptions. Fitch analysts categorise bonds as Green, Social or Sustainability (GSS) types independently, based on their view of the main area covered by the use of proceeds, rather than automatically using the entity's categorisation. They will also determine if the bond should be classed as a transition bond and if it aligns with the EU Green Bond Standard and ICMA principles. Analysis considerations include the use of proceeds and sustainability-linked targets that form the primary purpose of the instrument, and the structure and effectiveness of the framework being used to further that purpose.

ESG IRs consider different types of debt instruments in the context of the issuing entity, enabling absolute ESG credentials comparisons for similar types of instruments issued by different types of entities, different types of instruments issued by different issuers, as well as different types of instruments issued by a single entity.

Analytical Process

Analysis considers all available relevant information (ESG and financial), including the entity's ESG report. Fitch's ESG Rating Reports transparently display the sources of information analysed for each section and provide a line-by-line commentary on the sub-factors analysed.

An important part of the analysis is the assessment of the E and S aspects of the use of proceeds and business activities. In considering those aspects, the rating framework is inspired by major taxonomies (e.g. the EU taxonomy for E aspects, and the UN Sustainable Development Goals for S aspects). Once the analyst has completed the model, with commentary for the related ESG Ratings, it is submitted to the approval committee, which reviews the model for accuracy and consistency. ESG Ratings are monitored annually or more frequently if new information becomes available.

Use Cases

Sustainable Fitch's ESG Ratings can help inform decisions related to:

- Investment strategy
- Asset allocation and portfolio construction
- Benchmarking and index construction
- Risk management and stress testing
- Identification of transition bonds
- Disclosure and reporting.

Appendix B: Methodology and ESG Rating Definitions

Rating Scale and Definitions

	ESG Entity	ESG Instrument	ESG Framework
1	ESG ER of '1' indicates that the entity analysed evidences an excellent ESG profile. Entity is excellent both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management.	ESG IR of '1' indicates that the debt instrument in the context of the ultimate issuing entity evidences an excellent ESG profile. Entity is excellent both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management. Instrument is excellent in terms of framework structure and proceeds destination.	ESG FR of '1' indicates that the framework for the instrument evidences an excellent ESG profile. Framework structure is excellent in terms of alignment with ambitious best practises and proceeds are dedicated to excellent environmental and/or social activities/projects according to taxonomies of reference.
2	ESG ER of '2' indicates that the entity analysed evidences a good ESG profile. Entity is good both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management.	ESG IR of '2' indicates that the debt instrument in the context of the ultimate issuing entity evidences a good ESG profile. Entity is good both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management. Instrument is good in terms of framework structure and proceeds destination.	ESG FR of '2' indicates that the framework for the instrument evidences a good ESG profile. Framework structure is good in terms of alignment with ambitious best practises and proceeds are dedicated to good environmental and/or social activities/projects according to taxonomies of reference.
3	ESG ER of '3' indicates that the entity analysed evidences an average ESG profile. Entity is average both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management.	ESG IR of '3' indicates that the debt instrument in the context of the ultimate issuing entity evidences an average ESG profile. Entity is average both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management. Instrument is average in terms of framework structure and proceeds destination.	ESG FR of '3' indicates that the framework for the instrument evidences an average ESG profile. Framework structure is average in terms of alignment with ambitious best practises and proceeds are dedicated to average environmental and/or social activities/projects according to taxonomies of reference.
4	ESG ER of '4' indicates that the entity analysed evidences a sub-average ESG profile. Entity is sub-average both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management.	ESG IR of '4' indicates that the debt instrument in the context of the ultimate issuing entity evidences a sub-average ESG profile. Entity is sub-average both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management. Instrument is sub-average in terms of framework structure and proceeds destination.	ESG FR of '4' indicates that the framework for the instrument evidences a sub-average ESG profile. Framework structure is sub-average in terms of alignment with ambitious best practises and proceeds are dedicated to sub-average environmental and/or social activities/projects according to taxonomies of reference.
5	ESG ER of '5' indicates that the entity analysed evidences a poor ESG profile. Entity is poor both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management.	ESG IR of '5' indicates that the debt instrument in the context of the ultimate issuing entity evidences a poor ESG profile. Entity is poor both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management. Instrument is poor in terms of framework structure and proceeds destination.	ESG FR of '5' indicates that the framework for the instrument evidences a poor ESG profile. Framework structure is poor in terms of alignment with ambitious best practises and proceeds are dedicated to poor environmental and/or social activities/projects according to taxonomies of reference.

Source: Sustainable Fitch

Appendix C: ICMA Principles and Guidelines

ICMA Labelled: Green Bond

Four Pillars	
1) Use of proceeds (UoP)	Yes
2) Project evaluation & selection	Yes
3) Management of proceeds	Yes
4) Reporting	Yes
Independent External Review Provider	
Second-party opinion	Yes
Verification	Yes
Certification	No
Scoring/rating	No
Other	n.a.

1) Use of Proceeds (UoP)

UoP	
Renewable energy	No
Energy efficiency	No
Pollution prevention and control	No
Environmentally sustainable management of living natural resources and land use	No
Terrestrial and aquatic biodiversity conservation	No
Clean transportation	Yes
Sustainable water and wastewater management	No
Climate change adaptation	No
Eco-efficient and/or circular economy adapted products, production technologies and processes	No
Green buildings	No
Unknown at issuance but currently expected to conform with green bond principles (GBP) categories, or other eligible areas not yet stated in GBPs	No
Other	n.a.

2) Project Evaluation & Selection

Evaluation & Selection	
Credentials on the issuer's environmental sustainability objectives	Yes

ICMA Labelled: Green Bond

Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for green bond proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	No
Summary criteria for project evaluation and selection publicly available	No
Other	n.a.
Evaluation & Selection/Responsibility & Accountability	
Evaluation/selection criteria subject to external advice or verification	No
In-house assessment	Yes
Other	n.a.

3) Management of Proceeds

Tracking of Proceeds	
Green bond proceeds segregated or tracked by the issuer in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	No
Other	n.a.
Additional Disclosure	
Allocations to future investments only	Yes
Allocations to both existing and future investments	No
Allocation to individual disbursements	Yes
Allocation to a portfolio of disbursements	No
Disclosure of portfolio balance of unallocated proceeds	No
Other	n.a.

4) Reporting

UoP Reporting	
Project-by-project	Yes
On a project portfolio basis	No
Linkage to individual bond(s)	Yes
Other	n.a.

Appendix C: ICMA Principles and Guidelines

ICMA Labelled: Green Bond

UoP Reporting/Information Reported	
Allocated amounts	Yes
Green bond-financed share of total investment	Yes
Other	n.a.
UoP Reporting/Frequency	
Annual	Yes
Semi-annual	No
Other	n.a.
Impact Reporting	
Project-by-project	Yes
On a project portfolio basis	Yes
Linkage to individual bond(s)	Yes
Other	n.a.
Impact Reporting/Information Reported (exp. ex-post)	
GHG emissions/savings	Yes
Energy savings	Yes
Decrease in water use	Yes
Other ESG indicators	Yes
Impact Reporting/Frequency	
Annual	Yes
Semi-annual	No
Other	Certain metrics also reported on a monthly basis.
Means of Disclosure	
Information published in financial report	No
Information published in ad hoc documents	Yes
Information published in sustainability report	No
Reporting reviewed	Yes
Other	Impact reporting will be shared privately with bond holders as part of annual distributions.

ICMA Labelled: Green Bond

Note: n.a. – Not applicable
Source: Sustainable Fitch, ICMA

Appendix D: Debt Record

Use of Proceeds – Eligible Projects

Use of Proceeds	NACE Section-Level Code
Construction of a new refinery plant for the production of sustainable aviation fuel (SAF)	D35.21

Source: Sustainable Fitch

The ratings were solicited and assigned or maintained by Sustainable Fitch at the request of the rated entity.