

POST-ISSUANCE CLIMATE BOND CERTIFICATION

Verification Report for Post-Issuance Certification
for the Green Bond Issued by Encavis AG

ENCAVIS

SCOPE

Encavis AG commissioned ISS ESG to compile a Verifier's Report for Post-Issuance Certification of its Green Schuldschein by the Climate Bonds Initiative (CBI). The Climate Bonds Certification process includes verifying whether the provisions of the Climate Bonds Standards issued by the CBI are met and obtaining evidence to support the verification.

CRITERIA

Relevant CBI Standards for this Climate Bonds Certification:

- Climate Bonds Standard (Version 2.1)
- Solar Energy Standard (version 2.1)

ISSUER'S RESPONSIBILITY

Encavis AG's responsibility was to provide information and documentation on:

- Selection of nominated projects & assets
- Technical aspects of projects & assets
- Internal processes & controls
- Proposed reporting

ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has been conducted this independent Post-Issuance Verification Process of the Green Schuldschein issued by Encavis AG based on the Climate Bond Standards 2.1. and in line with the limited assurance procedure defined by the International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000).

ISS ESG's approach to assess whether the issuer's Green Schuldschein meets the criteria of the Climate Bond Standards 2.1. is as follows:

- The issuer provided an overview over the assets to be included in the Green Bond asset pool and the relevant processes and documentation regarding the proceeds (e.g. use of proceeds, management of proceeds) to ISS ESG.
- The issuer filled in a questionnaire that covers all criteria of the Climate Bonds Standard 2.1.
- The issuer provided background documents that elaborate further on the information mentioned in the questionnaire.
- Using the questionnaire and background documents, ISS ESG carried out an assessment of the CBI criteria. In case any answers were unclear, ISS ESG contacted the issuer for more details and clarification.

The engagement with Encavis AG took place in January and February 2020.

ISS ESG's BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

RESTRICTION ON DISTRIBUTION AND USE OF REPORT

This Verification Report for Climate Bonds Certification including all documentation provided alongside is intended for the use of Encavis AG and the Climate Bonds Standard Board. The present document may be published by Encavis AG, CBI and ISS ESG. CBI and ISS ESG agree to publish the report with the consent of Encavis AG.

OPINION

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects the Issuer's Green Schuldschein is not in conformance with the Climate Bonds Standard's Post-Issuance Requirements.



ROBERT HAßLER
ISS ESG
Munich, 21 February 2020

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About ISS ESG

Since March 2018, ISS-oekom has been a member of the ISS family, sitting within the ISS ESG business unit, which also includes ISS-ethix and ISS-Climate. ISS ESG provides high quality solutions for sustainable and responsible investment and corporate governance. The External Review team, covering Second Party Opinions (SPOs) and Climate Bond Certifications is made up of colleagues across ISS ESG, from ISS-oekom and ISS-Climate.

Originally founded in 1993 and formerly known as oekom research, ISS ESG is one of the world’s leading ESG research and rating agencies for sustainable investments with an unsurpassed rating methodology and quality recognition. ISS ESG analyzes businesses and countries with respect to their environmental social and governance performance. As an experienced partner of institutional investors and financial service providers, we analyse the level of responsibility exercised by equity and bond issuers towards society and the environment. Under the new ownership, ISS ESG completes the ESG research and RI services offerings of ISS, making it a worldwide pure-player in the area of RI Research & Solutions. ISS ESG is headed by Robert Haßler, former CEO and co-founder of oekom research. More information: www.oekom-research.com and www.issgovernance.com.

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ANNEX

Annex 1: Detailed Findings

Annex 2: Detailed Findings Solar Power

ANNEX 1: DETAILED FINDINGS

4. NOMINATED PROJECTS & ASSETS

REQUIREMENT	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
4.1 Decision-making process to determine the continuing eligibility of nominated projects and assets	Encavis AG has fully allocated the net proceeds of the Green Schuldschein to onshore solar parks, which are ground mounted and are located in Spain. The funds have exclusively been used for finance or re-finance. All projected solar parks generate clean energy with zero emissions. In some projects, the solar parks and the transmission lines are designed to have a net zero environmental impact. Further in some projects, the construction of the plants involves no movement of soil (holm oak protection programme).	✓
4.2 Conformance with the Bond’s documented objectives and requirements of Part B of the CBI Standard	The full amount of the net proceeds is distributed to Eligible assets related to solar electricity generation facilities that conform with the relevant eligibility requirements under part B of the Climate Bonds Standards.	✓
4.3 No double nomination of projects and assets	The nominated assets are for new additional assets only. Not used funds were temporarily invested in overnight and term deposit at investment grade banks. All funds have been fully invested in 2019.	✓

5. USE OF PROCEEDS

REQUIREMENT	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
5.1 Allocation of net proceeds to nominated projects and assets	The full amount of the net proceeds has been allocated to onshore solar parks, which are ground mounted and are located in Spain.	✓

5.2	Allocation of funds within 24 months of issuance of the bond	The net proceeds received on 12/09/2018 have been invested within 8 months after issuance. The final tranche was invested on 09/08/2019.	✓
5.3	Share of financing and refinancing	The net proceeds of the Green Bond were exclusively used to finance onshore solar parks identified by Encavis AG.	✓
5.4	Tracking of proceeds	All fund activities are documented in Encavis AG's book-keeping-system (eGecko). Further the funds have been settled on sub-accounts and all cash activities are documented in the bank account statement. Encavis AG described every process and uses of the funds in the yearly report to the bondholders.	✓
5.5	Net proceeds of the loan and investment to nominated projects and assets	According to the allocation of proceeds report, the net proceeds of the bond were not greater than the amount invested in Nominated Assets & Projects.	✓

6. NON-CONTAMINATION OF PROCEEDS

	REQUIREMENT	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
6.1	Tracking of proceeds	The Net Proceeds have been credited to an extra account. Payments for the nominated projects have been made from a current account, which was balanced from the extra account afterwards. All fund activities are documented in Encavis AG's book-keeping-system (eGecko). Further the funds have been settled on sub-accounts and all cash activities are documented in the bank account statement. Encavis AG described every process and uses of the funds in the yearly report to the bondholders.	✓
6.2	Non-contamination of proceeds	The nominated assets are for new additional assets only. Not used funds were temporarily invested in overnight and term deposit at investment grade banks. All funds have been fully invested to Nominated Projects and Assets.	✓

6.3	Cases of force majeure	Not applicable. All proceeds have been allocated.	-
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7. CONFIDENTIALITY

REQUIREMENTS		FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
7.1	Description of the projects	The full amount of the net proceeds is distributed to Nominated Projects & Assets related to the aforementioned categories (see Page 1) and conform with the relevant eligibility requirements under part B of the Climate Bonds Standards.	✓
7.2	Disclosure of information to the market	<p>The reporting will be sent to the paying agent (DZ Bank) on yearly basis, latest 6 month after year end. The first report will be available end of March 2020 at earliest, after providing the public annual reporting. Afterwards, the paying agent will spread the reporting to each lender.</p> <p>All latest publications and company presentations by Encavis AG are provided under the following link: https://www.encavis.com/en/investor-relations/reports-and-presentations/</p>	✓

8. REPORTING

REQUIREMENTS		FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
8.1	Description of reporting	<p>All latest publications and company presentations by Encavis AG are provided under the following link: https://www.encavis.com/en/investor-relations/reports-and-presentations/</p>	✓

9. CLIMATE BOND TAXONOMY

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
9.1	Matching of Climate Bond category	The full amount of the net proceeds is distributed to Nominated Projects & Assets related to the aforementioned categories (see Page 1) and conform with the relevant eligibility requirements under part B of the Climate Bonds Standards.	✓

10. TECHNICAL CRITERIA

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
10.1	Sector-specific eligibility criteria	The full amount of the net proceeds is distributed to Nominated Projects & Assets related to the aforementioned categories (see Page 1) and conform with the relevant eligibility requirements under part B of the Climate Bonds Standards.	✓
10.2	Bonds covering several sector-specific criteria	Not applicable.	-

11. PROJECT HOLDING

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
11.1	Holding of assets with a fair market value at least of the original amount at time of issuance	The value of assets selected is equal to principal amount of bond issuance. No additional Nominated Projects and Assets are foreseen.	✓

12. SETTLEMENT PERIOD

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
12.1	Description of the process and timeline of distribution of proceeds	The full amount of the net proceeds has been allocated to Nominated Projects & Assets as of August 2019.	✓

12.2	Description of process regarding unallocated proceeds after 24 months	Not applicable. The full amount of the net proceeds has been allocated to Nominated Projects & Assets as of August 2019	-
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13. EARMARKING

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
13.1	Description of internal earmarking process	Encavis AG has set up a register and has put internal systems in place to track the outstanding proceeds of its Green Schuldschein internally.	✓

ANNEX 2: DETAILED FINDINGS SOLAR POWER



The Green Bond Asset Pool complies with the Solar Power criteria of the Climate Bonds Initiative.

All onshore solar parks are compliant with the Climate Bonds Standards Solar Energy Standard (version 2.1).