

BTS Group Holdings

POST-ISSUANCE VERIFICATION LETTER

LOW CARBON TRANSPORT CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement

Period engagement was carried out: April 2020

Approved verifier: Sustainalytics

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Scope and Objectives

In May 2019, BTS Group Holdings (“BTSG” or the “Company”), a mass transit service provider in Thailand, issued green bonds to refinance electric mass transportation and infrastructure that meet the eligibility criteria of the BTSG Green Bond Framework.¹ In April 2020, BTSG engaged Sustainalytics to review the projects funded by the issued green bonds and to 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 bond projects include the refinancing of the following:

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

Schedule 1 provides details of the green bond projects and Disbursement of Proceeds.

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

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 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 Transport criteria of the Climate Bonds Standard.

¹ The BTSG Green Bond Framework is available on BTSG’s website at: <http://www.btsigroup.co.th/en/sustainability/green-bond>

Sustainalytics has relied on the information and the facts presented by BTSG 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 BTSG.

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 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 BTSG employees and review of relevant documentation to confirm the conformance of BTSG’s green bonds with the Programmatic 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 THB 13 billion from the BTSG green bonds, 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 2 projects funded by the green bond in 2019 to determine if Part A: General Requirements were met (See Schedule 2A and 2B). | All 2 projects reviewed complied with the General Requirements. | None |
| Compliance to Part B: Eligible Projects & Assets | Verification of 2 projects funded by the green bond in 2019 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. | All 2 projects fall under the Low Carbon Transport criteria and meet the Low Carbon Transport technical requirements. | 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 Nominated Projects 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 34.5-kilometre monorail system with 30 stations. The first station is located between Nonthaburi Civic Center and Khae Rai intersection on Rattanathibet road. At this station, the passengers can connect to the Purple Line mass transit system. Upon completion, the line will connect to the Dark Red Line at Lak Si station and the connection to an interchange of Pink Line and the Dark Green Line at Wat Prasrimahathat station. The terminal station is at Ramkhamhaeng-Rom Klao intersection that passengers can connect to the Orange Line. | Khae Rai-Min Buri | THB 6,500m |
| The Mass Rapid Transit Yellow Line | The yellow line is a 30.4-kilometre monorail system with 23 stations. The line originates at the interchange station with the Blue Line Initial System at Ratchada/Lat Phrao intersection. Passengers can connect to 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. Upon completion, the line will connect with the Green Line at Samrong station and ends at Pu Chao Saming Phrai road. | Lat Phrao-Samrong | THB 6,500m |

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 refinancing</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 use proceeds to refinance low carbon transport.</p> <p>4.2 BTSG's management confirms that the nominated projects meet the Eligibility Criteria.</p> <p>4.3 BTSG's management confirms that the Net Proceeds that have been allocated to the eligible project categories of the respective Green bond 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 2 Nominated Projects, related to electric mass transportation, electric feeder transportation and infrastructure.</p> <p>5.2 BTSG's management has confirmed that funds have been allocated to Nominated Projects within the first month of the issuance.</p> <p>5.3 BTSG's management has confirmed that all Net Proceeds of the bond were used for refinancing only.</p> <p>5.4 BTSG's management has confirmed that Net Proceeds of the bond shall be tracked by the Issuer following a formal internal process.</p> <p>5.5 BTSG's management has confirmed that the Net Proceeds of the bond shall be no greater than the total investment in the Nominated Projects or the Total Development Cost of the Nominated Projects.</p> | None |
| Verification of requirements specified under Non-Contamination of Proceeds | <p>6.1 BTSG's management confirms that the proceeds have been segregated and tracked in a systematic manner and were exclusively used to refinance Nominated Projects.</p> <p>6.2 BTSG's management confirms that the Net Proceeds have been allocated, and thus there are no unallocated proceeds.</p> <p>6.3 N/A</p> | None |
| Verification of requirements specified under Confidentiality | <p>7.1 BTSG's 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 BTSG's 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 BTSG's 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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Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports 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 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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