



SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

Sella Group
5 January 2023

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">Green Bonds
Relevant standards	<ul style="list-style-type: none">Green Bond Principles, as administered by the ICMA (as of June 2021 with June 2022 Appendix 1)
Scope of verification	<ul style="list-style-type: none">Sella Group Green Bond Framework (as of December 14, 2022)Sella Group Eligibility Criteria (as of December 14, 2022)
Lifecycle	<ul style="list-style-type: none">Pre-issuance verification
Validity	<ul style="list-style-type: none">As long as there is no material change to the Framework

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SCOPE OF WORK

Sella Group¹ (“the issuer”, or “Sella”) commissioned ISS Corporate Solutions (ICS) to assist with its Green Bonds by assessing three core elements to determine the sustainability quality of the instrument:

1. Sella’s Green Bond Framework (as of December 14, 2022) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP).
2. The Eligibility Criteria – whether the project categories contribute positively to the UN SDGs and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. Linking the transaction to Sella’s overall ESG profile – drawing on the issuance-specific Use of Proceeds categories.

SELLA BUSINESS OVERVIEW

Sella Group operates as a banking and financial services company and is classified in the Commercial Banks & Capital Markets industry, as per ISS ESG’s sector classification.

Sella is a banking group consisting of several companies present in multiple geographical locations that provides a wide range of products and services. The company is involved in providing various business services that include commercial banking services such as advisory services, private banking, etc. The company is also involved in leasing of motor vehicles and capital goods in the real estate. In addition, the company is also involved in wealth and asset management as well as digital banking services. The company’s headquarter is located in Italy. As of June 2022, Sella’s total asset is 21.8 billion euro.

¹ Under the Green Bond Framework issuances can be done by Sella or Sella Holding, generally referred to as Sella Group.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ²
Part 1: Alignment with GBP	The issuer has defined a formal concept for its Green Bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the Green Bond Principles.	Aligned
Part 2: Sustainability quality of the Eligibility Criteria	<p>The Green Bonds will (re-)finance eligible asset categories which include: Green Buildings, Renewable Energy, and Energy Efficiency.</p> <p>The Green Buildings, Renewable Energy, and Energy efficiency use of proceeds categories have a significant contribution to SDG 13 'Climate Action', and SDG 7 'Affordable and Clean Energy'. The environmental and social risks associated with those use of proceeds categories are well managed.</p>	Positive
Part 3: Linking the transaction to Sella Group's overall ESG profile	The key sustainability objectives and the rationale for issuing Green Bonds are clearly described by the issuer. The project categories financed are in line with the sustainability objectives of the issuer.	Consistent

² The evaluation is based on Sella's Green Bond Framework (December 14, 2022 version), and on the ISS ESG Indicative Corporate Rating applicable at the SPO delivery date.

SPO ASSESSMENT

PART I: ALIGNMENT WITH GREEN BOND PRINCIPLES

This section evaluates the alignment of Sella's Green Bond Framework (as of December 14, 2022) with the Green Bond Principles.

GREEN BOND PRINCIPLES	ALIGNMENT	OPINION
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided by Sella's Green Bond Framework is aligned with the Green Bond Principles.</p> <p>The issuer's green categories align with the project categories as proposed by the Green Bond Principles, Criteria are defined in a clear and transparent manner. Disclosure of distribution of proceeds by project category is provided and environmental benefits are described and quantified. The issuer defines exclusion criteria for harmful project categories, which is in line with best market practice.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by Sella's Green Bond Framework is aligned with the Green Bond Principles.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the issuer.</p> <p>The issuer involves various stakeholders in this process, in line with best market practice.</p>
3. Management of Proceeds	✓	<p>The Management of Proceeds proposed by Sella's Green Bond Framework is aligned with the Green Bond Principles.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner and attested in a formal internal process. The net proceeds are managed on an aggregated basis for multiple Green Bonds (portfolio approach).</p>

		<p>The issuer has defined an expected allocation period of 36 months, in line with best market practice. Moreover, the issuer discloses the nature and ESG criteria of the temporary investment for unallocated proceeds, in line with best market practice.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting proposed by Sella's Green Bond Framework is aligned with the Green Bond Principles.</p> <p>The issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the issuer's website. Sella explains the level of expected reporting and the type of information that will be reported. Moreover, the issuer commits to report annually until the proceeds have been fully allocated, and to get the allocation report audited by an external party, in line with best market practice.</p> <p>The issuer is transparent on the level of impact reporting and the information reported and further defines the duration, scope, and frequency of the impact reporting, in line with best market practice.</p>

PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN BONDS TO THE UN SDGs³

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.



1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on 5-point scale (see Annex 1 for methodology):




Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the Green Bonds' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDG⁴:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p><i>The acquisition of new or existing residential or commercial buildings:</i></p> <ul style="list-style-type: none"> • with energy efficiency class A or B • which are aligned with current environmental regulations and belong to the top 15% of Italy in terms of most carbon-efficient buildings (kg CO₂e/sqm) 	Limited Contribution	 

³ The impact of the UoP categories on UN Social Development Goals is assessed with proprietary methodology and may therefore differ from the issuer's description in the framework.

⁴ The review is limited to the examples of projects spelled out in the framework.

<p>Green Buildings⁵</p> <p><i>The acquisition of new or existing residential or commercial buildings built after December 31st 2020, with Primary Energy Demand (PED) at least 10% lower than the threshold set for the nearly zero-energy building (NZEB).</i></p>	<p>Significant Contribution</p>	
	<p>Limited Contribution</p>	
<p>Green Buildings</p> <p><i>The acquisition of tax incentives related to investments in energy efficiency renovations and improvements introduced by Italian or other EU governments, such as the Italian law decree 2020/34 (decreto rilancio) "Misure urgenti in materia di salute, sostegno al lavoro e all'economia, nonché di politiche sociali connesse all'emergenza epidemiologica da COVID-19.</i></p>	<p>Limited Contribution</p>	
<p>Renewable Energy</p> <p><i>Acquisition, conception, construction, development, and installation of infrastructures in renewable energy production units:</i></p> <ul style="list-style-type: none"> • <i>Onshore and offshore wind energy</i> 	<p>Significant Contribution</p>	
<p>Renewable Energy</p> <p><i>Acquisition, conception, construction, development, and installation of infrastructures in renewable energy production units:</i></p> <ul style="list-style-type: none"> • <i>Solar energy through facilities that generate no more than 15% of electricity from non-renewable sources</i> 	<p>Significant Contribution</p>	

⁵ Sella commits not to finance assets that are larger than 5000 m²

Renewable Energy

Acquisition, conception, construction, development, and installation of infrastructures in renewable energy production units: facilities producing energy⁶ such as biofuel preparation, pre-treatment and bio-refinery facilities (limited to facilities operating above 80% of GHG emissions-reduction in relation to the relative fossil fuel comparator) with certified first⁷ generation biomass.

Significant Contribution



Renewable Energy

Acquisition, conception, construction, development, and installation of infrastructures in renewable energy production units: facilities producing energy⁸ such as biofuel preparation, pre-treatment and bio-refinery facilities (limited to facilities operating above 80% of GHG emissions-reduction in relation to the relative fossil fuel comparator) with certified second generation biomass (FSC, PEFC, SBP).

Limited Contribution



⁶ with feedstocks:

- not originated from fields resulting reconverted carbon sinks (such as forests, marshy areas)
- not originated from high diversity fields (such as primary forests)
- not suitable for human consumption
- and only channelled through sustainable transport means (excessive recourse to fossil fuel transport)

⁷ In compliance with the Technical Screening Criteria for *Climate Change Mitigation* (economic activity 4.8)

⁸ with feedstocks:

- not originated from fields resulting reconverted carbon sinks (such as forests, marshy areas)
- not originated from high diversity fields (such as primary forests)
- not suitable for human consumption

and only channelled through sustainable transport means (excessive recourse to fossil fuel transport)

Renewable Energy

Acquisition, conception, construction, development, and installation of infrastructures in renewable energy production units:

- *Geothermal facilities with direct emissions \leq 100g CO₂e/kWh*

Significant Contribution



Renewable Energy

Electricity transmission and distribution infrastructure (limited to infrastructure with an average grid emission factor below the threshold value of 100 gCO₂e/kWh over a rolling five-year average period)

Significant Contribution



Limited Contribution



2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the issuer.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities⁹ in the Commercial Bank & Capital Markets industry (to which Sella belongs) are the following:

Sella finances operations/processes in third-party sectors which are not listed in the Issuer’s Framework. As such, ISS ESG is not in a position to display the exposure to negative externalities linked to the sector of the operations/processes financed. Negative externalities, if present, could have an impact on the overall sustainability quality of the issuance.

The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ¹⁰	SUSTAINABLE DEVELOPMENT GOALS
<p>Energy Efficiency</p> <p><i>Adoption of (and/or upgrades of) equipment or technology such as:</i></p> <ul style="list-style-type: none"> • <i>Smart grids (including smart meters, smart thermostat systems, Building Management Systems, and Energy Management Systems)</i> • <i>Energy Storage</i> • <i>Efficient LED lighting appliances and systems</i> 		
<p>Energy Efficiency</p> <p><i>Adoption of (and/or upgrades of) equipment or technology such as:</i></p> <ul style="list-style-type: none"> • <i>District heating and cooling (limited to district heating and cooling systems using at least 50% renewable energy or 50% waste heat or 75% cogenerated heat or 50% of a combination of such energy and heat)</i> 		

⁹ Please, note that the impact of the issuer’s products and services resulting from operations and processes is displayed in section 3 of the SPO.

¹⁰ Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

¹¹ We note that the Issuer has aligned its selection criteria with the technical screening criteria for a substantial contribution to Climate Change Mitigation of the EU Taxonomy Delegated Act (June 2021).

Green Buildings

Renovation projects with an improvement in energy efficiency resulting in a minimum of 30% energy savings.

✓¹²



¹² We note that the Issuer has aligned its selection criteria with the technical screening criteria for a substantial contribution to Climate Change Mitigation of the EU Taxonomy Delegated Act (June 2021).

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBILITY CRITERIA

The table below evaluates the Eligibility Criteria against issuance-specific KPIs. The entirety of the assets are and will be located in Italy.

ASSESSMENT AGAINST KPIs

ESG guidelines into financing process

Sella has different processes in place to integrate ESG considerations into its financing activities. Investment products are categorized based on ESG data provided by an external party. For corporate lending products, the borrowers are asked to identify, if available, the main environmental or social topic in scope and the percentage of the relevant component on the overall loan. The consistency around the selected environmental/social topics is analyzed internally during the loan approval process. In the case of loans to individuals, Sella has created some dedicated product, such as the “green loan”, in which case the approval is subject to the use of at least 80% of the amount for relevant expenses (to be proved with supporting documents). The issuer states it runs checks on the coherence between the expenses and the E&S claims. In addition, the issuer can award generic “sustainable loans”, going beyond the cases for which dedicated products exist, depending on what evidence the loan beneficiary provides. In this case, the borrower undergoes a process similar to the one for corporate lending.

Labour, Health and Safety



As all assets financed will be located in Italy, high health & safety and labour standards are ensured by the relevant national legislation and the European Union mandatory social standards.

Biodiversity



Italy is considered a Designated Country according to the Equator Principles. As such, it is considered as having a robust environmental and social governance, legislation systems and institutional capacity ensuring biodiversity is protected to a satisfactory degree for relevant infrastructural projects.

Community dialogue



Italy is considered a Designated Country according to the Equator Principles. As such, it is considered as having a robust environmental and social governance, legislation systems and institutional capacity ensuring community dialogue is carried out to a satisfactory degree for relevant infrastructural projects.

Data protection and information security



Sella has an Information Security Management System (covering risk assessment, structure and responsibilities, target and objectives, training and awareness raising, physical and technical safeguards, information security incident management, audits) in place. When outsourcing data, Sella runs a due diligence questionnaire that

ensure that all the standards set internally (in terms of structure/processes/security) are met also by suppliers.

Responsible treatment of customers with debt repayment problems



The issuer potentially offers moratoriums, individual or collective, or renegotiations and restructuring of the debt. In its credit policy, Sella sets out the custom to offer solutions before the credit is deteriorated. Sella aims at avoiding clients reaching the stage where they encounter problem repaying loans. Mortgage sale is the very last step eventually adopted by Sella, and the issuer states that an in bonis solution is actively seek with all means.. Sella has confirmed that all forbearance measures are offered under non-detrimental conditions (no higher interest rates, no special fees, and no requests to sell collaterals at a very low price).

Sales practices



The issuer states that sales personnel is directly employed by the bank and that their remuneration is almost entirely independent from sales volumes. The issuer forbids setting targets linked to products that are not compatible with the clients' preferences. Customer surveys are conducted periodically, and customers have various channels to present complaints. Sales outputs and sales interactions are monitored and evaluated by hierarchical reports. Personell engaged in sales is trained to ensure products are offered according to the clients' needs only.

Responsible marketing



Sella's Code of Ethics expresses the issuer's commitment to communicate in a clear and simple with to clients. The issuer has confirmed that requirements from the Markets in Financial Instruments Directive (transparency regarding costs and conditions, transparency regarding product risks) are also applied to lending to individuals. Customers are informed on the reasons for the rejection of loans/mortgages.

Exclusion criteria

Sella's exclusion policy covers the following sector/criteria: weapons, pornography, gambling, coal, tobacco, pollution, environmental abuse, human abuse. For the purpose of the Green Bond Framework the following sectors are excluded: fossil-fuel energy, nuclear energy, pornography, gambling, tobacco, alcohol, animal abuse, weapons. Sella's operational policies include anti-money laundering and anti-fraud checks both on corporates and individuals.

PART III: LINKING THE TRANSACTION TO SELLA'S ESG PROFILE

A. BANCA SELLA'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the issuer's industry

The issuer is classified in the Commercial Banks & Capital Markets industry, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Sustainability impacts of lending and other financial services/products
Customer and product responsibility
Sustainable investment criteria
Labour standards and working conditions
Business ethics

ESG strengths and points of attention related to the issuer's disclosures

Leveraging ISS ESG's Research, the following strengths and points of attention¹³ have been identified:

STRENGTHS	POINTS OF ATTENTION
The company has disclosed information on its general environmental and social guidelines for lending and/or investment banking covering the exclusion of coal-fired power plants financing. Additionally, the company offers green financial services that include financing for low-carbon transport such as eco-friendly vehicles.	The company has provided its standard ESG guidelines for its lending business. However, lending policies for specific requirements such as forestry, pulp and paper, dams and hydropower, and fisheries, and aquaculture industries are not explicitly covered. Further, it has provided limited evidence on offering social financial services that include community lending for disadvantaged people and affordable services for charitable organizations.

¹³ Please note that Sella Group is not part of the ISS ESG Corporate Rating Universe. Thus, the information is based on a disclosure review conducted by the analyst in charge of the Commercial Banks & Capital Markets sector, based on publicly available information exclusively. No direct communication between the issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.

The company has implemented an information security management system that includes an information security policy and various measures on information security management such as risk assessment, presence of data protection officer, training of employees, etc. Further, the company offers basic banking accounts and inclusive financial services to people with disabilities.

The company has also provided commitment in terms of prohibiting support for clients in tax evasion.

The company has disclosed its exclusion criteria for mainstream asset management services, structured investment products or brokerage services, and own investments. This applies exclusion for companies involved in nuclear weapons, gambling activities, and corruption practices.

Additionally, the company has disclosed application procedures of environmental and social guidelines for asset management and own investments this includes the presence of an ethics committee, providing ESG training to employees, the presence of evaluation tools, and coordination with experts. The company has also reported some information on engagement/ shareholder advocacy activities that includes the scope of topics, divestment, and engagement tools.

The company has some health and safety measures in place for its employees.

Further, it has disclosed some practices undertaken to ensure employees' mental health management, workplace flexibility covering dependent care and special leaves.

The company has published its code of ethics covering issues such as corruption, gifts, favors and entertainment, and money laundering in general terms. Additionally, it publishes its code in the local language and has reported measures

The company has disclosed limited information on policy on responsible marketing and sales practices, i.e. the commitment to refrain from commission payments, setting sales targets, and ethical bonus payments seems to be missing.

The company has disclosed limited information on its position on non-regular employment and different types of employment.

The company's publicly available code of ethics covers limited information on other business ethics aspects such as antitrust violations, insider dealings and conflicts of interest. In addition, the compliance procedures covering third party anti-corruption due diligence also seems to be missing.

related to compliance procedures. This includes compliance training, compliance risk assessment and audits, the presence of confidential reporting channels, and whistleblower protection procedures.

Please note that the consistency between the issuance subject to this report and the issuer's sustainability strategy is further detailed in Part III.B of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, the contribution of the issuer's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs) has been assessed as per the table below. This analysis is limited to the evaluation of final product characteristics and does not include practices along the issuer's production process.

Using a proprietary methodology, ISS ESG assessed the contribution of Sella's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along the company's production process.

ISS ESG determined that, based on the information provided by the company, its overall business model has no net impact (contribution and/or obstruction) to the UN SDGs.

Breaches of international norms and ESG controversies

At issuer level

At the date of publication and leveraging ISS ESG Research, no severe controversy in which the issuer would be involved has been identified.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Commercial Banks & Capital Markets industry are as follows: failure to mitigate climate change impacts, Failure to prevent money laundering, Anti-competitive behaviour, and Failure to pay fair share of taxes.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

B. CONSISTENCY OF GREEN BONDS WITH SELLA'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

Sella's strategic plan includes the sustainability strategy that has two main objectives, which are (i) improving its social and environmental performance and ensuring a positive impact on all stakeholders, and (ii) promoting sustainable finance through supporting its customers in their transition process to a sustainable business model. In that regard, the company has set sustainability objectives and priority activities.

1. Decarbonization
 - a. According to the company's [2021 Consolidated Non-Financial Statement](#), Sella achieved its long-term sustainability goal of carbon neutrality in 2021, by (i) implementing sustainable financial initiatives (Green Offering), (ii) following the carbon mitigation plan that is in place, and (iii) financing international projects located in Romania, Zimbabwe, and Guatemala for the offsetting of residual emissions through the purchase of carbon credit that is internationally certified.
 - b. The company commits to following the current carbon mitigation plan which covers Scope 1, 2, and 3 emissions for the next 3 years.
 - c. The company plans to implement particular tools which will represent solutions to track and monitor GHG emissions linked to both its portfolio and lending book. In this regard, Sella started implementing some preliminary actions with the aim of setting specific portfolio decarbonization targets.
2. People Well-being
 - a. The company commits to improving the individual and professional well-being of people by promoting education, diversity, inclusion, and health through initiatives and awareness campaigns.
 - b. The company aims to contribute to the economic and social development of the communities where it operates with local initiatives and engages with relevant stakeholders such as educational activities on innovation and entrepreneurship, funding for innovative projects in the environmental field, corporate volunteering activities, and financial and material support in the event of emergencies in Italy and abroad.
3. Sustainability Governance
 - a. The company commits to integrating ESG themes into the company policies and practices. Following the appointment of the Ethics Committee in 2003, Sella has recently set up a cross-functional Green Bond Framework Commission in 2022.
4. Digital Innovation
 - a. The company commits to fostering the development of a future sustainable financial ecosystem. In that regard, Sella (i) initiated the Sellalab platform for startups and enterprises in 2014, (ii) founded Fintech District in 2017, which is an open banking platform, as a gateway to the Italian Fintech ecosystem.
 - b. The company commits to support various Italian startups, funds, incubators and accelerators through Sella Group and other subsidiaries.

For all sustainability priorities, Sella defined specific sustainability objectives and activities. For Decarbonization, Sella defined a period of relevance of the objective. However, those objectives are not all quantified, but the issuer commits to provide more details in future reports.

Rationale for issuance

Sella established the Green Bond Framework to demonstrate the company's commitment to a more ambitious sustainability approach to Responsible Investment that is integrated into the company's policies and developments. In that regard, Sella is issuing Green Bonds to finance the activities defined by its sustainability objectives outlined in the company's Green Bond Framework and Green Offering, as well as the defined Eligible Green Assets.

Opinion: *The key sustainability objectives and the rationale for issuing Green Bonds are clearly described by the issuer. The project categories financed are in line with the sustainability objectives of the issuer.*

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ANNEX 1: Methodology

Green KPIs

The Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Sella Group.'s Green Bonds.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

The Environmental and social risks assessment evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available or that the information provided did not fulfil the requirements of the Green Bond KPIs.

The evaluation was carried out using information and documents provided on a confidential basis by Sella Group. (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, the extent to which Sella Group.'s Green Bonds contributes to related SDGs has been identified.

ANNEX 2: Quality management processes

SCOPE

Sella Group commissioned ICS to compile a Green Bonds SPO. The Second Party Opinion process includes verifying whether the Green Bond Framework aligns with the Green Bond Principles and assessing the sustainability credentials of its Green Bonds, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA's Green Bond Principles
- Key Performance Indicators relevant for Use of Proceeds categories selected by the issuer

ISSUER'S RESPONSIBILITY

Sella Group's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at framework level

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.

This independent Second Party Opinion of the Green Bonds to be issued by Sella Group. has been conducted based on a proprietary methodology and in line with the ICMA Green Bond Principles.

The engagement with Sella Group took place in November and December 2022.

ISS' BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior 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.

About this SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

For more information on this specific Green Bonds SPO, please contact: SPOOperations@iss-esg.com

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