

PRE-ISSUANCE VERIFICATION REPORT

Pre-issuance verification based on Climate Bonds Standard version 3.0

By VIGEO EIRIS
For FRV's 2020 Green Loan Framework
July 2020

SCOPE

Fotowatio Renewable Ventures (FRV - hereafter "the Borrower") is considering the issuance of its Green Loan (the "Loan") and intends to use the proceeds to finance one solar energy generation project (the "Selected Project"), namely: San Servan Project. In this context, Vigeo Eiris (the "Verifier") has been commissioned by the Borrower, as an independent third-party provider approved by the Climate Bonds Standards Board, to perform the Pre-Issuance Verification of the Loan. This verification has been conducted in accordance with the Climate Bonds Standard (CBS) version 3.0 (i.e. Part A: General requirements to be applied for all Climate Bonds and Loans, Part B: Climate Bonds Initiative Solar Standard Version 2.1).

The work undertaken by Vigeo Eiris to form this verification statement included:

- Planning and management of the verification
- Desk review of the Loan and associated documentation provided by the Borrower
- Assessment of evidences provided by FRV against the Climate Bonds Standards 3.0 and Climate Bonds Initiative Solar Standard Version 2.1
- Internal quality control on the assurance report and conclusions
- Provision of Vigeo Eiris' report of factual findings

We have conducted our pre-issuance verification between July 15th and July 28th, 2020. The methodology, criteria, findings and assurances addressed by this Agreed-Upon procedure are in accordance with relevant general principles & professional standards of independent auditing, in line with the International Standard on Related Services 4400 (ISRS 4400).

RESPONSIBILITIES OF THE BORROWER AND OF VIGEO EIRIS

This statement relies on the information provided by the Borrower to the Verifier: documentation and explanations presented during the assessment, based on the understanding that this information was provided to Vigeo Eiris in good faith. Vigeo Eiris has not performed any audit nor other test to check the accuracy of the information provided by the Borrower.

The Borrower is fully responsible for attesting the compliance with its commitments, for their implementation and their monitoring, and for the information provided.

SUMMARY OF FACTUAL FINDINGS

The proceeds from the Loan will be allocated to one solar project, for which environmental objectives have been set in the FRV Green Loan Framework (the last updated version was provided to Vigeo Eiris on July 27th, 2020). These proceeds will be used to finance and/or refinance, in full or in part, the Selected Project. The Selected Project falls in the 'Solar' classification under 'Energy' head of Climate Bonds Taxonomy and fills in the applicable sector-specific technical criteria for sector-specific standards. The Borrower took the commitment to review the Loan after one year to reaffirm conformance with the Climate Bonds Standard.

This Report of factual findings is valid as of the date of issuance, limited to the Selected Project, for the Borrower's 2020 Green Loan. It is provided by Vigeo Eiris to the Borrower and the Climate Bonds Initiative.

Paris, July 28th, 2020

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Disclaimer

Transparency on the relation between Vigeo Eiris and the Borrower: Vigeo Eiris has not conducted any consulting nor audit mission for the Borrower until so far. No established relationship (financial or others) exists between Vigeo Eiris and the Borrower.

Liability: this Report of factual findings is a document prepared by the Verifier that conveys the Verifier's findings on the Loan alignment with the relevant requirements of the Climate Bonds Standard, but it does not provide Climate Bonds Certification itself. Providing these findings does not mean that Vigeo Eiris certifies the tangibility, the excellence or the irreversibility of the projects financed by the Green Loan. No assurance is provided by Vigeo Eiris regarding the financial performance of the Borrower nor of the Loan, nor the value of any investment in the Loan, nor of the environmental footprint of the Loan or the compliance with the commitments taken by the Borrower.

Vigeo Eiris cannot be liable for any loss suffered as a result of information or data provided by the Borrower. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or any kind of business transaction.

Restriction on Distribution and Use of this Factual Findings Report: at the discretion of the Borrower.

VERIFICATION CRITERIA & FINDINGS

Context Note: FRV has declared that the Net Proceeds of its 2020 Green Loan will be allocated to one project, the “San Servan Project” consisting of solar plants as described in the FRV’s Green Loan Framework (the last updated version was provided to Vigeo Eiris on July 27th, 2020).

The evidence, information and explanations supporting the Loan issuance provided by FRV to Vigeo Eiris were both historical (for projects selection process and nominated projects) and hypothetical or projected (for the expected environmental benefits, the proposed financial accounting system, and the monitoring & reporting system associated to the Loan, to be implemented over the term of the Loan).

The Borrower showed a high responsiveness in providing information to the Verifier. We believe that the procedures we have implemented and the evidence we have obtained are sufficient and appropriate to provide a basis for our findings.

Summary criteria for assertions of compliance with the pre-issuance requirements of Climate Bonds Standard version 3.0

Vigeo Eiris has assessed FRV’s 2020 Green Loan and the nominated projects and assets against criteria and requirements detailed within the Climate Bonds Standard version 3.0:

- Part A: Pre-Issuance Requirements
 1. Use of Proceeds
 2. Process for Evaluation and Selection of Projects & Assets
 3. Management of Proceeds
 4. Reporting Prior to Issuance
- Part B: Eligibility of Projects & Assets
 1. Climate Bonds Initiative Solar Standard Version 2.1

Assessment of FRV's 2020 first Green Loan against Pre-Issuance Requirements of Climate Bonds Standard

CBI requirements	Vigeo Eiris' factual findings	Gap analysis
Part A: General Requirements		
1. Selection of Nominated Projects & Assets		
Clause 1.1		
<p>The Borrower shall document the Nominated Projects & Assets which are proposed to be associated with the Loan and which have been assessed as likely to be Eligible Projects & Assets. The Borrower shall establish a list of Nominated Projects & Assets which can be kept up-to-date during the term of the Loan.</p>	<p>The Borrower has documented the selected project to be financed by the Loan in a dedicated Green Loan Framework (the last updated version was provided to Vigeo Eiris on July 27th, 2020). The proceeds of the Green Loan will be fully allocated to the financing of the development, construction and operation of the San Servan Project, a solar photovoltaic power generation plants to be located in Badajoz, Spain.</p>	<p>None</p>
Clause 1.2		
<p>The expected Net Proceeds of the Loan shall be no greater than the Borrower's total investment exposure to the proposed Nominated Projects & Assets, or the relevant proportion of the total Market Value of the proposed Nominated Projects & Assets which are owned or funded by the Borrower.</p>	<p>The expected Net Proceeds of the Loan will be no greater than the Borrower's total investment exposure to the proposed Selected Project.</p>	<p>None</p>
Clause 1.3		
<p>Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds).</p>	<p>The Borrower has reported that the Selected Project has never been nominated to other Climate Loans or that the existing Green Loan is not being refinanced via another Climate Loan.</p>	<p>None</p>

2. Internal Processes & Controls		
Clause 2.1	The Borrower shall establish, document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets. The decision-making process shall include, without limitation:	None
2.1.1 A statement on the climate-related objectives of the Loan	The Selected Project is intended to contribute to one main environmental objective, namely: Climate change mitigation. This objective is formalised in the Framework.	
2.1.2 How the climate-related objectives of the Loan are positioned within the context of the Borrower's overarching objectives, strategy, policy and/or processes relating to environmental sustainability	In the section "FRV Sustainability Program" of the Framework, the Borrower describes how the climate-related objectives of the Loan are positioned within the context of the Borrower's overarching objectives, strategy, policy and/or processes relating to environmental sustainability.	None
2.1.3 The Borrower's rationale for issuing the Loan	In the section "Green Loan rationale" of the Framework, the Borrower describes its rationale for issuing the Loan.	None
2.1.4 A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard.	The governance and process for the evaluation and selection of the Selected Project are formalised in the Framework. For the purpose of the Loan, an independent third party has been appointed to perform an environmental and social due diligence assessment of San Solar Project in order to assess the environmental and social risks and the project's compliance with the Equator Principles.	None
Clause 2.2	The Borrower should include under Clause 2.1 further aspects of the decision-making process, including:	None
2.2.1 related eligibility criteria, including, if applicable, exclusion criteria or another process, applied to identify and manage potentially material environmental, social or governance risks associated with the Nominated Projects & Assets.	As mentioned above, an independent third party has been appointed to perform an environmental and social due diligence assessment of San Solar Project. The goal of the due diligence is to analyse the status of the solar plant with regards its compliance with Spanish laws and the specific environmental and social regulations. The report aims to identify and evaluate the environmental and social risks of the Project and to propose related measures to mitigate them. In case of material environmental or social controversy, the Loan will lose its green designation and all lenders will be notified.	None
2.2.2 any green standards or certifications referenced in the selection of Nominated Projects & Assets.	N. A	N. A
2.2.3 The Borrower shall assess that all proposed Nominated Projects & Assets to be associated with the Loan 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.	The Borrower has stated that 100% of the net proceeds from its Loan will be used to finance one solar energy project corresponding to the Eligible Category defined in the Green Loan Framework, namely: <ul style="list-style-type: none"> - Solar energy generation 	None

		<p>The selected Project to be financed by the Loan meets the eligibility requirements of the following Climate Bonds Standard Sector Criteria:</p> <ul style="list-style-type: none"> - Solar Energy Criteria: <ul style="list-style-type: none"> - Onshore solar electricity generation facilities. 	
3. Management of the Proceeds			
Clause 3.1		The systems, policies and processes to be used for management of the Net Proceeds shall be documented by the Borrower and disclosed to the Verifier, and shall include arrangements for the following activities:	
	3.3.1 Tracking of proceeds: The Net Proceeds of the Loan can be credited to a sub-account, moved to a sub-portfolio, or otherwise tracked by the Borrower in an appropriate manner and documented.	The Green Loan's net proceeds' allocation will be tracked in an appropriate manner and documented.	None
	3.3.2 Managing unallocated proceeds: The balance of unallocated Net Proceeds can be managed as per the requirements in Clause 7.2.	The unallocated proceeds will be held within the treasury of the San Servan special purpose entity, invested in cash, cash equivalent and/or money market instruments.	None
	3.3.3 Earmarking funds to Nominated Projects & Assets: The earmarking process can be used to manage and account for funding to the Nominated Projects & Assets and enables estimation of the share of the Net Proceeds being used for financing and refinancing.	The Issuer has communicated transparently that there will be no refinancing.	None
4. Reporting prior to issuance			
Clause 4.1		The Borrower shall prepare a Green Loan Framework and make it publicly available prior to Issuance or at the time of Issuance. The Green Loan Framework shall include, without limitation:	
	4.1.1 Confirmation that the Loan issued under the Green Loan Framework are aligned with the Climate Bonds Standard. This may include statements of alignment with other applicable standards, such as the EU Green Bond Standard, the ASEAN Green Bond Standard, Chinese domestic regulations, Japanese Green Bond Guidelines, etc.;	The Borrower has reported to be following the International Capital Market Association (ICMA) and the Green Loan Principles (GLP) in the Framework.	None
	4.1.2 A summary of the expected use of proceeds, as defined under Clause 1.1, and the expected contribution of the relevant sectors or sub-sectors to	The Green Loan Framework includes a summary of the expected use of proceeds, as defined under Clause 1.1, and the expected contribution of the electricity generation sub-sectors to the rapid transition required to achieve the goals of the Paris Climate	None

	the rapid transition required to achieve the goals of the Paris Climate Agreement;	Agreement in the Framework. The Framework indicates that the electricity generated by the San Servan Project will be connected to a Red Eléctrica de España's owned sub-station for transmission to the Spanish grid.	
	4.1.3 A description of the decision-making process, as defined under Clause 2.1, with particular reference to the requirements in Clause 2.1.2;	The Framework includes a description of the decision-making process, as defined under Clause 2.1, with particular reference to the requirements in Clause 2.1.2.	None
	4.1.4 Information on the methodology and assumptions to be used for: confirming, where required by relevant Sector Eligibility Criteria, the characteristics or performance of Nominated Projects & Assets required to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard; and any other additional impact metrics that the Borrower will define.	The Borrower has committed to disclose in the reporting documentation the methodology and assumptions to be used for the calculation of impact reporting indicators.	None
	4.1.5 A summary of the approach to the management of unallocated Net Proceeds in accordance with Clause 3.1;	The Borrower has committed that the unallocated proceeds will be held within the treasury of the San Servan special purpose entity, invested in cash, cash equivalent and/or money market instruments.	None
	4.1.6 The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Loan remains outstanding;	The Issuer commits to appoint an approved CBI Verifier to conduct the mandatory Post-Issuance compliance review within a period of one year after the issuance, in conformance with the Climate Bonds Standard requirement.	None
	4.1.7 The list of proposed Nominated Projects & Assets associated with the Loan and the investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall. Where there are limits on the amount of detail that can be made available about specific Nominated Projects & Assets, information shall be presented on the investment areas which the Nominated Projects & Assets fall into, as provided in Clause 9.1, and the Issuer shall provide an explanation of why detail on Nominated Projects & Assets is limited.	The Framework includes a description of the Selected Project to be financed.	None
	4.1.8 Where a proportion of the Net Proceeds are used for refinancing, an estimate of the share of the Net Proceeds used for financing and refinancing,	The Issuer has communicated transparently that there will be no refinancing.	None

	and the relevant Nominated Projects & Assets or investment areas which may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects & Assets.		
Clause 4.2			
	4.2.1 The investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall;	The Framework indicates that the Selected Project falls in “Solar” classification under “Energy” head of Climate Bonds Taxonomy.	None
	4.2.2 The intended types of temporary investment instruments for the management of unallocated Net Proceeds in accordance with Clause 7.3;	The Borrower has committed that the unallocated proceeds will be held within the treasury of the San Servan special purpose entity, invested in cash, cash equivalent and/or money market instruments.	None
	4.2.3 The Verifier engaged by the Borrower for the mandatory verification engagements;	The Borrower has commissioned Vigeo Eiris (the “Verifier”) as an independent third-party provider approved by the Climate Bonds Standards Board to perform the Pre-Issuance Verification of the Loan.	None
	4.2.4 The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Loan remains outstanding, including the location of the published documents;	At any time until the Maturity Date, FRV will provide to the lender and Climate fs Initiative, on an annual basis, information regarding the Allocation reporting and on a best effort basis the Impact reporting of the underlying assets financed by the Green Loan including: a) Allocation reporting: - Amount disbursed to Eligible Green Assets that remain aligned with the Climate Bonds Standard. b) Impact reporting: - Annual GHG emissions reduced/avoided (tCO2e). - Capacity added (MW)	None
	4.2.5 The Climate Bonds Initiative Disclaimer provided in the Certification Agreement.	The Climate Bonds Initiative Disclaimer is included in the Borrower’s Green Loan Framework.	None

PART B: Climate Bonds Standard Sector Specific Criteria

1. Technical criteria for Selected Projects & Assets: Solar Standard Version 2.1

As indicated in the Framework, the Selected Project falls under the following sector specific technical criteria of the Climate Bonds Standard:

CBI requirements	Vigeo Eiris' factual findings	Gap analysis	
Part B: Climate Bonds Taxonomy and Sector-Specific Standards			
Technical criteria for Eligible Projects & Assets: Solar energy			
<p>1. The Eligible Projects relating to solar energy generation shall be projects & assets that operate or are under construction to operate in one or more of the following activities:</p>	<p>As indicated in the external review report, the eligible project falls under two of three of the technical criteria from the sector-specific standards of the Climate Bonds Taxonomy:</p> <ul style="list-style-type: none"> - The development, construction and operation of onshore solar electricity generation facilities. 		
	<p>1.1. Onshore solar electricity generation facilities</p>	<p>The Borrower has confirmed respecting the following requirements:</p> <ul style="list-style-type: none"> - Facilities under this category will have no more than 15% of electricity generated from non-renewable sources. 	None
	<p>1.2. Wholly dedicated transmission infrastructure and other supporting infrastructure for onshore solar electricity generation facilities including inverters, transformers, energy storage systems and control systems.</p>	<ul style="list-style-type: none"> - Fossil fuel back up will only be used for restart capability and monitoring, operating or resilience measures in the event of no power in the system. 	

List of supporting elements provided by the Borrower for Pre-issuance verification:

- Green Loan Framework (July 2020)
- Answers to Vigeo Eiris' questionnaire



Vigeo Eiris is a global provider of environmental, social and governance (ESG) research to investors and public and private corporates. The agency evaluates the level of integration of sustainability factors into organisations' strategy and operations and undertakes a risk assessment to assist investors and companies' decision-making.

Vigeo Eiris offers a wide range of services:

- ▶ **For investors:** decision making support covering all sustainable and ethical investment approaches (including ratings, databases, sector analyses, portfolio analyses, structured products, indices and more).
- ▶ **For companies & organisations:** supporting the integration of ESG criteria into business functions and strategic operations (including sustainable bonds, corporate ratings, CSR evaluations and more).

Vigeo Eiris is committed to delivering client products and services with high added value: a result of research and analysis that adheres to the strictest quality standards. Our methodology is reviewed by an independent scientific council and all our production processes, from information collection to service delivery, are documented and audited. Vigeo Eiris has chosen to certify all its processes to the latest ISO 9001 standard. Vigeo Eiris is an approved verifier for CBI (Climate Bond Initiative). Vigeo Eiris' research is referenced in several international scientific publications.

With a team of more than 240 experts of 28 different nationalities, Vigeo Eiris is present in Paris, London, Brussels, Casablanca, Hong Kong, Milan, New York, Rabat and Santiago.

The Vigeo Eiris Global Network, comprising 4 exclusive research partners, is present in Brazil, Germany, Israel and Japan.

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