



## SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Financing Framework

Connect 6ix  
24 October 2022

### VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none"><li>Green Bonds and Green Loans</li></ul>
Relevant standards	<ul style="list-style-type: none"><li>Green Bond Principles, as administered by the ICMA (as of June 2021 with June 2022 Appendix I)</li><li>Green Loan Principles, as administered by the LMA (as of February 2021)</li></ul>
Scope of verification	<ul style="list-style-type: none"><li>Connect 6ix Green Financing Framework (as of October 24, 2022)</li><li>Connect 6ix Selection Criteria Framework (as of October 24, 2022)</li></ul>
Lifecycle	<ul style="list-style-type: none"><li>Pre-issuance verification</li></ul>
Validity	<ul style="list-style-type: none"><li>As long as there is no material change to the Framework</li></ul>

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## SCOPE OF WORK

Connect 6ix (“the issuer” or the “consortium”) commissioned ISS Corporate Solutions (ICS) to assist with its Green Bonds and Green Loans by assessing three core elements to determine the sustainability quality of the instruments:

1. Connect 6ix’s Green Financing Framework (as of October 24, 2022) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP) and the Loan Market Association’s (LMA) Green Loan Principles (GLP).
2. The Selection 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. Green Bonds and Green Loans link to Connect 6ix’s sustainability strategy – drawing on Connect 6ix’s overall sustainability profile and issuance-specific Use of Proceeds categories.

## CONNECT 6IX BUSINESS OVERVIEW

The Ontario Infrastructure and Lands Corporations<sup>1</sup> (“Infrastructure Ontario”) issued a request for proposal (“RFP”) in conjunction with Metrolinx<sup>2</sup> (the “Contracting Authority”), for the design, build, finance, and maintenance of the Ontario Line – Rolling Stock, Systems, Operations, and Maintenance (“RSSOM”). Connect 6ix has been selected by Metrolinx and Infrastructure Ontario as the preferred team to deliver the RSSOM contract in September 2022<sup>3</sup>.

Connect 6ix is a consortium for the sole purpose of the Ontario Line project, which is located in Toronto, Ontario, and consists of an ~16km passenger rapid transit system that connects the Ontario Science Centre to the Exhibition and Ontario Place grounds. As the consortium only exists for the purpose of the activity described above and does not have a defined ESG profile, ISS assessed the ESG performance of the consortium members. The members of the consortium are: Plenary<sup>4</sup> (64.9%), Hitachi Rail STS<sup>5</sup> (20.1%), Webuild<sup>6</sup> (10%), and Transdev (5%).

<sup>1</sup> The Crown agency of the Province of Ontario supports the Ontario government’s initiatives to modernize and maximize the value of public infrastructure and real estate.

<sup>2</sup> An agency of the Government of Ontario under the Metrolinx Act, 2006, was created to improve the coordination and integration of all modes of transportation in the Greater Toronto and Hamilton Area.

<sup>3</sup> Metrolinx, September 2022, Preferred teams selected for two major Ontario Line contracts, <https://blog.metrolinx.com/2022/09/22/preferred-teams-selected-for-two-major-ontario-line-contracts/>

<sup>4</sup> Plenary is an investor, developer, and manager of public infrastructure, with a portfolio of 56 assets under management worth more than \$22 billion across North America. They have projects across all different kinds of public infrastructure markets such as education, water, utilities, health, transport, defense, etc.

<sup>5</sup> Hitachi Rail STS SpA engages in the design, construction, and operation of signaling and transport systems for above-ground and underground railways. It also focuses on being a main contractor and supplier of turnkey systems. The company was founded on June 9, 1995 and is headquartered in Genoa, Italy.

<sup>6</sup> Webuild SpA engages in the provision of construction services. It operates through the Construction and Concessions business segments. The Construction segment encompasses all projects relating to the construction of large-scale infrastructure, such as dams, hydroelectric plants, motorways, railways, metros, underground works, bridges, and similar works. The Concessions segment deals with its investments in subsidiaries and other investees, almost entirely abroad, which hold concessions mainly for the management of motorway networks, plants that generate energy from renewable sources, electricity transmission, integrated cycle water systems, and the management of non-medical hospital service activities. The company was founded in 1906 and is headquartered in Milan, Italy.

## ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>7</sup>
<b>Part 1: Alignment with GBP/GLP</b>	The issuer has defined a formal concept for its Green Bonds and Green Loans regarding use of proceeds, processes for project evaluation and selection, management of proceeds, and reporting. This concept is in line with the ICMA GBP and LMA GLP.	<b>Aligned</b>
<b>Part 2: Sustainability quality of the Selection Criteria</b>	The Green Bonds and Green Loans will finance eligible asset categories which include: Clean Transportation.  The Clean Transportation use of proceeds category has a significant contribution to SDG 13 'Climate Action' and a limited contribution <sup>8</sup> to SDG 7 'Affordable and Clean Energy'. The environmental and social risks associated with that use of proceeds category are well managed.	<b>Positive</b>
<b>Part 3: Green Bonds and Green Loans link to issuer's sustainability strategy</b>	The key sustainability objectives and the rationale for issuing Green Bonds and Green Loans are clearly described by the issuer. The project category financed is in line with the sustainability objectives of the issuer.  Moreover, it is worth noting that the Ontario Line project is aligned with the Province of Ontario's clean transportation strategy for addressing climate change in Ontario's Environment Plan <sup>9</sup> , published in November 2020 and updated in September 2022.	<b>Consistent with issuer's sustainability strategy</b>

<sup>7</sup> The evaluation is based on Connect 6ix's Green Financing Framework (October 24, 2022 version), on the analysed framework as received on October 24, 2022, on the ISS ESG Indicative Corporate Rating for Plenary updated on October 12, 2022, the Corporate Rating for Hitachi updated on the October 12, 2022, and Corporate Rating for Webuild updated on October 12, 2022, applicable at the SPO delivery date.

<sup>8</sup> A "limited contribution" assessment is a positive assessment that acknowledges the fact that (i) a given category of products or services (in this case, Clean Transportation) contributes to the achievement of one or more sustainable development goals (in this case SDGs 7) while (ii) putting into perspective that there might be more targeted products and services contributing to those SDGs, taking into consideration the effectiveness, the efficiency, the scale of the impact and potential negative (side-) effects related to the product.

<sup>9</sup> Province of Ontario, Ontario's Environment Plan, November 2020, Updated September 2022, <https://www.ontario.ca/page/made-in-ontario-environment-plan#section-5>

## SPO ASSESSMENT

### PART I: ALIGNMENT WITH GBP AND GLP

This section evaluates the alignment of the Connect Six Green Financing Framework (as of October 24, 2022, with the Green Bond Principles and the Green Loan Principles).

GBP, GLP	ALIGNMENT	OPINION
<b>1. Use of Proceeds</b>	✓	<p>The Use of Proceeds description provided by Connect Six’s Green Financing Framework is <b>aligned</b> with the Green Bond Principles and the Green Loan Principles.</p> <p>The issuer’s green category aligns with the project categories as proposed by the GBP and GLP, criteria are defined in a clear and transparent manner. All of the proceeds will be used to finance the Ontario Line project and Environmental and Social benefits are described and quantified (e.g. Improving access to transit for approximately 227,500 people and conserving approximately 7.2 million liters of fuel per year once complete).</p> <p>Additionally, Connect Six provided the rationale behind the transaction which is considered best market practice.</p>
<b>2. Process for Project Evaluation and Selection</b>	✓	<p>The Process for Project Evaluation and Selection description provided by Connect Six’s Green Financing Framework is <b>aligned</b> with the Green Bond Principles and the Green Loan Principles.</p> <p>The project selection process was predetermined, as it is a project selected by a predesignated selection process and the framework is designed by Connect Six to reflect the project to ensure it is eligible. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the project selected shows alignment with the sustainability strategy of the issuer.</p>
<b>3. Management of Proceeds</b>	✓	<p>The Management of Proceeds proposed in Connect Six’s Green Financing Framework is <b>aligned</b> with the Green Bond Principles and the Green Loan Principles.</p> <p>The net proceeds collected are equal to the amount allocated to an eligible project, with no exceptions. The net proceeds are deposited into a stand-alone account called the Bond Proceeds Escrow Account (“BPEA”) and</p>

		<p>attested in a formal internal process. The net proceeds are managed on an aggregated basis for multiple Green Bonds and Green Loans (portfolio approach). Moreover, the issuer discloses the temporary investment instruments for unallocated proceeds.</p>
<p><b>4. Reporting</b></p>	<p>✓</p>	<p>The allocation and impact reporting proposed by Connect 6ix's Green Financing Framework is <b>aligned</b> with the Green Bond Principles and the Green Loan Principles.</p> <p>The issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The report will be publicly available on Plenary's website (<a href="https://plenarygroup.com">https://plenarygroup.com</a>) until such time as the Issuer's website is operational. Connect 6ix 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.</p> <p>Additionally, Connect 6ix has committed to providing impact reporting and disclosed the frequency of reporting and level of information reported.</p>

## PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

### A. CONTRIBUTION OF THE GREEN BONDS AND GREEN LOANS TO THE UN SDGs

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.


#### 1. Products and services

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



Each of the Green Bonds and Green Loans Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Clean Transportation<sup>10</sup></b></p> <p><i>Expenditures or investments related to the construction, ownership, and operation of low-carbon passenger transportation along with supporting infrastructure including buildings, equipment, and systems dedicated to eligible Clean Transportation limited to the Ontario new subway infrastructure development described in the framework and financed by Connect6ix</i></p>	<b>Significant contribution</b>	

<sup>10</sup> While allocating their proceeds to the clean transportation project, the issuer will consider expenditures or investments likely to mitigate negative externalities related to the operations of the infrastructure on SDG 7 "Affordable and Clean Energy", 12 "Responsible Consumption and Production", and 13 "Climate Action".

- *Construction expenditures may include dedicated facilities and expenditures related to the production of low-carbon vehicles and rolling stock, as well as key components of eligible vehicles, such as batteries.*
- *Ownership and operation expenditures are related to the acquisition and maintenance of and/or upgrade to infrastructure for low-carbon transportation, including, for example, procurement of eligible vehicles or electric vehicle charging stations.*
- *Eligible vehicles and passenger transport systems must meet the following gCO<sub>2</sub>/p-km (passenger-kilometer) thresholds:*
  - *For rail transport: passenger electric rolling stock with zero direct emissions.*
  - *For low-carbon passenger vehicles: fleets (hybrid and electric vehicles) emitting less than 50 grams of CO<sub>2</sub> per passenger-kilometer (gCO<sub>2</sub>/p-km)*

*Expenditures or investments in supporting systems or equipment that reduce energy consumption or improve energy efficiency by 30% in supporting buildings, including, but not limited to: energy efficiency lighting such as LED, heating and cooling systems, ventilation, air conditioning (HVAC), software systems, and electrical equipment and software systems, and related roof improvements and sustainability-oriented construction materials (i.e. roof insulation and green roofing)*

*Expenditures or investments in the supporting construction, development, operation, acquisition, and maintenance of land, facilities, systems, or equipment aimed at, but not limited to: collection, treatment/remediation, recycling or reuse of emissions, waste, hazardous waste or contaminated soil, waste prevention, waste reduction, and waste recycling (i.e., compostable packaging)*

Limited  
contribution<sup>11</sup>



<sup>11</sup> A “limited contribution” assessment is a positive assessment that acknowledges the fact that (i) a given category of products or services (in this case, Clean Transportation) contributes to the achievement of one or more sustainable development goals (in this case SDGs 7) while (ii) putting into perspective that there might be more targeted products and services contributing to those SDGs, taking into consideration the effectiveness, the efficiency, the scale of the impact and potential negative (side-) effects related to the product.



## B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA

### Clean Transportation

The table below evaluates the Selection Criteria against issuance-specific KPIs. All the assets will be located in Ontario, Canada.

#### ASSESSMENT AGAINST KPIs

##### Prerequisite for Clean Transportation

- ✓ The Ontario Line project will not use fossil fuels or coal for their rolling stocks and trains.

##### Environmental aspects of construction (or production) and operation

- ✓ The Ontario Line project has undergone an Environmental and Social Impact Assessment which included an assessment of impacts and identification of mitigation measures for environmental components, such as air quality, noise & vibration, soil & groundwater, and socioeconomic & land use characteristics. The environmental impacts of the Ontario Line project are being assessed in accordance with Ontario Regulation 341/20: Ontario Line Project (O. Reg. 341/20), under the Environmental Assessment Act.
- ✓ Connect 6ix has measures in place systematically ensuring that assets financed under this framework meet high environmental standards and requirements during the construction and operation phases (e.g., noise mitigation, minimisation of environmental impact during construction work).
- ✓ Connect 6ix has policies in place systematically ensuring that comprehensive life-cycle assessments have been conducted on assets financed under this framework. Hitachi Rail will manage assembly, design, and procurement of components and, according to the issuer, Hitachi Rail realizes its LCAs following the indications of the aforementioned standards ISO 14040 and ISO 14044.
- ✓ Connect 6ix has policies in place systematically ensuring that assets financed under this framework meet high environmental standards and requirements in the supply chain. Hitachi Rail will manage supply chain risks and their Supplier Code of conduct covers relevant environmental standards such as: a formal environmental management system, structure and responsibilities, environmental programmes, and a data compilation system. However, the Supplier Code of Conduct does not include information on environmental training and awareness-raising. The supply chain policies apply to the legislative requirements to comply with the REACH/ROHS/RAEE regulations.

### On-site safety



The Ontario Line project is located in Canada which has high health and safety standards, ensuring that assets financed under this framework ensure health and safety for both passengers and operators (e.g., vigilance control, minimisation of noise exposure, accessibility). Additionally, operational vibrations from the train movement on the tracks will be monitored annually for at least 5 years of operation and the project schedule includes mitigation measures to mitigate against difficult execution parameters such as: prediction and assessment of operational noise and vibration to facilitate commissioning tests, phasing and coordination to move materials throughout the tunnel during linear guideway construction between stations and off-site material storage to quickly mobilize staging sites and lay-down areas when made available at handover dates.

### Labour, health, and safety



The Ontario Line project is located in Canada which has labour standards, ensuring that assets financed under this framework provide for high labour and health and safety standards for employees and volunteers.



Connect 6ix has policies in place systematically ensuring that assets financed under this framework meet high social standards and requirements in the supply chain. Hitachi Rail will manage supply chain risks, and their Supplier Code of Conduct covers relevant social standards such as: child labour, forced labour, freedom of association, discrimination, harassment, health and safety, wages, and working time.

### Community Dialogue



Connect 6ix has measures in place systematically ensuring that assets financed under this framework feature community dialogue as an integral part of the planning process. Community/public input was sought through the comment period of February through April 2022, as well as ongoing public engagement through 2024.

## PART III: GREEN BONDS AND GREEN LOANS LINK TO CONNECT 6IX'S SUSTAINABILITY STRATEGY

### A. ASSESSMENT OF THE SUSTAINABILITY PROFILES OF THE CONSORTIUM MEMBERS

***Methodological note:*** Please note that this is an assessment of the sustainability profiles of the individual members of the consortium that make up the members of Connect 6ix, for the sole purpose of the Ontario Line project, which is located in Toronto, Ontario, and consists of an ~16km passenger rapid transit system that connects the Ontario Science Centre to the Exhibition and Ontario Place grounds. Infrastructure Ontario, in conjunction with contractor Metrolinx, has issued an RFP for the design, build, finance, and maintenance of the Ontario Line, and has awarded Connect 6ix as the preferred team to deliver the RSSOM contract.

Consortium members are Plenary (64.9%), Hitachi Rail STS (20.1%), Webuild (10%), and Transdev (5%). As the consortium only exists for the purpose of the activity described above and does not have a defined ESG profile, ISS assessed the ESG performance of the consortium members. The assessment has been run at group level. As such, the below assessment does not reflect the sustainability profile of the Issuer (Connect 6ix).

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

#### A.1 ASSESSMENT OF PLENARY GROUP'S<sup>12</sup> ESG PERFORMANCE

##### *ESG risks associated with the consortium member's industry*

The consortium member is classified in the Construction 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
Labor standards and working conditions
Energy and resource efficiency
Impact on land use and biodiversity
Business Ethics
Protection of human rights and community outreach

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

<sup>12</sup> Plenary Group is an investor, developer, and manager of public infrastructure, with a portfolio of 76 assets under management worth more than \$47 billion across Australia, Canada, the U.S., and the UAE. They have projects across all different kinds of public infrastructure markets such as education, water, utilities, health, transport, defense, etc.

*ESG strengths and points of attention related to the consortium member’s disclosures*

Leveraging ISS ESG’s Research, the following strengths and points of attention<sup>13</sup> have been identified:

STRENGTHS	POINTS OF ATTENTION
The company facilitates anonymous and confidential non-compliance reporting and ensures whistleblowers’ protection.	The company provides measures to report ethical issues. However, a code of conduct for all its employees covering basic ethical issues such as corruption, antitrust violations, and conflicts of interest is not available
The company has disclosed its measure on biodiversity management as it has conducted Environmental Impact Assessments (EIA) for several projects in Canada and has committed to supporting Indigenous peoples and traditional livelihood, and community projects in Australia.	The company has reported some measures regarding energy efficiency, water use minimization, and waste reduction in construction sites/buildings. However, there is no indication of environmental performance data such as energy use by source and freshwater use. Further, reduction targets pertaining to energy and water use are also missing.
The company has a policy on nondiscrimination and conducts training to promote equal opportunities and diversity, for operations in Asia Pacific.	The company has not reported any information regarding its employees' and contractors' health and safety performance such as accident rate, fatalities, etc. Further, the company has not disclosed any supplier standards covering labor issues.
	The company has not reported its approach to community outreach and consultation and human rights due diligence procedures. Additionally, the company has not reported any measures/strategies on health and safety of users, inhabitants, and passers-by during construction.
	The company has stated some procedures for biodiversity management. However, having a policy or commitment to protect biodiversity and refrain from site selection in protected areas and/or areas of high biodiversity value is considered a best practice.

<sup>13</sup> Please note that Plenary 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 Construction 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.

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

### *Sustainability impact of products and services portfolio*

**Social Impact of Product Portfolio:** Plenary Group is an investor, developer, and manager of public infrastructure, with operations in North America and the Asia Pacific. The company has invested in projects related to building healthcare facilities and educational institutions; therefore, it contributes positively to the social sustainability objectives of ensuring health and delivering education. However, there is limited information available to estimate the size of its business portfolio contributing to achieving these SDGs

**Environmental Impact of Product Portfolio:** Plenary Group is an investor, developer, and manager of public infrastructure, with operations in North America and the Asia Pacific. The company is carbon neutral and is constructing green buildings certified to LEED. Therefore, it contributes positively to the environmental sustainable development goals (SDG) of promoting sustainable buildings and mitigating climate change. However, there is limited information available to estimate the size of its business portfolio contributing to achieving these SDGs. Leveraging ISS ESG's Sustainability Solutions Assessment methodology, the contribution of the consortium member'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 consortium member's production process.

### *Breaches of international norms and ESG controversies*

#### At consortium member level

At the date of publication and leveraging ISS ESG Research, no severe controversy in which the consortium member 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 Construction industry are as follows: Anti-competitive behavior, failure to respect the right to just and favorable conditions of work, and failure to assess environmental impacts.

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

## A.2 ASSESSMENT OF HITACHI'S<sup>14</sup> ESG PERFORMANCE

### *ESG risks associated with the consortium member's industry*

The consortium member is classified in the Industrial Conglomerates 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
Corruption prevention and business ethics
Worker safety and accident prevention
Product safety
Environmental impact of production processes
Environmental impact of products

### *ESG performance of the consortium member*








Leveraging ISS ESG's Corporate Rating research, further information about the consortium member's ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>.

Please note that the consistency between the issuance subject to this report and the consortium member'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 consortium member 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 consortium member's production process.

<sup>14</sup> Hitachi Ltd. engages in the manufacture and sale of electrical equipment. It operates through the following segments: Information Technology (IT), Energy, Industry, Mobility, Life, Hitachi High Technologies, Hitachi Construction Machinery, Hitachi Metals, Hitachi Chemicals and Others. The IT segment handles systems integration, consulting, control systems, cloud services, software, IT products such as storage and servers, and automated teller machines. The Energy segment pertains to power generation systems (nuclear power, renewable energy & thermal power) and power grid systems. The Industry segment covers industrial and distribution systems, water & environment systems, and industrial equipment. The Mobility segment includes building systems like elevators & escalators, and railway systems. The Life segment manages medical equipment; life & ecosystems such as refrigerator, washing machine, room & commercial air conditioner; automotive systems including powertrain system, chassis systems and advanced driving support systems. The Hitachi High Technologies segment covers medical & life science products, analytical equipment, semiconductor manufacturing equipment, manufacturing & inspection equipment, and advanced industrial materials. The Hitachi Construction Machinery segment handles hydraulic excavators, wheel loaders, mining machines, maintenance services, civil engineering solutions, and mine operation management systems. The Hitachi Metals segment manages special steel products, base material products, magnetic materials, power electronics, and wire materials. The Hitachi Chemicals segment covers functional materials (electronic materials, wiring board materials & electronic components), advanced components and systems (mobility materials, power storage devices & life science related products). The Others segment provides optical disc drives and real estate management services. The company was founded by Namihei Odaira in 1910 and is headquartered in Tokyo, Japan.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE <sup>15</sup>	DIRECTION OF IMPACT	UN SDGS
<b>Contribution: cloud services, key components for electric vehicles, key components for nuclear power plants, key components for renewable energy systems, rail transport (electric)</b>	10.5%	CONTRIBUTION	
<b>Cloud services, key components for electric vehicles, key components for renewable energy systems, rail transport (electric)</b>	8%	CONTRIBUTION	
<b>Key components for nuclear power plants, tools powered by combustion engines</b>	7.5%	OBSTRUCTION	
<b>Tools powered by combustion engines</b>	5%	OBSTRUCTION	
<b>Professional diagnostic and/or treatment devices</b>	3%	CONTRIBUTION	
<b>Key components for nuclear power plants</b>	2.5%	OBSTRUCTION	
<b>Products for crime prevention: acts against computer systems</b>	1%	CONTRIBUTION	

### *Breaches of international norms and ESG controversies*

#### At consortium member level

At the date of publication and leveraging ISS ESG Research, no severe controversy in which the consortium member 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 Industrial Conglomerates industry are as follows: Failure to prevent

<sup>15</sup> Percentages presented in this table are not cumulative.

water pollution, failure to respect consumer health and safety, and failure to assess environmental impact.

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

### A.3 ASSESSMENT OF WEBUILD'S<sup>16</sup> ESG PERFORMANCE

#### *ESG risks associated with the consortium member's industry*

The consortium member is classified in the Construction 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
Protection of human rights and community outreach
Business ethics
Impact on land use and biodiversity
Energy and resource efficiency
Labour standards and working conditions

#### *ESG performance of the consortium member*

Leveraging ISS ESG's Corporate Rating research, further information about the consortium member's ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>.







Please note that the consistency between the issuance subject to this report and the consortium member'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 consortium member'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 consortium member's production process.

<sup>16</sup> Webuild SpA engages in the provision of construction services. It operates through the Construction and Concessions business segments. The Construction segment encompasses all projects relating to the construction of large-scale infrastructure, such as dams, hydroelectric plants, motorways, railways, metros, underground works, bridges, and similar works. The Concessions segment deals with its investments in subsidiaries and other investees, almost entirely abroad, which hold concessions mainly for the management of motorway networks, plants that generate energy from renewable sources, electricity transmission, integrated cycle water systems, and the management of non-medical hospital service activities. The company was founded in 1906 and is headquartered in Milan, Italy.



PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE <sup>17</sup>	DIRECTION OF IMPACT	UN SDGS
<b>Construction of and/or related services for hydropower plants (&gt;10MW), construction of and/or related services for public transportation infrastructure</b>	45%	CONTRIBUTION	 
<b>Construction of and/or related services for hydropower plants (&gt;10MW)</b>	15%	OBSTRUCTION	
<b>Buildings certified to a comprehensive sustainable building standard</b>	5%	CONTRIBUTION	
<b>Construction of healthcare facilities</b>	1%	CONTRIBUTION	
<b>Construction of and/or related services for (waste) water treatment plants</b>	1%	CONTRIBUTION	

*Breaches of international norms and ESG controversies*

At consortium member level

At the date of publication and leveraging ISS ESG Research, no severe controversy in which the consortium member 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 Construction industry are as follows: Anti-competitive behaviour, failure to respect the right to just and favorable conditions of work, and failure to assess environmental impacts.

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

<sup>17</sup> Percentages presented in this table are not cumulative.

## B. CONSISTENCY OF GREEN BONDS AND GREEN LOANS WITH THE SUSTAINABILITY STRATEGY OF THE PROJECT

### *Key sustainability objectives and priorities defined by the issuer for the underlying project*

The issuer, Connect 6ix, was selected by Infrastructure Ontario and Metrolinx to deliver the RSSOM contract that contributes to Ontario's Environment Plan<sup>18</sup> which includes the following initiatives:

- Reducing the amount of waste that goes into landfills
- Keeping water safe and clean
- Ensuring high air quality standards
- Protecting natural spaces and species
- Addressing climate change
- Holding polluters accountable
- Support infrastructure development while ensuring environmental protection<sup>19</sup>
- Foster collaboration with government agencies to protect the environment and address climate change

Indeed, the RSSOM contract, as part of the Ontario Line Project, is supporting Ontario's Environment Plan to the extent that it is expected to have the following social and environmental impacts:

- The subway line aims to ease congestion on existing transit lines throughout the city
- Bringing new transit to underserved neighbourhoods
- Improving access to transit for approximately 227,500 people who live within a 10-minute walk of the project
- The project is set to reduce traffic congestion, greenhouse gas emissions, and fuel consumption by providing an alternative transportation option. It is estimated the project will remove 28,000 cars from the road per day and conserve ~7.2 million litres of fuel per year once complete. According to the EPA, this equates to avoiding ~17,000 metric tonnes of CO<sub>2</sub> each year<sup>20</sup>.

The Ontario Line project is also financially supported by the Province of Ontario via Ontario's Green Bond Framework to achieve the province's sustainability strategy. It is worth noting that the Province of Ontario is currently the largest issuer of Canadian dollar Green Bonds (with twelve green issuances totaling \$13.5 billion) and that Green Bonds have accounted for approximately four percent of the Province of Ontario's borrowing program each year.

<sup>18</sup> Province of Ontario, Ontario's Environment Plan, November 2020, Updated September 2022, <https://www.ontario.ca/page/made-in-ontario-environment-plan#section-5>

<sup>19</sup> In working to provide an integrated and sustainable transportation system the Province aims at preserving the environment (electric rail technology will be utilized across all new subway and light rail projects currently in progress).

<sup>20</sup> Source: US Environmental Protection Agency.

*Rationale for issuance*

These Green Financing instruments will allow the issuer to fund a project with environmental and social benefits, making it faster and easier for hundreds of thousands of people to get where they need to each day while supporting the Greater Toronto Hamilton Area and the Province of Ontario in the decarbonization of transportation.

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

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## ANNEX 1: Methodology

### Green KPIs

The Green Bond and Green Loan KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Connect 6ix’s Green Financing Framework.

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 and Green Loan.

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 and Green Loan KPIs.

The evaluation was carried out using information and documents provided on a confidential basis by Connect 6ix (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 Connect 6ix’s Green Bonds and Green Loans contributes to related SDGs has been identified.

## ANNEX 2: ISS ESG Corporate Rating Methodology

ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance (ESG) data and performance assessments.

For more information, please visit:

<https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf>

## ANNEX 3: Quality management processes

### SCOPE

Connect 6ix commissioned ICS to compile a Green Bond and Green Loan SPO. The Second Party Opinion process includes verifying whether the Green Financing Framework aligns with the Green Bond Principles and Green Loan Principles and to assess the sustainability credentials of its Green Bonds and Green Loans, as well as the issuer's sustainability strategy.

### CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles and LMA Green Loan Principles
- Key Performance Indicators relevant for Use of Proceeds categories selected by the issuer

### ISSUER'S RESPONSIBILITY

Connect 6ix's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the project 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 and Green Loans to be issued by Connect 6ix has been conducted based on a proprietary methodology and in line with the ICMA GBP and LMA GLP.

The engagement with Connect 6ix took place in October 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](mailto:SPOsales@isscorporatesolutions.com)

For more information on this specific Green Bonds and Green Loans SPO, please contact: [SPOOperations@iss-esg.com](mailto:SPOOperations@iss-esg.com)

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