

## INDEPENDENT LIMITED ASSURANCE REPORT

**To: The Climate Bonds Standards Board ("CBSB") and the Management of Faro Energy Holdings UK Ltd.**



### Introduction and Objectives

In August of 2018, Faro Energy Holdings UK Ltd. ('Faro' or 'the Issuer') issued the first Certified Green Bond ('the Bond') for solar energy in Brazil. The bonds were issued in four series from August to December 2018.

Faro has used the proceeds of the bond to finance and refinance the nominated projects falling under the Sector Criteria for Solar Energy (version 2.1) under Climate Bonds Standard.

Bureau Veritas UK Limited (Bureau Veritas) has been engaged by Faro to carry out pre and Post-issuance verification of the bond as an independent and approved verifier under the Climate Bonds Standard. Our criteria and information covered to achieve this is described under 'Summary of Activities' below.

Our objective has been to provide an independent opinion that the bond has met the criteria of the Climate Bond Standard and the associated Sector Criteria for Solar energy (version 2.1).

### Assurance Scope and Criteria

The scope of work performed includes verification of the Bond in accordance with the post-issuance criteria of the Climate Bonds Standard 2.1, including General and Technical Eligibility requirements inclusive of the Sector Criteria for Solar version 2.1, as defined by Climate Bonds Initiative.

The following criteria as set by Climate Bonds Standard have been included within our assessment:

- Part A: General Requirements of the Climate Bond Standard
- Part B: Eligible Projects and Assets
- Part C: Requirements for Specific Bond Types

### Assurance Standard

We performed our work to a limited level of assurance in accordance with International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after December 15, 2015), issued by the International Auditing and Assurance Standards Board.

### Limitations and Exclusions

Excluded from the scope of our work is:

- Verification of any statements by the prospective Issuer that relate to opinions, beliefs, expectations, aims or intentions;
- Verification of the financial standing, economic performance or creditworthiness of the potential Issuer or performance of the Bond itself;
- Any assessment of the environmental, social or governance impact of the Nominated Projects and Assets, except to the extent required for compliance with the Climate Bonds Standard version 2.1;
- Verification or assessment of the data and information provided beyond the defined reporting boundary, scope and period.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

## **Responsibility of the Issuer**

It is the responsibility of the Issuer for providing accurate information and documentation relating to the details of the projects that have been funded, including descriptions of projects, total development cost of each project and disbursed amounts.

The Issuer is fully responsible for attesting the compliance with its commitments as defined in its policies and processes, for their implementation and monitoring, and for the information provided.

## **Responsibility of the Verifier**

The responsibility of Bureau Veritas is to provide external and independent assurance on the compliance of the Issuer's 2018 first Green Bond with the Climate Bonds Standard version 2.1 requirements and Sector Criteria for Solar version 2.1

The intent of this report is to inform the Issuer of our opinion on the compliance of the Green Bond in accordance with the Post-issuance criteria of the Climate Bonds Standard 2.1 to a limited level of assurance.

## **Summary of assurance activities**

The activities undertaken by Bureau Veritas as part of the independent assurance included:

- Creation and execution of a Climate Bond Standard Protocol, adapted to include the Sector-specific Technical Criteria for the Bond Nominated Projects and Assets;
- Reviewing the Issuer's Green bond framework and the selection criteria to assess the selection of the nominated projects and assets;
- Interviews with the Issuer's employees related to the Nominated Projects;
- Conducting one physical site visit on a sample basis to Aquario, Rio de Janeiro, for physical inspection and assessing the compliance to established criteria;
- Desk-based review of the Bond and associated documentation provided by the Issuer;
- Assessment of evidence provided by the Issuer against the requirements of the Climate Bonds Standard version 2.1 and Sector-specific Criteria for Solar version 2.1;
- Closure of clarification and corrective action requests arising throughout the course of the verification;
- Internal quality control of the assurance report and conclusions;
- Provision of detailed findings to the Issuer's management in the form of a factual findings report;
- Provision of Bureau Veritas' assurance report.

## **Conclusion**

On the basis of our methodology and the activities described above, nothing has come to our attention that causes us to believe that the Issuer and the Bond, in all material respects, is not in conformance with the Climate Bonds Standard Version 2.1 Post-issuance Requirements and the associated Solar Technical Criteria Version 2.1.

## **Statement of Independence, Integrity and Competence**

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 185 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified<sup>1</sup> Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA)<sup>2</sup> across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities.

Neither Bureau Veritas nor any member of the Verification Team is involved to any extent in the issuance or management this or any other Green Bond. The Verification Team have applied internal procedures to confirm that no conflicts of interest exist for this assurance engagement.



**David Murray**

**Sustainability Services Manager**

**London**

**14/08/2019**



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<sup>1</sup> Certificate available on request

<sup>2</sup> International Federation of Inspection Agencies – Compliance Code – Third Edition

**Appendix A: List of Nominated Projects and Assets**

No.	Project Name	State	Size (kWp)	Financed/ Refinanced With Green Bond Proceeds
1	AquaRio	RJ	640	Refinanced
2	Afogados	PE	475	Financed
3	Pirapora	MG	2,538	Financed
4	Janauba	MG	5,039	Financed
5	Jaíba	MG	5,227	Financed

The total capital expenditure spent on these five projects exceeded the bond's value.