



# Second-Party Opinion

## Hertz Green Finance Framework

### Evaluation Summary

Sustainalytics is of the opinion that the Hertz Green Finance Framework is credible, and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible category for the use of proceeds, Clean Transportation, is aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the zero direct emissions vehicles and EV charging infrastructure under the eligible category are expected to lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 11 – Sustainable Cities and Communities.



**PROJECT EVALUATION / SELECTION** Hertz’s internal process for evaluating and selecting projects is overseen by its Treasury team. Hertz has adopted internal policies and processes to address the environmental and social risks associated with the financed projects. This is in line with market practice.



**MANAGEMENT OF PROCEEDS** Hertz’s Treasury team will oversee the management of proceeds. Hertz intends to fully allocate the proceeds as soon as practicable, and in other cases, reach full allocation within 24 months of the issuance. Pending full allocation, net proceeds will be invested in cash or cash equivalents, or managed in accordance with Hertz’s liquidity and liability management processes and funding program needs. This is in line with market practice.



**REPORTING** Hertz intends to report on the allocation and impact of bond proceeds on its website through standalone reports, on an annual basis until the corresponding debt remains outstanding and has not matured or been pre-paid. The allocation reporting will include category-level or project-level details on the allocation of proceeds and the balance of unallocated proceeds. In addition, Hertz is committed to reporting on relevant impact metrics, where feasible. Sustainalytics views Hertz’s allocation and impact reporting as aligned with market practice.

**Evaluation date** February 13, 2023

**Issuer Location** Wilmington, Delaware, US

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## Introduction

Hertz Global Holdings, Inc. (“Hertz Holdings”) is the parent company of Rental Car Intermediate Holdings, LLC (the “Company”). The Hertz Corporation (“Hertz” or the “Issuer”) is a Delaware-based subsidiary of the Company and acts as the primary operating company of Hertz Holdings. As of December 31, 2022, the Issuer offers a global car rental business with approximately 11,600 company-operated and franchisee locations across approximately 160 countries and jurisdictions, including North America, Europe, Latin America, Africa, Asia, the Caribbean, the Middle East, Australia and New Zealand. Hertz also provides a network of airport and off-airport rental locations in key markets throughout the US and Europe.

Hertz has developed the Green Finance Framework dated February 2023 (the “Framework”) under which the Issuer and its subsidiaries and affiliates<sup>1</sup> intend to issue green bonds, including senior or subordinate notes and securitizations, such as asset-backed securities (ABS)<sup>2</sup> and variable funding notes, and green loans. Hertz will use the proceeds from these instruments to finance or refinance, in whole or in part, existing or future projects that are expected to expand Hertz’s electric vehicle (EV) capacity and develop EV charging infrastructure (the “Eligible Projects”). The Framework defines eligibility criteria in one area:

### 1. Clean Transportation

Hertz engaged Sustainalytics to review the Hertz Green Finance Framework and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)<sup>3</sup> and the Green Loan Principles 2021 (GLP).<sup>4</sup> The Framework has been published in a separate document.<sup>5</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>6</sup> opinion on the alignment of the Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.12, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Hertz’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Hertz representatives have confirmed: (1) they understand it is the sole responsibility of Hertz to ensure that the information provided with respect to the Framework is complete, accurate or up to date; and (2) that they have provided Sustainalytics with all relevant information to this opinion; and (3) that Hertz has provided or otherwise made

<sup>1</sup> Hertz has communicated that it owns or controls (more than 50% of shares) the subsidiaries issuing instruments under the Framework and that it has operational control over its affiliates. The Issuer has further confirmed that it will be responsible for ensuring continual alignment of any issuances with the criteria defined with the Framework.

<sup>2</sup> For ABS issuances, the Framework requires the Issuer to clearly distinguish between a secured green standard bond and a secured green collateral bond per the voluntary process guidelines published in June 2022 Appendix 1 of the GBP 2021. For such issuances, the Framework additionally requires: (i) the proceeds of a secured green standard bond to be allocated to the Eligible Projects; and (ii) the collateral underlying the securitization of a secured green collateral bond to align with the criteria in the Framework. Hertz commits to ensure no double-counting of Eligible Projects under the secured green standard bond, secured green collateral bond and any other outstanding green financing.

<sup>3</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>4</sup> The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

<sup>5</sup> The Green Finance Framework is available on Hertz Holdings’ website at: <https://ir.hertz.com/>.

<sup>6</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

available any information in the Framework requested by Sustainalytics in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Hertz.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Hertz is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Hertz has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Hertz Green Finance Framework

Sustainalytics is of the opinion that the Hertz Green Finance Framework is credible and impactful and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible category, Clean Transportation, is aligned with those recognized by the GBP and GLP.
  - Hertz has established a one-year look-back period for its refinancing activities, which Sustainalytics considers to be in line with market practice.
  - Under the Clean Transportation category, Hertz intends to finance expenditures related to: i) the purchase, leasing, service and operation of zero direct emissions passenger and light commercial vehicles; and ii) EV charging infrastructure.
    - Zero emissions vehicles may include battery EVs, fuel cell EVs that run on fuels such as hydrogen, and other future vehicles with zero tailpipe emissions. The Issuer has confirmed that it does not intend to finance any future zero emissions vehicles or technologies that allow the use of fossil fuel under the Framework. Sustainalytics considers the criteria for financing zero emissions vehicles to be aligned with market practice.
    - For expenditures related to EV charging infrastructure, Hertz has confirmed that parking lots will not be financed under the Framework. Sustainalytics views the criteria to be aligned with market practice.
- Project Evaluation and Selection:
  - Hertz's Treasury team will be responsible for the evaluation and selection of eligible projects per the criteria defined in the Framework.
  - Hertz has adopted internal policies and processes to address the environmental and social risks associated with the financed projects. For additional details, refer to Section 2.
  - Based on a well-defined project selection process and the Issuer's risk management processes, Sustainalytics considers this to be in line with market practice.
- Management of Proceeds:

- Hertz's Treasury team will be responsible for overseeing the allocation and tracking of proceeds.
- Hertz intends to fully allocate the net proceeds from each issuance as soon as practicable, and in other cases, achieve full allocation within 24 months of the respective issuance date.
- Pending full allocation, net proceeds will be temporarily invested in cash or cash equivalents or managed in line with the Issuer's liquidity and liability management processes and funding program needs.
- Based on the defined proceeds management approach, including allocation timeframe and temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - Hertz intends to report on the allocation and impact of the proceeds on its website, indicating exclusive allocation and impact reports for bonds and loans, on an annual basis until the corresponding debt remains outstanding, and has not matured or been pre-paid.
  - Allocation reporting will include project-level or category-level disclosure on the allocation of proceeds and the balance of unallocated proceeds.
  - Impact reporting is expected to be based on category-wide quantitative indicators, including i) number of zero emission vehicles financed; ii) CO<sub>2</sub> emissions avoided; and iii) number of EV charging stations.
  - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

#### **Alignment with Green Bond Principles 2021 and Green Loan Principles 2021**

Sustainalytics has determined that the Framework aligns with the four core components of the GBP and GLP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Program External Review Form.

## **Section 2: Sustainability Performance of Hertz**

### **Contribution of the Framework to Hertz Holdings' sustainability performance**

Sustainalytics is of the opinion that Hertz demonstrates a commitment to sustainability by focusing its sustainability strategy on four key areas: (i) governance, (ii) people and communities, (iii) environment and climate, and (iv) the Hertz fleet.

Sustainalytics highlights the following points of Hertz's sustainability initiatives for being particularly aligned with the Framework:

- Hertz has identified GHG emissions as a material issue and has set a target for 25% of its fleet to be electric by the end of 2024.
- The Issuer intends to invest in expanding its EV fleet, technology and charging infrastructure worldwide. In October 2021, Hertz committed to investing in Tesla vehicles and launched a partnership with Uber to enable renting of electric cars to drivers when using the Uber network in the next few years.<sup>7</sup>
- In February 2022, Hertz announced an investment in Ufodrive,<sup>8</sup> aiming to develop an all-digital and EV-centric rental service.<sup>9</sup>

Sustainalytics is of the opinion that the Hertz Green Finance Framework is aligned with the Issuer's overall sustainability initiatives and will further the Issuer's actions on its key environmental priorities.

### **Approach to managing environmental and social risks associated with the projects**

Sustainalytics recognizes that the net proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include

<sup>7</sup> Hertz, "Hertz Partners with Uber to Add Up to 50,000 Teslas to Uber Network by 2023", at: <https://newsroom.hertz.com/news-releases/news-release-details/hertz-partners-uber-add-50000-teslas-uber-network-2023>

<sup>8</sup> Ufodrive, "UFODRIVE Story", at: <https://www.ufodrive.com/en/about-us/story>

<sup>9</sup> Hertz, "Hertz Expands Global Electric Vehicle Commitment with New UFODRIVE Partnership", (2022), at: <https://newsroom.hertz.com/news-releases/news-release-details/hertz-expands-global-electric-vehicle-commitment-new-ufodrive>

occupational health and safety, community relations and stakeholder participation, and improper disposal of waste.

Sustainalytics is of the opinion that Hertz is able to manage or mitigate potential risks through implementation of the following:

- Hertz has a global sustainability policy in place that outlines its commitment to minimizing environmental and social impacts and acting responsibly in its business operations, including in relation to its customers and supply chain.<sup>10</sup>
- Hertz's Standards of Business Conduct mandate compliance with local regulations and internal processes to address issues related to workplace health and safety. The Issuer has confirmed that it will additionally ensure compliance with regulatory health and safety requirements for charging infrastructure projects financed under the Framework.<sup>11</sup>
- To address risks associated with community relations and stakeholder participation, Hertz conducts stakeholder ESG materiality assessment at regular intervals to identify stakeholder priorities. In 2021, Hertz conducted a stakeholder engagement project based on the GRI principle of "stakeholder inclusion", identifying priority ESG materiality topics for which it will develop company-wide goals and action plans.
- For managing risks associated with solid waste generated during the servicing and operations of EVs and electric charging infrastructure development, Hertz has developed a Waste Management and Recycling Policy and Program to reduce the amount of waste and hazardous materials that are destined for landfills and incineration facilities. The policy delineates a responsibility structure at each site and specifies the list of recyclable materials, including e-waste, as well as disposal methods and compliance requirements with local regulations.
- To address environmental and social risks throughout the supply chain, the Issuer has its own Supplier Code of Conduct, which sets requirements related to environmental protection, labour conditions, human rights, health and safety, and business ethics for all suppliers.<sup>12</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Hertz has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories in the Framework.

### Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with the four core components of the GBP and GLP. Sustainalytics has focused below on those where the impact is specifically relevant in the local context.

#### Importance of promoting EV fleets in achieving transition to a low-carbon economy in the US

The transportation sector accounted for 24% of global GHG emissions in 2019, with road vehicles responsible for nearly three-quarters of these emissions,<sup>13</sup> with passenger and freight demand expected to rise sharply in the coming years.<sup>14</sup> In the US, the transport sector accounted for 27% of all GHG emissions in 2020.<sup>15</sup> Meanwhile, the total number of vehicle miles travelled (VMT) of light-duty vehicles (passenger cars and light trucks) in the US increased by 30% between 1990 and 2020, due to increased demand for mobility, population growth, economic growth, urban sprawl, and low fuel prices,<sup>16</sup> and this number is projected to continue increasing at an average rate of 0.7% annually between 2019 and 2049.<sup>17</sup> In this scenario, EVs can contribute significantly to reducing GHG emissions from transportation in the US.<sup>18</sup>

<sup>10</sup> Hertz has shared its Sustainability Policy with Sustainalytics confidentially.

<sup>11</sup> Hertz, "Standards of Business Conduct", at: <https://hertz.gcs-web.com/static-files/5ac7bf6f-b010-4f33-bf79-f9f31943d3d1>

<sup>12</sup> Hertz, "Supplier Code of Conduct", at: <https://images.hertz.com/pdfs/supplier-code-conduct.pdf>

<sup>13</sup> IEA, "Transport – Improving the sustainability of passenger and freight transport", (2020), at: <https://www.iea.org/topics/transport>

<sup>14</sup> IEA, "Transport Improving the sustainability of passenger and freight transport", at: <https://www.iea.org/topics/transport>

<sup>15</sup> US Environmental Protection Agency, "Sources of Greenhouse Gas Emissions", at: <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions#:~:text=The%20primary%20sources%20of%20greenhouse,share%20of%20greenhouse%20gas%20emissions>.

<sup>16</sup> Ibid.

<sup>17</sup> US Federal Highway Administration, "FHWA Forecasts of Vehicle Miles Traveled (VMT): Spring 2021", (2021), at:

[https://www.fhwa.dot.gov/policyinformation/tables/vmt/vmt\\_forecast\\_sum.cfm#:~:text=FHWA%27s%20Spring%202021%20long%2Dterm,over%20the%20next%2030%20years](https://www.fhwa.dot.gov/policyinformation/tables/vmt/vmt_forecast_sum.cfm#:~:text=FHWA%27s%20Spring%202021%20long%2Dterm,over%20the%20next%2030%20years).

<sup>18</sup> US Environmental Protection Agency, "Green Vehicle Guide, What If One of Your Cars was Electric?", at: <https://www.epa.gov/greenvehicles/what-if-one-your-cars-was-electric>

In 2021, the US government established a national target to have 50% of all new passenger cars and light trucks sold to be zero-emission vehicles in 2030.<sup>19</sup> In 2022, the US government also launched the National Electric Vehicle Infrastructure Formula Program and announced a USD 5 billion investment over the next five years to support creating a network of EV charging stations across the country.<sup>20</sup> In this context, Hertz investments in EVs are expected to contribute to reducing the use of private vehicles, minimizing road congestion and improving the environmental performance of the transport sector in large American cities.<sup>21</sup>

Considering the importance of the transport sector in regard to GHG emissions in the US, Sustainalytics is of the opinion that Hertz's financing of zero-emission vehicles and associated infrastructure is expected to contribute to the reduction of GHG emissions from the sector and thus contributes to the country's transition to a low-carbon economy.

#### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The instruments issued under the Framework are expected to help advance the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

## Conclusion

Hertz has developed the Hertz Green Finance Framework under which it may issue green bonds, loans and other instruments and use the proceeds to finance clean transportation projects. Sustainalytics considers that the projects funded with proceeds from these instruments are expected to provide positive environmental impact.

The Framework outlines a process by for tracking, allocating and managing proceeds, and makes commitments for Hertz to report on their allocation and impact. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the Issuer and that the green use of proceeds is expected to contribute to the advancement of the UN Sustainable Development Goal 11. Additionally, Sustainalytics is of the opinion that Hertz has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the Eligible Projects.

Based on the above, Sustainalytics is confident that Hertz Holdings is well positioned to issue green bonds, and other instruments and that the Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021.

<sup>19</sup> The White House, "Executive Order on Strengthening American Leadership in Clean Cars and Trucks", (2021), at: <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/08/05/executive-order-on-strengthening-american-leadership-in-clean-cars-and-trucks/>

<sup>20</sup> US Department of Energy, "President Biden, DOE and DOT Announce \$5 Billion over Five Years for National EV Charging Network", at: <https://www.energy.gov/articles/president-biden-doe-and-dot-announce-5-billion-over-five-years-national-ev-charging>

<sup>21</sup> Adamczak, M. et al. (2020), "Analysis of incentives to eco-driving for car rental companies' customers", Sustainability, at: <https://www.mdpi.com/2071-1050/12/24/10579/pdf>

## Appendix

### Appendix 1: Green Bond / Green Bond Program - External Review Form

#### Section 1. Basic Information

<b>Issuer name:</b>	The Hertz Corporation
<b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:</b>	Hertz Green Finance Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	February 13, 2023
<b>Publication date of review publication:</b>	

#### Section 2. Review overview

##### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

##### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):                       |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

##### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

#### 1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible category for the use of proceeds, Clean Transportation, is aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the zero direct emissions vehicles and EV charging infrastructure under the eligible category are expected to lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 11 – Sustainable Cities and Communities.

#### Use of proceeds categories as per GBP:

- |   |  |
|---|--|
| <input type="checkbox"/> Renewable energy   | <input type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control   | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation  | <input checked="" type="checkbox"/> Clean transportation   |
| <input type="checkbox"/> Sustainable water and wastewater management  | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                            | <input type="checkbox"/> Green buildings   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other ( <i>please specify</i> ):  |

If applicable please specify the environmental taxonomy, if other than GBP:

#### 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

Hertz's internal process for evaluating and selecting projects is overseen by its Treasury team. Hertz has adopted internal policies and processes to address the environmental and social risks associated with the financed projects. This is in line with market practice.

#### Evaluation and selection

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- Summary criteria for project evaluation and selection publicly available
- Other (*please specify*):

#### Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
- In-house assessment
- Other (*please specify*):

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Hertz's Treasury team will oversee the management of proceeds. Hertz intends to fully allocate the proceeds as soon as practicable, and in other cases, reach full allocation within 24 months of the issuance. Pending full allocation, net proceeds will be invested in cash or cash equivalents, or managed in accordance with Hertz's liquidity and liability management processes and funding program needs. This is in line with market practice.

#### Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

#### Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Other (*please specify*):

### 4. REPORTING

Overall comment on section (*if applicable*):

Hertz intends to report on the allocation and impact of bond proceeds on its website through standalone reports, on an annual basis until the corresponding debt remains outstanding and has not matured or been pre-paid. The allocation reporting will include category-level or project-level details on the allocation of proceeds and the balance of unallocated proceeds. In addition, Hertz is committed to reporting on relevant impact metrics, where feasible. Sustainalytics views Hertz's allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**

- Project-by-project
  On a project portfolio basis  
 Linkage to individual bond(s)
  Other (please specify):

**Information reported:**

- Allocated amounts
  Green Bond financed share of total investment  
 Other (please specify): Balance of unallocated proceeds

**Frequency:**

- Annual
  Semi-annual  
 Other (please specify):

**Impact reporting:**

- Project-by-project
  On a project portfolio basis  
 Linkage to individual bond(s)
  Other (please specify):

**Information reported (expected or ex-post):**

- GHG Emissions / Savings
  Energy Savings  
 Decrease in water use
  Other ESG indicators (please specify): Number of zero-emission vehicles financed; Number of EV charging stations

**Frequency**

- Annual
  Semi-annual  
 Other (please specify):

**Means of Disclosure**

- Information published in financial report
  Information published in sustainability report  
 Information published in ad hoc documents
  Other (please specify): Standalone reports published on the Issuer's website  
 Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

**Review provider(s):**

**Date of publication:**

**ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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