

Rating-Agentur Expert RA assessment confirmed the opinion that the JSC “Waste Management” Green Finance Framework is credible and impactful, aligned with the four core components of the Green Bond Principles 2018 and the Green Loan Principles. This opinion refers to the general Green Finance Framework of the JSC “Waste Management” (parent company) as well as to the Green Finance Framework applicable for the bond issue of the “RSB HMAO” Ltd. (subsidiary of the parent company), issued 19.12.2018 on the Moscow Stock Exchange (MOEX) with a nominal value of RUB 1,1 bn and maturity 12,5 years (Registration Number 4-01-00428-R).

This opinion is based on the following assessment:

Use of proceeds:

We confirm that the eligible projects for the use of funds derived from the bond issuance are well aligned with the Green Bond Principles 2018 (GBP 2018). The categories of the eligible projects are: waste management and eco-efficient and/or circular economy adapted products, production technologies and processes, which are both in line with the GBP 2018 and have a positive environmental impact.

Project evaluation/ selection:

In our view, the process of project evaluation and selection followed by the company in its Green Finance Framework (GFF) is in line with the GBP 2018 and fully complies with market expectations and best practices.

Management of proceeds:

We confirm that the management of proceeds is in line with the GBP 2018 taking into account current state of green finance practices in Russia. The management of proceeds is characterized by handling the funds through a special account. The disposal of these funds will be carried out under the supervision of a special institution called the “Representative of Bond Owners” and in accordance with the intended purpose of the attracted green funding. In particular, the funds from the bond issue at hand will be allocated to a specific concession project in the Khanty-Mansiysk Autonomous Okrug (Russian region) for the creation and operation of a facility for processing, neutralizing and disposing of waste in accordance with the prospectus for issuing green bonds.

Reporting:

The company plans to report on a quarterly and annual basis both in the areas of investment allocation and the general sustainability impact of these investments. The information, which will be reported regarding the use of proceeds includes the amount of investment, made and planned for each relevant project, and the description of each eligible project, as well as planned indicators of waste collection, waste disposal, recycling and the amount of goods produced from recycled

materials. The company has also committed to periodically report the environmental impact of the projects through relevant environmental impact indicators, which we consider adequate and corresponding to the market standards.

Report on the Second opinion of the “RSB HMAO” Ltd. is available at:

https://raexpert.eu/files/RSB_HMAO_SO_Report_19.12.2018.pdf

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Additional information:

This Second Opinion was based on the analysis of the information provided by the bond issuer as well as by its parent company. The following information was used: Project documentation for the waste field (technical construction documentation); Conclusion of the expert commission of the state environmental review of the project documentation; Minutes of public hearings of the state environmental review; Legal act on approval of the conclusion of the expert commission of the state environmental review of project documentation; Territorial planning scheme of Khanty-Mansiysk Autonomous Okrug; The license for subsoil use; Expert opinion on the results of sanitary-epidemiological expertise; Territorial waste management scheme of the Khanty-Mansiysk Autonomous Okrug; Project presentation and passport; Green finance framework and questionnaire filled in by the company; Prospectus of the bond issue; Official decision to issue securities (bonds); Presentation of the bond issuer; Financial statements of the issuer (RAS); Financial statements of the issuer (IFRS); Annual and quarterly reports of the parent company; open sources and media information.

The analysis was performed by the employees of the Rating-Agentur Expert RA GmbH (Frankfurt am Main, Germany):

- Hector Alvarez, Rating Associate;
- Vladimir Gorchakov, Rating Associate;

The additional analytical support for point 5 (Impact of proceeds from the Green Bond issuance) was provided by the group of companies "Shaneko"¹ ("Shaneco Design Institute") (Moscow, Russia), represented by the following employees:

- Alexander Ryabenko, Deputy Director General;
- Anna Kurchakova, Chief Project Engineer;
- Alexey Emmanuilov, Chief Specialist;
- Malakhaev Dmitry, II category engineer.

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Office responsible for preparing the opinion:

The office responsible for the preparation and issuance of this credit rating is the office of Rating-Agentur Expert RA GmbH in Frankfurt am Main, Germany.

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¹ <http://www.shaneco.ru/eng/>