

The Hertz Corporation

Type of Engagement: Annual Review

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Engagement Team:

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Introduction

In March 2023, Hertz Vehicle Financing III LLC (“Hertz” or the “Issuer”)¹ issued green bonds² – Hertz Vehicle Financing III LLC Series 2023- 1 and Hertz Vehicle Financing III LLC Series 2023- 2 – raising USD 500 million and USD 300 million, respectively, to finance or refinance clean transportation projects (the “2023 Issuances”). In January 2024, Hertz engaged Sustainalytics to review the projects financed with proceeds from the 2023 Issuances (the “Nominated Projects”) and provide an assessment as to whether the projects met the use of proceeds criteria, and the reporting commitments outlined in the Hertz Green Finance Framework dated February 2023 (the “Framework”).³ Sustainalytics provided a Second-Party Opinion on the Framework in February 2023.⁴

Evaluation Criteria

Sustainalytics evaluated the Nominated Projects based on whether they:

1. Met the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Clean Transportation	<ul style="list-style-type: none"> • Expenditures related to the purchase, leasing, service, and operation of the below zero-emissions vehicles: <ul style="list-style-type: none"> ▪ Battery Electric Vehicles (BEVs) ▪ Fuel Cell Electric Vehicles (FCEVs) running on low-carbon fuels such as hydrogen ▪ Other future vehicles with zero tailpipe emissions • Financing of projects related to the installation of electric vehicle charging infrastructure. 	<ul style="list-style-type: none"> • Number of zero-emission vehicles financed • CO₂ emissions avoided • Number of electric vehicle charging stations

Issuer’s Responsibility

Hertz is responsible for providing accurate information and documentation relating to the details of the funded projects, including descriptions of projects, amounts allocated and project impact.

¹ Hertz has communicated to Sustainalytics that the Issuer is a subsidiary of The Hertz Corporation, which has operational control over the Issuer to ensure continual alignment with the criteria defined in the Framework.

² The Issuer has communicated to Sustainalytics that the issued bonds are secured standard bonds and that it has ensured no double counting of the securitized assets with other green and sustainability-labelled issuances.

³ The Hertz Corporation, “Hertz Green Finance Framework”, (2023), at: <https://ir.hertz.com/static-files/e1bcef31-a3d4-4a68-ba3d-c2cf3d9ebd97>

⁴ Sustainalytics, “Second-Party Opinion, Hertz”, (2023), at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/hertz-global-holdings-inc/hertz-green-finance-framework-second-party-opinion-\(2023\)/hertz-green-finance-framework-second-party-opinion-\(2023\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/hertz-global-holdings-inc/hertz-green-finance-framework-second-party-opinion-(2023)/hertz-green-finance-framework-second-party-opinion-(2023))

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from Hertz's 2023 Issuances. The work undertaken as part of this engagement included collection of documentation from Hertz and review of said documentation to assess conformance with the Hertz Green Finance Framework.

Sustainalytics relied on the information and the facts presented by Hertz. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Hertz.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁵ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Hertz Green Finance Framework. Hertz has disclosed to Sustainalytics that the proceeds from the 2023 Issuances were fully allocated as of March 2023.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Projects funded by the 2023 Issuances to determine if projects aligned with the use of proceeds criteria outlined in Table 1 and in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the Nominated Projects funded with proceeds from the 2023 Issuances to determine if impact of projects was reported in line with the KPIs outlined in Table 1 and in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

⁵ Sustainalytics' limited assurance process includes reviewing the documentation relating to the details of the funded projects, such as the descriptions of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation and Reported Impact

Use of Proceeds Category	Project Description	Expected Environmental Impact Reported	Issuance	Net Proceeds Allocation (USD million)
Clean Transportation	The purchase of zero-emission vehicles	57,504 tCO ₂ e emissions avoided	Hertz Vehicle Financing III LLC Series 2023-1	500
			Hertz Vehicle Financing III LLC Series 2023-2	300
Total Amount (USD million)				800

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The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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