

Alpha Trains Finance S.A.

POST-ISSUANCE VERIFICATION LETTER

LOW CARBON TRANSPORT CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement

Period engagement was carried out: March 20 – 29, 2019

Approved verifier: Sustainalytics

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Scope and Objectives

In December 2016, Alpha Trains Finance S.A. (“Alpha Trains”) issued senior green secured notes aimed at refinancing debt in relation to a fleet of electric rolling stock. In March 2019, Alpha Trains engaged Sustainalytics to review the projects funded through the issued green notes and provide an assessment as to whether the projects met the Post-Issuance Requirements (Part A, Part B and Part C) of the Climate Bonds Standard.

Green projects include:

- Project STS Saale-Thüringen-Südharz (Project STS)
- Project EMIL Emsland/Mittelland (Project EMIL)

Schedule 1 provides details of the green note projects.

Compliance Evaluation Criteria

Post-issuance requirements under Climate Bonds Standards Version 2.1:

- Part A: General Requirements - All the requirements in Part A shall be met to be eligible for post-issuance certification.
- Part B: Eligible Projects & Assets - Part B requirements shall be met based on the projects & assets associated with the bond and the specified eligibility criteria.
- Part C: Requirements for Specific Bond Types - Part C requirements shall be met to be eligible for post-issuance certification and are used selectively, depending on the type of bond in question.

Issuing Entity’s Responsibility

Alpha Trains is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, total development cost of each project, and disbursed amounts.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Alpha Trains’ green notes, issued to refinance debt in relation to electric rolling stock, and provided an independent opinion informing Alpha Trains as to the conformance of the green notes with the Post-Issuance requirement and Low Carbon Transport Criteria of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by Alpha Trains with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings,

or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Alpha Trains.

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 bond.

Verifier's Responsibility

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

The work undertaken as part of this engagement included conversations with relevant Alpha Trains employees and review of relevant documentation to confirm the conformance of Alpha Trains' green notes with the Post-Issuance Requirements (Part A, Part B and Part C) of the Climate Bonds Standard Version 2.1.

Exceptions

No exceptions were identified.

All projects aligned with the Post-Issuance requirements of the Climate Bonds Standard and were in conformance with the Low Carbon Transport Criteria.

Conclusion

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the allocation of the net proceeds from Alpha Trains' €250m green private placement, issued to fund eligible green projects, is not in conformance with the Post-Issuance requirements of the Climate Bonds Standard.

Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Compliance to Part A: General Requirements	Verification of the two projects funded by the green notes in 2016 to determine if Part A: General Requirements were met (See Schedule 2A and 2A).	The two projects reviewed complied with the General Requirements.	None
Compliance to Part B: Eligible Projects & Assets	Verification of the two projects funded by the green notes in 2016 to determine if projects fall into (i) one of the investment areas of the Climate Bonds Taxonomy (ii) meet the Low Carbon Transport technical criteria.	The two projects fall under the Low Carbon Transport Criteria and meet the requirements of the Low Carbon Transport technical criteria.	None
Compliance to Part C: Requirements for Specific Bond Types	Bond Type Applicable: Use of Proceeds Bond.	The requirements of Project Holding, Settlement Period and Earmarking have been met.	None

Schedule 1: Detailed Overview of Nominated Projects and Assets

Details of the two Nominated Projects and Assets in Germany are provided below:

1. Project STS Saale-Thüringen-Südharz (Project STS)

Operated by Abellio Rail Mitteldeutschland GmbH, a 100% indirectly-owned subsidiary of Dutch state-owned railways NS. Located in central eastern Germany connecting major cities in four German states, including Leipzig (the most populated city in Saxony), Halle, Erfurt, and Kassel. The fleet consists of:

- 35 Bombardier Talent 2 EMUs – providing a total of 6,330 seats
 - Lot A: 20 3-car single deck Bombardier Talent 2
 - Lot B: 15 5-car single deck Bombardier Talent 2

The Talent 2 EMU train sets for the STS project were manufactured by the German subsidiary of global rail and aviation Bombardier group, based in Canada. The Talent 2 is certified according to the International EPD System (Environmental Product Declarations) and Bombardier applies the latest technological and environmental standards which results in an energy efficient EMU train set, of which 96% can be recycled.

Alpha Trains estimates the avoided CO₂ emissions from this project were 55,540 tonnes in 2016 and 53,447 tonnes in 2017.

2. Project EMIL Emsland/Mittelland (Project EMIL)

Operated by WestfalenBahn GmbH in the densely populated North Rhine-Westphalia and Lower Saxony regions. The regions are characterised by strong economic activity and are comprised of several medium to large-sized municipalities (Münster, Osnabrück, Hannover, Braunschweig, Emden) that have a high number of passengers commuting between them. The fleet consists of:

- 28 Stadler Flirt 3 and KISS EMUs – providing a total of 11,363 seats
 - Lot A (Emsland): 15 single deck 4-car Stadler Flirt 3
 - Lot B (Mittelland): 13 double deck 6-car Stadler KISS

Alpha Trains estimates the avoided CO₂ emissions from this project were 78,104 tonnes in 2016 and 81,934 tonnes in 2017.

Schedule 2A: Post-Issuance General Requirements of the Climate Bonds Standard

Nominated Projects & Assets	<p>4.1 Statement on the environmental objectives of the bond</p> <p>4.2 Nominated Projects meet the Climate Bonds criteria</p> <p>4.3 Confirmation that Nominated Projects and Assets will not be nominated to other Climate Bonds</p>
Use of Proceeds	<p>5.1 Net Proceeds of the bond allocated to the Nominated Projects</p> <p>5.2 Funds allocated to Nominated Projects within 24 months of issuance of the bond</p> <p>5.3 Estimate of the share of the Net Proceeds used for financing and re-financing</p> <p>5.4 Net Proceeds of the bond shall be tracked by the Issuer following a formal internal process</p> <p>5.5 Net Proceeds of the bond shall be no greater than the total investment or the total Fair Market Value of the Nominated Projects & Assets at the time of issuance</p>
Non-Contamination of Proceeds	<p>6.1 Tracking of proceeds</p> <p>6.2 Managing of unallocated proceeds</p> <p>6.3 In the case of a Force Majeure, the Issuer may apply to the Climate Bonds Standard Board for an extension to the asset allocation period</p>
Confidentiality	<p>7.1 Information about the Nominated Projects & Assets provided to the Verifier and to the Climate Bonds Standard Board</p> <p>7.2 Issuer should disclose information about the bond and the Nominated Projects & Assets to the market</p>
Reporting Post-Issuance	<p>8.1 Report containing the list of Nominated Projects & Assets to which proceeds of the bond have been allocated</p>

Schedule 2B: Conformance to the Post-Issuance Requirements of the Climate Bonds Standard

Procedure Performed	Factual Findings	Error or Exceptions Identified
Verification of Nominated Projects & Assets	<p>4.1 The objective of the bond is to primarily use proceeds to refinance debt in relation to two fleets of electric rolling stock (Nominated Projects).</p> <p>4.2 Alpha Trains' management confirms that the nominated projects meet the Eligibility Criteria.</p> <p>4.3 Alpha Trains' management confirms that the projects shall not be nominated to other Climate Bonds.</p>	None
Verification of requirements specified under Use of Proceeds	<p>5.1 Net Proceeds of the bond have been allocated to the two Nominated Projects.</p> <p>5.2 Alpha Trains' management has confirmed that funds have been allocated to Nominated Projects at the time of issuance.</p> <p>5.3 Alpha Trains' management has confirmed that all Net Proceeds of the bond were used for financing only.</p> <p>5.4 Alpha Trains' management has confirmed that Net Proceeds of the bond have been tracked by the Issuer following a formal internal process.</p> <p>5.5 Alpha Trains' management has confirmed that the Net Proceeds of the bond shall be no greater than the total investment in the Nominated Projects.</p>	None
Verification of requirements specified under Non-Contamination of Proceeds	<p>6.1 Alpha Trains' management confirms that the proceeds have been segregated and tracked in a systematic manner and were exclusively used to finance Nominated Projects.</p> <p>6.2 Alpha Trains' management confirms that all proceeds were allocated at the time of issuance.</p> <p>6.3 N/A</p>	None
Verification of requirements specified under Confidentiality	<p>7.1 Alpha Trains' management confirms that all relevant information about the Nominated Projects has been provided to the Verifier and to the Climate Bonds Standard Board to support the assessment of conformance with the Climate Bonds Standard.</p> <p>7.2 Alpha Trains' management confirms that all relevant information about the bond and the Nominated Projects has been disclosed to the market.</p>	None
Verification of requirements specified under Reporting Post-Issuance	<p>8.1 Alpha Trains' management has provided a report containing the list of Nominated Projects to which proceeds of the bond have been allocated (See Schedule 1).</p>	None

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The client is fully responsible for certifying and ensuring its commitments’ compliance, implementation and monitoring.

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 for its contribution to the growth of the Japanese Green Bond Market.

For more information, visit www.sustainalytics.com

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