

BTS Group Holdings Private Company Limited

POST-ISSUANCE VERIFICATION LETTER

LOW CARBON TRANSPORTATION CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement

Period engagement was carried out: December 2021

Approved verifier: Sustainalytics

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Scope and Objectives

In November 2020, BTS Group Holdings Private Company Limited (BTSG) issued Certified Climate Bonds (green bonds) aimed at financing and refinancing electric mass transportation systems and relevant infrastructure. In 2021, BTSG engaged Sustainalytics to review the projects funded through the issued green bonds in November 2020 and provide an assessment as to whether the projects financed between November 2020 to August 2021 met the Post-Issuance Requirements under the Low Carbon Transportation¹ of the Climate Bonds Standard Version 3.0².

Green bond projects include:

- The Mass Rapid Transit Pink Line
- The Mass Rapid Transit Yellow Line

Schedule 1 provides details of the Nominated Projects & Assets and disbursement of proceeds.

Post-Issuance Evaluation Criteria

Post-issuance Requirements of the Climate Bonds Standard Version 3.0:

- Use of Proceeds
- Evaluation and Selection of Projects & Assets
- Management of Proceeds
- Reporting

Issuing Entity's Responsibility

BTSG 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 BTSG's green bond, issued to finance and refinance electric mass transportation and infrastructure, and provided an independent opinion informing BTSG as to the conformance of the green bond with the Post-Issuance Requirements and Low Carbon Transportation criteria of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by BTSG with respect to the Nominated Projects & Assets. 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 BTSG.

¹ Climate Bonds Initiative, Low Carbon Transportation Criteria under the Climate Bonds Standard. See more, at: <https://www.climatebonds.net/standard/transport>

² Climate Bonds Initiative, Climate Bonds Standard Version 3.0. See more, at: https://www.climatebonds.net/files/files/Climate%20Bonds_Standard_Version%203_0_December%202017.pdf

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 3.0 and with International Standard on Assurance Engagements 3000 (ISAE 3000) – Assurance Engagements other than Audits or Reviews of Historical Financial Information.

The work undertaken as part of this engagement included conversations with relevant BTSG employees and review of relevant documentation to confirm the conformance of BTSG's green bonds with the Post-Issuance Requirements of the Climate Bonds Standard Version 3.0.

Exceptions

No exceptions were identified. All projects aligned with the Post-Issuance Requirements of the Climate Bonds Standard Version 3.0 and were in conformance with the Low Carbon Transportation criteria.

Conclusion

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the allocation of THB 8,600 mn from the BTSG Certified Climate Bonds, issued to fund eligible green projects, is not in conformance with the Post-Issuance Requirements of the Climate Bonds Standard.

Schedule 1: Detailed Overview of Nominated Projects and Assets

Details of the Nominated Projects & Assets are provided below:

Project Name	Project Description	Route	Investment amount funded by Green Bonds
The Mass Rapid Transit Pink Line	The Pink line is a monorail system with 34.5 kilometer distance and 30 stations. The first station is located between Nonthaburi Civic Center and Khae Rai intersection on Rattathibet road. At this station, passengers can connect to the Purple Line mass transit system. This line will have a connection with the Dark Red Line at Lak Si station, the connection to an interchange of Pink Line and the Dark Green Line at Wat Phra Sri Mahathat station. The terminal station is at Ramkhamhaeng-Rom Klao intersection that passengers can connect to the Orange Line.	Khae Rai-Min Buri	THB 4,300m
The Mass Rapid Transit Yellow Line	The yellow line is a monorail system, with 30.4 kilometer distance and 23 stations. The alignment originates at the interchange station with the Blue Line Initial System at Ratchada/Lat Phrao intersection. Passengers can connect the Grey Line at Chalong Rat intersection, Orange Line at Lam Sali intersection and the Airport Rail Link through Phatthanakan, Si Nut, Si Udom Suk, Si lam until Si Thepha intersection. This line will have a connection with the Green Line at Samrong station and ends at Pu Chao Saming Phrai road.	Lat Phrao-Samrong	THB 4,300m

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

<p>Use of Proceeds</p>	<p>5.1 The Net Proceeds of the Bond shall be allocated to the Nominated Projects & Assets.</p> <p>5.2 All nominated Projects & Assets shall meet the documented objectives of the Bond as stated under Clause 6.1.1 and shall be in conformance with the requirements of Part C of the Climate Bonds Standard.</p> <p>5.3 The Issuer shall allocate the Net Proceeds to Nominated Projects & Assets within 24 months of issuance of the Bond, or the Issuer shall disclose in post-issuance reporting as per clause 8.3 the estimated timeline for allocation of net proceeds to Nominated Projects & Assets. Net proceeds may be reallocated to other Nominated Projects & Assets at any time while the Bond remains outstanding.</p> <p>5.4 Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds) unless it is demonstrated by the Issuer that:</p> <p>5.4.1. distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments or;</p> <p>5.4.2. the existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument.</p> <p>5.5 Where a proportion of the Net Proceeds of the Bond are used for refinancing, the Issuer shall track the share of the Net Proceeds used for financing and refinancing and identify which Nominated Projects & Assets may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects & Assets.</p> <p>5.6 The Net Proceeds of the Bond shall be tracked by the Issuer following a formal internal process which is documented in accordance with Clause 3.1.</p> <p>5.7 The Net Proceeds of the Bond shall be no greater than the Issuer’s total investment exposure or debt obligation to the Nominated Projects & Assets, or the relevant proportion of the total Market Value of the Nominated Projects & Assets which are owned or financed by the Issuer.</p> <p>5.8 Additional Nominated Project & Assets may be added to, or used to substitute or replenish, the portfolio of Nominated Project & Assets as long as the additional Nominated Project & Assets are eligible under Part C of the Climate Bonds Standard and are consistent with the Bond’s objective as set out in Clause 6.1.1.</p> <p>5.8.1. Where additional Nominated Projects & Assets are covered by Sector Eligibility Criteria which were not included in the scope of either the Pre-Issuance Verification or the Post-Issuance Verification engagements, the Issuer shall engage a Verifier to provide a Verifier’s Report covering at least the conformance of the additional Nominated Projects & Assets with the relevant Sector Eligibility Criteria under Part C of the Climate Bonds Standard.</p>
<p>Process for Evaluation and Selection</p>	<p>6.1 The Issuer shall document and maintain a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects & Assets. This includes, without limitation:</p>

<p>of Projects & Assets</p>	<p>6.1.1. A statement on the climate-related objectives of the Bond;</p> <p>6.1.2. How the climate-related objectives of the Bond are positioned within. the context of the Issuer’s overarching objectives, strategy, policy and/or processes relating to environmental sustainability;</p> <p>6.1.3. The Issuer’s rationale for issuing the Bond;</p> <p>6.1.4. A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard;</p> <p>6.1.5. Other information provided by the Issuer as described in Clause 2.2</p>
<p>Management of Proceeds</p>	<p>7.1 The Net Proceeds of the Bond shall be credited to a sub account, moved to a sub-portfolio or otherwise identified by the Issuer in an appropriate manner, and documented.</p> <p>7.2 The Issuer of the Bond shall maintain the earmarking process to manage and account for allocation of Net Proceeds to the Nominated Projects & Assets as described in Clause 3.1.3</p> <p>7.3 While the Bond remains outstanding, the balance of the tracked Net Proceeds shall be reduced by amounts allocated to Nominated Projects & Assets. Pending such allocations to Nominated Projects & Assets, the balance of unallocated Net Proceeds shall be:</p> <p>7.3.1. Held in temporary investment instruments that are cash, or cash equivalent instruments, within a Treasury function; or</p> <p>7.3.2. Held in temporary investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or</p> <p>7.3.3. Applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Nominated Projects & Assets.</p>
<p>Reporting – Post-issuance</p>	<p>8.1 The Issuer shall prepare an Update Report at least annually while the Bond remains outstanding.</p> <p>8.1.2. The Update Report shall be made available to holders of the Bond and to the Climate Bonds Standard Board.</p> <p>8.1.3. The Issuer should provide an Update Report to holders of the Bond on a timely basis in case of material developments.</p>

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

Evaluation Criteria	Factual Findings	Error or Exceptions Identified
Use of Proceeds	<p>5.1 A list of Nominated Projects & Assets is provided in Schedule 1.</p> <p>5.2 The Nominated Project & Assets meets the documented objectives of the finance and are in conformance with the requirements of Part C of the Climate Bonds Standard.</p> <p>5.3 The Net Proceeds have been allocated to Nominated Projects & Assets within 9 months of issuance of the bond.</p> <p>5.4 BTSG confirms that the Nominated Projects & Assets have not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds).</p> <p>5.5 BTSG confirms that it has tracked the share of the Net Proceeds used for financing and refinancing. 44% was allocated to financing and 56% to refinancing projects.</p> <p>5.6 BTSG’s management has confirmed that Net Proceeds of the bond are tracked by the Issuer following a formal internal process.</p> <p>5.7 BTSG has confirmed that the Net Proceeds raised are no greater than the total investment exposure or debt obligation to the Nominated Projects & Assets which are owned or financed by the Issuer.</p> <p>5.8 BTSG has confirmed that no changes were made to the initial project list.</p>	N/A
Process for Evaluation and Selection of Projects & Assets	<p>6.1 BTSG’s Green Bond Framework documents a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects & Assets. This includes, without limitation:</p> <p>6.1.1 A statement on the climate-related objectives of the financing;</p> <p>6.1.2 How the climate-related objectives of the financing are positioned within. the context of the BTSG’s overarching objectives, strategy, policy and/or processes relating to environmental sustainability;</p> <p>6.1.3 BTSG’s rationale for issuing the bond;</p> <p>6.1.4 BTSG has a process to determine whether the Nominated Project meet the eligibility requirements specified in the Climate Bonds Standard.</p> <p>6.1.5 Other information provided by BTSG as described in Clause 2.2</p>	N/A
Management of Proceeds	<p>7.1 BTSG confirmed that Net Proceeds of the bond were earmarked in an appropriate manner and documented.</p> <p>7.2 BTSG confirmed that it maintained an earmarking process to</p>	N/A

	<p>manage and account for allocation of Net Proceeds to the Nominated Projects & Assets.</p> <p>7.3 BTSG has confirmed that while the financing remained outstanding, the balance of the tracked Net Proceeds were reduced by amounts allocated to Nominated Projects & Assets. Pending allocation, the Net Proceeds were invested in cash and cash equivalents, invested in short and liquid marketable securities and applied to temporarily reduce indebtedness of a revolving nature, where the original loan is not inconsistent with the delivery of a low carbon and climate resilient economy according to BTSG’s liquidity management policies.</p>	
<p>Reporting – Post-issuance</p>	<p>8.1. BTSG is committed to preparing an Update Report at least annually while the financing remains outstanding.</p> <p>8.1.2. The Update Report will be made available to the lenders and to the Climate Bonds Standard Board.</p> <p>8.1.3. BTSG will provide an Update Report to the lenders on a timely basis in case of material developments</p>	<p>N/A</p>

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