



Pre-Issuance Verification Short Form Report

- Climate Bonds Initiative -

NSP-SPV Powercorp Plc



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1. SUMMARY

North South Power Company Limited (NSP) was established in 2012 to own and operate a diverse and growing portfolio of electricity generation businesses across Africa. Apart from operating the 600 MW Shiroro Hydroelectric power plant, the company is currently advancing plans to commence construction of its 300 MW solar farm. This will enable it to continue to provide power to the Nigerian grid, whilst continuing to be an active player in Nigeria's power sector through power generation from the existing Shiroro plant concession period (ending 2043).

NSP-SPV Powercorp Plc (the Issuer) was incorporated in Nigeria in 2017 as a public limited company. The issuer is wholly owned by NSP and its purpose is to raise funds from the capital markets.

After the successful issuance of its first Green Bond, NSP now has the intention of issuing a second Green Bond, the proceeds of which will be wholly used to finance a new 15MW Pre-Phase 1 solar energy project adjacent to the their 600 MW Shiroro Hydroelectric plant, which is in the State of Niger in Nigeria.

The issuer strongly believes that there is great merit in issuing a Green Bond to re-finance existing assets and finance new assets, which are in the pipeline. The issuance of a green bond aligns with the issuer's objectives towards maintaining a sustainable low carbon environment and commitment to the integration of environmental and social considerations into their business activities as well as contributions to sustainable development.

Terms of Engagement

TÜV NORD CERT were engaged by NSP to provide a Pre-Issuance verification report which confirms that their intended Second Green Bond issuance complies with the Climate Bonds Initiative (CBI) Standard version 3 and is aligned with the Green Bond Principles 2018.

The verification has been carried out in accordance with the Climate Bonds Standard version 3 and with the International Standard on Assurance Engagements (ISAE) 3000: Assurance Engagements other than Audits or Reviews of Historical Information (ISAE 3000).

It should be noted that members of the assessment team are not involved in any other projects or activities that would cause a conflict of interest with regard to this engagement.

Responsibilities of the Issuer and the Verifier

North South Power Company has provided TÜV NORD CERT with the information, data and evidence that was used to provide this report. This has enabled TÜV NORD CERT the ability to provide an independent, unbiased opinion as to whether the required criteria have been met and based on the information which was provided to us. In the course of our work, TÜV NORD CERT has been wholly reliant on this information and hence cannot be held liable should any of information, which was provided to us by North South Power, be incorrect or not complete. Furthermore, TÜV NORD CERT is not responsible for any of the nominated assets which are referred to within our report and cannot be held liable should any of the information provided with regards to those are incorrect.

Methodology

The engagement was carried out on the 19th February 2021. It consisted of the following steps:

- Review of documentation
- Interviews with key personnel from the Issuer.
- Verification audits
- Background investigation
- Corrective Action assessment
- Verification reporting.

Our Opinion: Part A- Pre-Issuance Requirements

During the audit process, the issuer has provided evidence, by way of documents and interviews, to enable an opinion to be formed on whether the Pre-Issuance requirements of the CBI Standard version 3 have been complied with. The components are as follows:

1. Use of Proceeds

The proceeds of the bond will be used to solely finance and/or refinance eligible green projects. The projects will provide clear environmental benefits, which will be assessed and quantified by the issuer.

This is in compliance with Part A of the Climate Bonds Standard version 3.

2. Process for Project Evaluation and Selection of Projects and Assets

The issuer has developed a clear process on how to determine whether the projects fit within the eligible green project categories of the Green Bond Principles. This process also considers the environmental and sustainability objectives as well as project related risks.

This is in compliance with Part A of the Climate Bonds Standard version 3.

3. Management of Proceeds

The net proceeds of the bond will be credited to a sub-account, which will enable the funds to be fully and transparently tracked and will avoid the contamination of proceeds. A policy exists, which clearly describes how unallocated funds will be managed.

This is in compliance with Part A of the Climate Bonds Standard version 3.

4. Reporting Prior to Issuance

A policy exists, which will enable the issuer to keep readily available up to date information on the use of proceeds, any intended temporary placement of unallocated proceeds and impacts of the projects. This will be updated annually until full allocation or there are any material changes and published on the issuer's website.

This is in compliance with Part A of the Climate Bonds Standard version 3.

Conclusion

During this audit process, and based on the limited level of assurance, nothing has come to our attention, which leads us to believe, that the Green Bond to be issued, in all material aspects, does not meet the Pre-Issuance requirements of the Climate Bonds Standard version 3, the associated Solar Energy Sector Criteria and the Green Bond Principles, 2018.

London 23-02-2021

Dr. Tahsin Choudhury
Lead & Senior Auditor

Disclaimer

For the sake of clarity, it should be noted, that the Pre-Issuance verification report is solely based on conformance or non-conformance of the Green Bond to be issued with the Climate Bonds Standard Version 3 and do not in any way constitute purchase or investment recommendations. The Verifier has no responsibility and liability in this regard and remains the sole responsibility of the issuer. The Issuer shall hold the Verifier harmless from and against any claim including but not limited third party claims raised against the Verifier in connection with bonds such as but not limited to the economic profitability and credit worthiness of the bonds.

Appendix B: Eligibility of Projects and Assets in compliance with Part C of the Climate Binds Standard Version 3.0

Sector Specific Criteria- Solar energy	Outcome of TÜV NORD CERT Assessment.	Location	Verified Exposure
<p>Eligible activities</p> <p>1.1. Eligible Project & Assets relating to solar energy generation shall be projects or assets that operate or are under construction to operate in one or more of the following activities:</p> <p>1.1.1. Onshore solar electricity generation facilities</p> <p>1.1.2. Wholly dedicated transmission infrastructure and other supporting infrastructure for onshore solar electricity generation facilities including inverters, transformers, energy storage systems and control systems.</p> <p>1.1.3. Onshore solar thermal facilities such as solar hot water systems 2.</p> <p>Non-solar fuel use:</p> <p>2.1. Eligible Project & Assets that have activities in solar electricity generation facilities or solar thermal facilities shall have a minimum of 85% of electricity generated from solar energy resources.</p>	<p>The bond to issued covers one nominated project and asset and that is a to be newly constructed on-shore 15 MW solar energy plant, where 100% of the electricity generated will be from solar energy.</p> <p>This project type is fully compliant with this Sector Specific Criteria.</p>	<p>Nigeria</p>	<p>Naira 6.325 Billion</p>

