

Akiem

PRE-ISSUANCE VERIFICATION LETTER

LOW CARBON TRANSPORT SECTOR CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement

Period engagement was carried out: April 9 – April 26, 2019

Approved verifier: Sustainalytics

Contact address for engagement: 215 Spadina Ave, Suite 300, Toronto, ON, Canada, M5T 2C7

Pre-issuance Engagement Leader: Zach Margolis, zach.margolis@sustainalytics.com, +1 647 695 4341

Scope and Objectives

Akiem has engaged Sustainalytics to review and verify that Akiem's green transaction¹ meets the requirements under the Low Carbon Transport Sector criteria of the Climate Bonds Standard.

Akiem Group is a French rail traction service provider, offering leasing, maintenance, operation, and related services for locomotives across the European rail market. Akiem, the brand name for all of Akiem Group's operations within its leasing business unit, finances and manages a fleet of 440 locomotives across the continent. Under its Green Finance Framework, Akiem is issuing a green transaction to finance and refinance, in whole or in part, its existing and future fleet of electric rolling stock.

Climate Bonds Standards Criteria

Pre-issuance requirements under Climate Bond Standards Version 2.1:

- Low Carbon Transport Sector
 - Public passenger transport:
 - Criterion 3: Emissions threshold for public passenger transport
 - Dedicated freight railway lines:
 - Criterion 4: Emissions threshold for dedicated freight railway lines
 - Criterion 5: Dedicated freight railway lines – fossil fuel exclusion

Issuing Entity's Responsibility

Akiem was responsible for providing information and documents relating to:

- The details concerning the selection process for the nominated assets
- The details of the nominated assets
- The management systems for internal processes and controls for the nominated assets, including: tracking of proceeds, managing unallocated proceeds and Earmarking funds to nominated assets
- The details of commitments for reporting prior to issuance, including: investment areas, management of unallocated proceeds and frequency of periodic Assurance Engagements

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Akiem's green transaction, issued to finance Nominated Projects, and provided

¹ This verification is intended to cover both tranches of the intended transaction, in the form of both a green loan and a green private placement, which will be used to refinance the verified pool of assets.

an independent opinion informing Akiem as to the conformance of the green transaction with the Pre-Issuance requirement and Low Carbon Transport Sector criteria of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by Akiem. Sustainalytics is not responsible if any aspect of the Nominated Projects referred to in this opinion including estimates, findings, opinions, or conclusions are incorrect. Thus, Sustainalytics shall not be held liable if any of the information or data provided by Akiem management and used as a basis for this assessment were not correct or complete.

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

Verifier's Responsibility

The work undertaken as part of this engagement included conversations with relevant Akiem employees and review of relevant documentation to confirm the green transaction's conformance with the Climate Bonds Certification Pre-Issuance Requirements, which include:

- Conformance of Akiem's green transaction with the Climate Bonds Standard Version 2.1
- Conformance with the Technical Criteria of the Low Carbon Transport sector criteria
- Conformance with the Internal Processes & Controls requirements
- Conformance with Reporting Prior to Issuance requirements

Basis of the Opinion

Sustainalytics conducted the verification in accordance with the Climate Bond Standard Version 2.1 and with International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Information.

Sustainalytics planned and performed the verification by obtaining evidence and other information and explanations that Sustainalytics considers necessary to give limited assurance that the Akiem Green transaction meets the requirements of the Climate Bond Standard. Upon reviewing evidence and other information, Sustainalytics is of the opinion that Akiem will ensure compliance with Climate Bond Standard requirements.

Conclusion

Akiem intends to issue a green transaction to finance and refinance investments in its fleet of electric rolling stock. Based on the limited assurance procedures conducted, nothing has come to Sustainalytics' attention that causes us to believe that, in all material aspects, Akiem's transaction is not in conformance with the Low Carbon Transport criteria of the Climate Bond Standard Pre-Issuance Requirements.

Schedule 1: Detailed Overview of Nominated Projects and Assets

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Schedule 2A: Pre-Issuance General Requirements

<p>Selection of Nominated Projects and Assets:</p>	<p>1.1 Statement on the environmental objectives of the bond</p> <p>1.2 Confirmation that Nominated Projects and Assets meet the Climate Bonds criteria</p> <p>1.3 Document a list of Nominated Projects and Assets</p> <p>1.4 Confirmation that Nominated Projects and Assets will not be nominated to other Climate Bonds</p> <p>1.5 Confirmation that Net Proceeds of the Green Bond shall not be greater than the value of the Nominated Projects and Assets</p>
<p>Internal Processes and Controls</p>	<p>2.1.1 Tracking of proceeds</p> <p>2.1.2 Managing of unallocated proceeds</p> <p>2.1.3 Earmarking funds to Nominated Projects and Assets</p>
<p>Reporting Prior to Issuance</p>	<p>3.1.1 Investment area of Nominated Projects and Assets</p> <p>3.1.2 Intended types of temporary investments for the management of unallocated proceeds</p> <p>3.1.3 Approach of Verifier</p> <p>3.1.4 Whether periodic Assurance Engagement will be undertaken, and the expected frequency of any periodic Assurance Engagements</p>

Schedule 2B: Conformance to the Pre-Issuance Requirements

Procedure Performed	Factual Findings	Error or Exceptions Identified
<p>Verification of requirements specified under Selection of Nominated Projects and Assets</p>	<p>1.1 The objective of the transaction is to primarily use proceeds to finance or refinance electric rolling stock, including locomotives and electric multiple unites (EMUs).</p> <p>1.2 The Nominated Projects and Assets meet the Low Carbon Transport Sector criteria of the Climate Bond Standard:</p> <ul style="list-style-type: none"> • Criterion 3: All infrastructure, infrastructure upgrades, rolling stock and vehicles for electrified public transport pass this criterion, including electrified rail. • Criterion 4: All infrastructure, infrastructure upgrades and rolling stock for electrified freight rail lines pass this criterion. • Criterion 5: Infrastructure and rolling stock for railway lines that are built with the over-riding objective of transporting fossil fuels do not qualify under the standard. Akiem’s management has confirmed that the nominated assets will not be dedicated for the transport of fossil fuels. <p>1.3 The Nominated Projects and Assets include a portfolio of assets which, as of December 31 2018, consists of 298 electric locomotives. Refer to Schedule 1 for further detail.</p> <p>1.4 Akiem’s management confirms that the projects shall not be nominated to other Climate Bonds.</p> <p>1.5 Akiem’s management confirms that the net proceeds of the transaction shall not be greater than the value of the projects.</p>	<p>None</p>
<p>Verification of requirements specified under Internal Processes and Controls</p>	<p>2.1.1 Akiem’s management confirms that proceeds will be segregated and tracked in a systematic manner and will be exclusively used to finance Nominated Projects.</p> <p>2.1.2 Akiem’s management confirms that pending allocation, proceeds will be held in cash deposits or money market instruments, in line with Akiem’s liquidity guidelines.</p> <p>2.1.3 Akiem’s management has confirmed that the proceeds from the transaction will be tracked by the Project Financing & Treasury department using existing internal tracking systems.</p>	<p>None</p>

<p>Verification of requirements specified under Reporting Prior to Issuance</p>	<p>3.1.1 Akiem’s management confirms that the proceeds of the transaction will primarily be used to refinance eligible electrical rolling stock.</p> <p>3.1.2 Akiem’s management confirms that unallocated proceeds shall be held in cash deposits or money market instruments, in line with Akiem’s liquidity guidelines</p> <p>3.1.3 The transaction’s offer letter confirms that an approved third party verifier has been appointed to confirm the transaction’s conformance with pre-issuance requirements of the Low Carbon Transport Sector criteria of the Climate Bonds Standard.</p> <p>3.1.4 The transaction’s offer letter confirms that an approved third party verifier will conduct post-issuance assurance exercise within a year’s time to reaffirm conformance of the transaction with the Low Carbon Transport Sector criteria of the Climate Bonds Standard. No third-party verifier has been appointed yet to conduct the Post-Issuance assurance exercise. Post-issuance will be carried out 12 months after issuance. However, conducting periodic Assurance Engagements over the term of the transaction is at the discretion of the issuer, as per CBI guidelines</p>	<p>None</p>
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Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that support investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider". The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

For more information, visit www.sustainalytics.com

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