

# INDEPENDENT LIMITED ASSURANCE REPORT

- ▶ **EGE HAINA**
- ▶ **Barahona, Dominican Republic.**
- ▶ **July 2020**



## TABLE OF CONTENTS

1. Introduction.....	3
2. Assurance Scope.....	3
3. Performed Procedures.....	3
4. Conclusion.....	3
5. Limitations of Assurance Engagement.....	4
6. Independence and Quality Control.....	4
7. Issuers' Responsibility.....	4
8. Verifier's Responsibility.....	4
9. Annex A: List of Nominated Projects & Assets.....	6
10. Annex B: Climate Bonds Standard Version 3.0 Pre-Issuance....	6

### ▶ **Verification details**

TYPE OF ENGAGEMENT: ASSURANCE ENGAGEMENT  
ELECTRICITY GENERATION FACILITIES CRITERIA OF THE CLIMATE BONDS STANDARD  
PERIOD ENGAGEMENT WAS CARRIED OUT: JULY 2020.  
APPROVED VERIFIER: PACIFIC CORPORATE SUSTAINABILITY – PACIFIC CREDIT RATING GROUP  
PRE-ISSUANCE ENGAGEMENT LEADER: SANDRA CARRILLO SCARRILLO@PCSLATAM.COM.



## 1. Introduction

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This is an independent pre-issuance assurance report of the proposed US Dollar denominated securities aggregating up to US\$ 100,000,000.00 (“Green Securities”) by EMPRESA GENERADORA DE ELECTRICIDAD HAINA, S.A. (EGE Haina), located in Avenue Lope de Vega N°29, Torre Novo-Centro, 17 Floor, Santo Domingo City, Dominican Republic (“Issuer”) in accordance with the pre-issuance requirements of “Limited Assurance” under Climate Bonds Standard Version 3.0.

## 2. Assurance Scope

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The objective of this assurance engagement is to obtain a Limited Assurance level of the internal procedures generated by EGE Haina to comply with the requirements of The Green Bonds Principles published by International Capital Market Association, the Climate Bonds Standard Version 3.0 and the Sector Criteria for Solar and Wind projects published by Climate Bonds Initiative. The following principles have been included in the assessment:

1. Use of Proceeds.
2. Process for Project Evaluation and Selection.
3. Management of Proceeds.
4. Reporting.

## 3. Performed Procedures

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Procedures undertaken for this verification included interviews with key staff and reviews of internal and public documents have been carried on the following aspects:

- PCS’s review included an examination of the relevant procedures, policies, and processes, as well as verification of the data provided by the issuer.
- The issuer provided an overview over the project nominated and the relevant processes and documentation regarding the proceeds (e.g. use of proceeds, management of proceeds) to PCS.
- The issuer filled in a questionnaire that covers all criteria of the Climate Bonds Standard V.3.
- The issuer provided background documents that elaborate further on the information mentioned in the questionnaire.
- Using the questionnaire and background documents, PCS carried out an assessment of the CBI criteria. In case any answers were unclear, PCS contacted the issuer for more details and clarification.

## 4. Conclusion

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Based on the limited assurance procedures conducted and evidence obtained, PCS states the following conclusion about EGE Haina Green Securities in relation to the wind and solar energy operations in Dominican Republic, much must be read in the subject matter and the limitations of our assurance engagement:

Nothing has come to our attention that causes us to believe that the EGE Haina Green Securities, in terms of use of proceeds, process or evaluation and selection, internal processes and controls for the management of

proceeds and reporting prior to issuance, does not meet with the requirements of The Green Bond Principles, the Climate Bonds Standard Version 3, the Solar Sector Eligibility Criteria (Version 2.1) and Wind Sector Eligibility Criteria (Version 1.1) published by Climate Bonds Initiative.

## 5. Limitations of Assurance Engagement

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This assurance engagement was limited to the Pre-Issuance of the EGE Haina's Green Securities; therefore, our procedures did not constitute an examination or evaluation of the following:

- Data and information beyond the defined reporting boundary and period.
- Credit rating and financial performance and of the prospective issuer.
- Environmental, social, or governance impact of the proposed projects/investments, except to the extent required for compliance with Climate Bonds Initiative Version 3.0.

## 6. Independence and Quality Control

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As an approved verifier by the Climate Bonds Initiative, PCS ensures that the results of the independent Pre-Issuance Verification Report are of the highest quality and reflect an impartial review process of Climate Bonds Standards Version 3.0.

PCS carried out Limited Assurance procedures in accordance with the International Standard on Assurance Engagements (ISAE 3000) established by the International Auditing and Assurance Board (IAASB) of the International Federation of Accountants (IFAC).

PCS nor any member of the verifier team is involved in any way in the issuance or management of Green Securities. PCS has applied internal procedures to confirm no conflicts of interest for this verification engagement.

## 5 Issuers' Responsibility

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EGE Haina was responsible for providing information and preparing the Framework for Green Securities relating to:


- The details concerning the selection process for the nominated projects.
- The details of the nominated projects and methodology applied.
- The management systems for internal processes and controls for nominated projects.
- The details of commitments for reporting prior to issuance, including investment areas, management of unallocated proceeds and frequency of periodic Assurance Engagements.

## 6 Verifier's Responsibility

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The work undertaken by PCS as part of this Limited Assurance Engagement of Climate Securities Certification Pre-Issuance Requirements included the assessment of the following:

- Conformance of EGE Haina's green securities with the Climate Bonds Standard Version 3.0.
- Conformance with the Technical Criteria on Solar and Wind Energy.
- Conformance with the Internal Processes & Controls requirements.
- Conformance with Reporting Prior to Issuance requirements.



**Sandra Carrillo**

General Manager of Pacific Corporate Sustainability (PCS)

Pacific Credit Rating Group

## Annex A: List of Nominated Projects & Assets

The proceeds of Green Securities are used for refinancing existing long-term debt of the Issuer and meeting expenses towards the capital expenditure of the project including related and ancillary expenditures, with regard to “Larimar I”, a 49.5 MW wind farm located in Enriquillo Region, Dominican Republic, which is operating since 2016 and “Girasol 1” a 120 MW photovoltaic (PV) power plant which is in development and will be operating in 2021, located in Baní, Peravia province, Dominican Republic. Additionally, EGE Haina has identified 461 MW potential energy generation projects through solar and wind sources that are in various stages of development.

## Annex B: Climate Bonds Standard Version 3.0 Pre-Issuance

### Certification Checklist

Item	Section	Clause	Assurance procedures	Compliance
1	USE OF PROCEEDS	1.1	<p>According to the Green Securities Framework, the net proceeds of Green Securities will be used for refinancing of existing long-term debt of the Issuer and meeting expenses towards the capital expenditure of the project including related and ancillary expenditures pertaining “Larimar I”, a 49.5 MW wind farm located in Enriquillo Region, which is operating since 2016 and “Girasol 1” a 120 MW photovoltaic (PV) power plant which is in development and will be operating in 2021, located in Baní, Peravia province. Additionally, EGE Haina has identified 461 MW potential energy generation projects through solar and wind sources that are in various stages of development.</p> <p>The Nominated Projects &amp; Assets conform to Eligible Electricity and Heating Production Project for Photovoltaic and Wind generation facilities.</p>	Meets
		1.2.	<p>EGE Haina confirmed that the foreseen net income of the issuance will not be greater than the total exposure of the issuer's investment to the proposed projects and Nominated Assets.</p> <p>Resources obtained from this issuance will be assigned to the refinancing structure of the plant.</p>	Meets
		1.3	EGE Haina confirmed that the project has not been nominated for other climate finance tools: certificates, climate loans, certified climate debt instruments, green bonds, green loans, or other labeled instruments (such as social bonds or SDG bonds).	Meets
		1.3.1		
		1.3.2		

Item	Section	Clause	Assurance procedures	Compliance
2	PROCESS FOR EVALUATION AND SELECTION OF PROJECTS AND ASSETS	2.1	EGE Haina has established a documented process to nominate eligible projects and assets associated with this issuance based on environmental objectives and criteria, and compliant with relevant sector eligibility criteria of the Climate Bond Standards.	Meets
		2.1.1	EGE Haina exhibits a strong commitment to mitigate climate change and achieve the Sustainable Development Goals. The projects will result in emissions reductions of 604,625 tCO <sub>2</sub> e on average per year.	Meets
		2.1.2	EGE Haina operations uses renewable solar and wind energy, replacing other non-renewable energy sources in the Dominican electricity grid, therefore contributing to diversifying the country energy matrix so it can advance on its objectives of greater access to energy efficiency, energy security and decarbonization of the system as central aspects of the Dominican climate strategy.  This issuance contributes to the Strategic Plan of The Dominican Government that has cited the intention to reduce its Greenhouse Gas emissions by 25% by 2030.	Meets
		2.1.3	EGE Haina maintains its commitment to climate change mitigation and sustainable development goals. The Issuer, EGE Haina intends to use 100% of the proceeds for refinance eligible Green Project (Solar, wind, and associated transmission infrastructure).	Meets
		2.1.4	Processes to determine whether the Nominate Projects and Assets meet the eligibility requirements specified in the Part C of the CBI Standards v.3. are in place.	Meets
		2.2	EGE Haina aspects of the decision-making process are described in 2.2.1, 2.2.2 and 2.2.3.	
		2.2.1	To ensure a diligent project evaluation and selection process, EGE Haina has identified renewable energy project criteria and compliance with good potential environmental and social risks associated with the project.	Meets
		2.2.2	Larimar I holds certifications under the VCS standard for the period 2016-2019, resulting in a total of 467,625.16 tCo <sub>2</sub> e avoided in that period.	Meets
		2.2.3	EGE Haina has assessed that all proposed Nominated Projects & Assets meet the documented objectives as stated under Clause 2.1.1 and are likely to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard, as PCS has put in place a diligent project evaluation and selection process. (See 2.2.1).	Meets

Item	Section	Clause	Assurance procedures	Compliance
		3.1	The net proceeds are appropriately tracked by EGE Haina and documented (see points 3.1.1., 3.1.2., and 3.1.3.).	Meets
		3.1.1	The net proceeds will be appropriately tracked by EGE Haina and documented.	Meets
		3.1.2	Unallocated Net Proceeds will be managed in compliance with the requirements in Clause 7.3. of CBI standards: Unallocated	Meets

			proceeds will be held in any form of cash, bank deposit or other form of available current financial asset.	
		<b>3.1.3</b>	EGE Haina has an earmarking process reflected in the management of a project list, which will be published in the annual Green Securities Impact Reporting.	Meets

Item	Section	Clause	Assurance procedures	Compliance
		<b>4.1</b>	EGE Haina Green Securities Framework will be found here: <a href="https://www.egehaina.com">https://www.egehaina.com</a>	Meets
		<b>4.1.1</b>	a. The issuer will base its management system on the ICMA (International Capital Market Association) Green Bond Principles and the Climate Bonds Standard version 3.0 standards. b. Likewise, EGE Haina has certifications of emission reductions from the Larimar I park under the VCS standard for the period 2016-2019, resulting in a total of 467,625.16 tCo2e avoided in that period.	Meets
		<b>4.1.2</b>	PCS confirms that EGE Haina's Green Securities Framework includes a summary of the expected use of proceeds' contribution to achieve the goals of the Paris Agreement.	Meets
		<b>4.1.3</b>	PCS confirms that EGE Haina Green Securities Framework includes a descriptive decision-making process to ensure a diligent project evaluation and selection process as stated in 2.1.	Meets
		<b>4.1.4</b>	PCS confirms that EGE Haina Green Securities Framework includes a description of the relevant Sector Eligibility Criteria, as well as relevant impact metrics, on which EGE Haina intends to report on.	Meets
		<b>4.1.5</b>	PCS confirms that EGE Haina's Green Securities Framework clearly states the approach used to managed unallocated net proceeds.	Meets
		<b>4.1.6</b>	EGE Haina will prepare a report with the detail of the total allocation of proceeds (including a breakdown by project category and revenue allocation). The company will annually publish a set of sustainability indicators to inform about the project's contributions to environmental development. The indicators are described in the Green Securities Framework.	Meets
		<b>4.1.7</b>	There are no limits specified on the amount of information that can be submitted for the nominated project.	Meets
		<b>4.1.8</b>	According to the informative prospectus, the net proceeds will be invested during the term of the green securities issuance and will be used to refinance current debt, finance project costs and working capital.	Meets
		<b>4.2</b>	Ege Haina Disclosure Documentation meets the criteria defined by the CBI Standards Version 3.	Meets
		<b>4.2.1</b>	EGE Haina indicated that it seeks to promote the establishment, acquisition, expansion and / or ongoing management of an onshore wind and solar energy facility, transmission infrastructure and other supporting infrastructure for onshore wind and solar farm electricity generation facilities, energy storage systems and systems of control, operational production	Meets

Item	Section	Clause	Assurance procedures	Compliance
			or manufacturing facilities fully dedicated to the development of wind and solar energy and thermal solar installations on land.	
		<b>4.2.2</b>	EGE Haina's Prospectus will state the intended types of temporary investment instruments for the management of unallocated Net Proceeds.	Meets
		<b>4.2.3</b>	EGE Haina's Prospectus will state that issuances are backed by two layers of external reviews to ensure maximum transparency and certainty for investors: - Layer one, Second Party Opinion by PCS - Layer two, CBI Verification	Meets
		<b>4.2.4</b>	EGE Haina's Reports will state that EGE Haina will reaffirm conformance with the Climate Bonds Standard while the Green Securities remains outstanding and will be available onto their website.	Meets
		<b>4.2.5</b>	EGE Haina confirmed that the prospectus or final terms will include a CBI disclaimer provided in the Certification Agreement.	Meets





### Disclaimer

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### About Pacific Corporate Sustainability (PCS)

PCS has the objective of integrating sustainability standards into business strategies, based on global trends with potential investors and society. PCS belongs to Pacific Credit Rating Group (PCR), the only rating group with a real and direct international presence in Latin America, with 27 years of experience providing quality service in the region.

The PCR Group is a signatory member of the Principles of Responsible Investment promoted by the United Nations, being the only Latin American rating group that is part of the Financial Rating Agencies Initiative at a global level. It has also been recognized as a supporting institution for the Financial Initiative of the United Nations Environment Program (UNEP FI) to promote sustainable finance.

PCR Group has been certified by the Climate Bonds Standard Board as an approved verifier organization since March 2020. This accreditation has reinforced its commitment to promote sustainable finance in the region, highlighting the generation of awareness and benchmarking of good practices.

