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# Report of Factual Findings

Based on the Pre-Issuance Requirements of the Climate Bonds Standard

9 October 2019

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**NEDBANK LIMITED**



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## Introduction

Carbon Trust Assurance Limited (**Verifier**) was commissioned by Nedbank Limited (**Issuer**) to provide an independent assessment of the readiness of their Sustainable Development Goals Issuance Framework and supporting Guideline for Sustainable Asset Selection (collectively the “**Issuer’s Framework**”) for a proposed issuance of its second Renewable Bond (“**second green bond**”).

This report presents the Verifiers factual findings on the conformance of the proposed second green bond and the Issuer’s Framework with the pre-issuance requirements of the Climate Bonds Standard Version 2.1. We have not performed any work, and do not express any conclusion, over the performance of the second green bond outside the scope outlined in this document.

## Scope and Approach

This engagement covers the verification and conformance scope of the Verifier’s assessment of material aspects of the proposed green bond based on the requirements set out in the Pre-Issuance section of the Climate Bonds Standard Version 2.1:

- Selection of Nominated Projects & Assets
- Internal Processes & Controls
- Reporting Prior to Issuance

## Verification Standards Applied

The Verifier conducted this engagement in accordance with the Climate Bonds Initiative’s Readiness Assessment Protocol, using agreed-upon procedures, conducted in accordance with the *International Standards on Related Services 4400 (ISRS 4400): Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*.

## Our Assurance Activities

The Verifier undertook necessary activities to collect sufficient evidence to present factual findings in line with the scope outlined above. The Verifier’s review covered an examination of relevant procedures, policies and processes, as well as verification of data provided by the Issuer through the use of a sampling methodology and based on its professional judgment.

Further detail of the activities undertaken by the Verifier are as follows:

- Reviewed the Issuer’s Framework including processes, systems, internal procedures and controls in place for management of bond proceeds, investment areas for green bond proceeds and intended types of temporary investment instruments for the management of unallocated proceeds;
- Checked the list of projects, which are proposed to be associated with the green bond and their conformance with eligibility requirements specified in Part B of the Climate Bonds Standard; and
- Reviewed the finance for the nominated projects for the second green bond as being for a distinct portion of the projects, being the same projects nominated to the Issuer’s Inaugural green bond;

- Conducted interviews with key staff responsible for the second green bond and evaluated the procedures performed for the Issuer's Inaugural green bond, regarding the organisation, its environmental objectives, intended use of bond proceeds, details of process and procedure for identifying nominated eligible assets and projects and details of the process and procedure for the management of proceeds; and
- Assessed the current details of the nominated projects listed according to public record, including database information and public disclosure by the South African National Department of Energy and the Independent Power Producers Project Office, Nedbank media statements and Issuer project records.

It is the Verifier's opinion that that the activities undertaken, and the supporting evidence collected provide an appropriate justification for the factual findings reached against these procedures.

## Issuer's Responsibility

The Issuer is responsible for ensuring that their green bond complies with the requirements of the Climate Bonds Standard, including:

- Designing, implementing and maintaining systems and processes relevant for the management of green bond proceeds;
- Preventing and detecting fraud; and
- Identifying and ensuring that the Issuer complies with laws and regulations applicable to its activities.

## Verifier's Responsibility

This report is made solely to the Issuer in accordance with the terms of engagement, which include agreed arrangements for disclosure. The work was undertaken by the Verifier so as to state to the Issuer those matters contained in this report and for no other purpose. The report should not be regarded as suitable to be used or relied on by any party other than the Issuer for any purpose or in any context. Any party other than the Issuer who chooses to rely on the report (or any part thereof) will do so at its own risk. To the fullest extent permitted by the law, the Verifier accepts or assumes no responsibility or liability to any party other than the Issuer for this report.

## Limitations & Exclusions

The scope of this verification did not include the following activities:

- Determine which, if any, recommendations of the Verifier should be implemented;
- Perform assessments on data and information beyond the defined reporting criteria and scope of verification activities as defined above.

This report is based on procedures carried out on or before 9 October 2019 and no further procedures were carried out subsequent to that date.

## Verifiers' Competence and Independence

In relation to the bond, the Verifier intends to provide a Pre-Issuance Verification Report against agreed-upon-procedures in relation to the pre-issuance criteria of the Climate Bond Standard V2.1, regarding the Issuer's Framework, which is independently developed and presented by the Issuer.

The Verifier's commitment to impartiality and quality assurance is established in its policies, procedures and management structure. These reflect international standards for quality management and incorporate requirements of the Verifier's accreditation by UKAS to certify energy management systems.

As a result, the Verifier is able to ensure that the results in this report are of the highest quality and reflect an impartial application of the pre-issuance requirements under the Climate Bond Standard. The Verifier is an accredited Climate Bonds Initiative verifier.

The Verifier ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach is rigorous and transparent.

## Summary of Findings

The Issuer is proposing to allocate funding which represents the second green bond proceeds to refinance a distinct portion of a portfolio of wind energy and solar energy projects in South Africa awarded preferred bidder status through the South African National Government's competitive procurement Renewable Energy Independent Power Producer Procurement Programme (REIPPP), subject to the Issuer's Corporate and Investment Banking Credit Risk Policy and procedures and aligned with their objective to finance assets and initiatives that contribute to achieving specific objectives of the United Nations' Sustainable Development Goals ("SDGs").

The nominated projects must meet the eligibility requirements specified in part B of the Climate Bonds Standard and the Issuer's Framework and Guideline. The Issuer has demonstrated that associated internal processes and controls required under Clause 2 of Climate Bonds Standard V2.1 will be in place at the date of the bond issuance and that these would also be available for verification post-issuance.

In the event that any portion of the proceeds of the bond cannot be applied directly to finance eligible projects at any time during bond tenure, the Issuer intends to invest the proceeds in a liquidity asset pool comprising temporary investment instruments that are cash, or cash equivalent instruments, denominated in the currency of the issuance, within their Treasury function or another alternative that conforms with the requirements of Clause 2.1.2 of Climate Bonds Standard V2.1.

Nothing came to our attention in the course of establishing our factual findings that would indicate any non-conformance of projects with the eligibility criteria as set out in the Framework and Guideline. A detailed list of the factual findings is included in Appendix A.

This opinion shall be read in the context of the inherent limitations of the Procedures and this statement's intended use.



Morgan Jones, Head of Assurance  
**Carbon Trust Assurance Limited**  
**9 October 2019**



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*This verification report ("Report") is given by Carbon Trust Assurance Limited ("CTAs") and is addressed solely to the Issuer in accordance with the terms of the engagement contract between us and the Issuer. Those terms permit disclosure to other parties (whether by publication on the website of the Climate Bonds Initiative (the "CBI") or otherwise), solely for the purpose of enabling the Issuer to apply for certification to the Climate Bonds Standard by the CBI in connection with the Bonds. We have not considered the interest of any other party in the Report. To the fullest extent permitted by law, we accept no responsibility and deny any liability to any other party for our work, for this statement or for the conclusions we have reached. CTAs will not accept any form of liability for the substance of the Report and/or any liability for damage arising from the use of the Report and/or the information provided in it. As the Report is based on information made available by the Issuer, CTAs does not warrant that the information presented in this Report is complete, accurate or up to date. Nothing contained in this Report shall be construed as to make a representation or warranty, express or implied, regarding the advisability of investing in any securities or any asset whose value is derived from any securities. Any person other than the Issuer who obtains access to the Report or a copy thereof and chooses to rely on it will do so at its own risk. Furthermore, this Report shall in no event be interpreted and construed as an assessment of the economic performance and credit worthiness of the Issuer or the Bond. The issuance and the performance of the Bond Issuer and the Bond is outside the scope of this engagement. We have consented to the inclusion of the Report on the CBI website or in such other manner as CBI shall from time to time use for making verification reports rendered in respect of applications for certification to the Climate Bonds Standard available to the public. We reserve the right to withdraw such consent at any time.*

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## Appendix A – Conformance Requirements of Climate Bonds Standard

### Clause 1 – Selection of Nominated Projects & Assets

*Clause 1.1 – The Issuer shall establish, document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets.*

**Evaluation** - The Issuer has prepared a Sustainable Development Goals Issuance Framework (February 2019) supported by a Guideline for Sustainable Asset Selection (February 2019) and internal Sustainability Bonds Procedures (March 2019) (collectively, the "Issuer's Framework") that sets out how it proposes to use the expected proceeds of its green bonds; to finance a portfolio of wind energy and solar renewable energy projects in South Africa.

The Issuer's Framework includes a description of the overarching financing objectives for proceeds of the second green bond to be directed towards funding assets and initiatives which contribute to the achievement of the United Nations' Sustainable Development Goals ("SDGs"). Furthermore, the Issuer's Framework sets out, under the Use of Proceeds section, the Issuer's definition of "Eligible Assets".

The Issuer's Framework continues by setting out the Process for Project Evaluation and Selection. Eligible assets will be selected for financing based on their conformance with the Issuer's definition of "Eligible Assets", alignment with established Social and Environmental Management Policies and Systems (SEMS) and, in particular to this green bond, according to their application of the Climate Bonds Initiative published taxonomy and conformance with relevant Climate Bond Initiative sector specific criteria. Ultimate responsibility and accountability for the Issuer's Framework and its application throughout the life of the issuance will be the Issuer's Sustainable Issuance Working Committee (SIWC).

*Clause 1.1.1 – This includes, without limitation a statement on the environmental objectives of the bond*

**Evaluation** - The broader environmental objectives of the second green bond are apparent in the Issuer's Framework; including to "provide investors with a unique opportunity to participate in assets that deliver positive non-financial impacts" aligned specifically to the Issuer's assessment of the most material SDGs that the issuer can play a role in addressing, as well as the Issuer enacting sustainable development activities that align with its self-defined role as "a catalyst for a sustainable society".

The specific environmental objectives of the second green bond are to refinance the construction of a distinct portion of a portfolio of solar and wind projects in South Africa and in so doing, support the achievement of SDG 7.2 – ‘Increase substantially the share of renewable energy in the global energy mix’ and SDG 9.4 – ‘By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.’

*Clause 1.1.2 – This includes, without limitation a process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part B (Eligibility) of the Climate Bond Standard*

**Evaluation** - The Issuer's Framework stipulates that the Issuer's established Social and Environmental Management Policies and Systems (SEMS) is a key consideration in the process for the evaluation and selection of nominated projects and assets; the pertinent aspects of the SEMS process are the Screening and Categorisation procedures and Risk Evaluation procedures. The Issuer follows these with application of the processes set out in the Issuer's Guideline for Sustainable Asset Selection (February 2019) which expressly stipulates conformance with Climate Bonds Initiative published taxonomy and conformance with relevant Climate Bond Initiative sector specific criteria in accordance with Part B of the Climate Bonds Standard V2.1 Clause 9 and Clause 10.

The proceeds of the second green bond will only be used to refinance construction of solar and wind energy projects in South Africa approved as part of the South African National Government's competitive procurement Renewable Energy Independent Power Producer Procurement Programme (REIPPP) that satisfy the Issuer's process for evaluation and selection of nominated projects and assets, the proceeds to be used to finance a distinct portion of the same portfolio of projects nominated to the Issuer's Inaugural green bond.

**Finding** – The Nedbank Annexure A Sustainable Development Goals Issuance Framework (February 2019) and Annexure B Guideline for Sustainable Asset Selection (February 2019) includes an eligibility assessment process for nominated projects and assets.

Nominated Projects and Assets were presented as a portfolio of wind energy and solar energy projects approved through the South African National Government's competitive procurement Renewable Energy Independent Power Producer Procurement Programme (REIPPP) for which Nedbank's Energy Finance team closed project deals and agreed financing arrangements with the respective project developers. This portfolio of projects is also nominated to the Issuer's Inaugural green bond; the portions to be financed by the Inaugural green bond and the second green bond being demonstrated to be distinct.

The supporting Sustainable Development Goals Issuance Framework presented a statement of environmental objectives of the green bond in the context of contributing to the achievement of SDG 7 by increasing the share of renewable energy in the South African energy mix and SDG 9 encouraging greater adoption of clean and environmentally sound technologies and providing an opportunity for investors to participate in financing assets that deliver positive non-financial impacts.



Part B (Eligibility) requirements for Solar Energy and Wind Energy sector criteria of the Climate Bonds Standard Version 2.1 were expressly addressed through the application of the Climate Bond Initiative taxonomy and Climate Bond Initiative technical criteria subsequent to selection and evaluation according to Nedbank's established Social and Environmental Management Policies and Systems.

*Clause 1.2 – The Issuer shall assess that all proposed Nominated Projects & Assets to be associated with the bond meet the bond's documented objectives as stated under Clause 1.1 and are compliant under Part B of the Climate Bond Standard.*

**Evaluation** --The expected proceeds of the second green bond will be allocated towards the financing of a distinct portion of a portfolio of eligible and approved solar energy and wind energy projects to be constructed in South Africa, awarded preferred bidder status as part of the South African National Government's competitive procurement Renewable Energy Independent Power Producer Procurement Programme (REIPPP) Bidding Window 4, for which the Issuer's Energy Finance team have closed project deals that satisfy the Issuer's process for evaluation and selection of nominated projects and assets.

**Finding** – An assessment pursuant to the stated environmental goals and eligibility process of proposed Nominated Projects & Assets has been made, based on a pool of project deals secured by the Issuer. The Issuer has prepared this list of eligible assets based on the projects' conformance with its eligibility criteria that align with Part B of the Climate Bond Standard V2.1, as well as project construction progress and expected proceeds of the second green bond and has assessed that these meet the second green bond's objectives.

*Clause 1.3 – The Issuer shall document the Nominated Projects & Assets which are proposed to be associated with the bond and which have been assessed as likely to be Eligible Projects & Assets. The Issuer shall establish a list of Nominated Projects & Assets which can be kept up-to-date during the term of the bond.*

**Evaluation** - The Issuer has documented and nominated projects and assets proposed to be associated with the second green bond. The established and approved list of eligible assets contains finite details regarding the assets; including unique names as approved by Renewable Energy Independent Power Producer Procurement Programme (REIPPP) programme, ownership profiles, financing details and projected impact information. These assets have been assessed as being eligible as per the requirements under Part B of the Climate Bonds Standard and in conformance with the Issuer Framework.

**Finding** – At the point of assessment, the Issuer provided a list of eligible solar energy projects and wind energy projects that it had assessed as eligible. As agreed with the Issuer, the portfolio of four projects were assessed by the Verifier for conformance with the eligibility criteria with no discrepancies being identified.

*Clause 1.4 – Nominated Projects & Assets shall not be nominated to other Climate Bonds unless it is demonstrated by the Issuer that distinct portions of the Nominated Projects & Assets are being funded by different Climate Bonds or that the existing Climate Bond is being refinanced via another Climate Bond.*

**Evaluation** - The Issuer Framework specifies that specific drawdowns or a pool of advances to eligible assets will be referenced by the green bond. These advances shall not be nominated to another green bond. Other distinct portions of the nominated assets and projects may be referenced by another bond.

The Issuer's earmarking processes allocate the distinctive eligible assets to specific transactional and financing arrangements, marking these as allocated to the particular Green Bond issues.

This is the second green bond issuance by the Issuer and is to finance a distinct portion of the same portfolio of projects in South Africa for Renewable Energy Independent Power Producer Procurement Programme (REIPPP) Round 4 projects nominated to the Issuer's Inaugural green bond. The Issuer's financial commitments (in its capacity as commercial lender) to the nominated projects is according to contracted deal arrangements representing a proportion of the competitively procured projects' total values. The total of the net proceeds of the Inaugural green bond and the net proceeds raised and earmarked from the second green bond issue, is to be within the Issuer's financial commitment to each project. The Issuer has demonstrated that the financing for the nominated projects is for distinct portions of the projects and thereby this requirement is satisfied.

**Finding** – According to the Issuer's Framework, it was established that specific drawdowns or a pool of advances to eligible assets will be referenced by this climate bond, these advances shall not be nominated to another climate bond, and other distinct portions of the nominated assets and projects may be referenced by another bond.

The Issuer has demonstrated that the net proceeds of the second green bond and the net proceeds of the Issuer's Inaugural green is each to finance distinct portions of the nominated projects.

*Clause 1.5 – The expected Net Proceeds of the bond shall be no greater than the Issuer's debt obligation to the proposed Nominated Projects & Assets, or the Fair Market Value of the proposed Nominated Projects & Assets.*

**Evaluation** - The Issuer's Framework confirms that the intention is for the allocated funding towards eligible assets to be at least equal to the rand equivalent of green, social and/or sustainable bonds issued.

The Issuer confirmed that the aggregate amount committed under all project deals for the portfolio of solar energy and wind energy projects nominated by the Issuer at the time of assessment – individually and in aggregate – is greater than the expected net proceeds of the second green bond together with the net proceeds of the Issuer’s Inaugural green bond.

In addition, the Issuer has constituted the portfolio of eligible assets such that the value of assets is to exceed the net proceeds of the Issuer’s Inaugural green bond together with the approved second green bond financing value, even with potential uplift to bond value dependent on circumstances during the bond issue.

**Finding** – The Issuer provided the draft Applicable Pricing Schedule (draft dated 2 October 2019), the draft Climate Bond Information Form (draft dated 8 October) and made representation regarding the expected net proceeds of the bond, noting that that the final net proceeds may differ dependent on market response, and confirmed the commitment to raise no more than the equivalent value of the portion of the eligible assets distinct from the portion financed by the Issuer’s Inaugural green bond. The expected net proceeds amount of the second green bond together with the net proceeds of the Issuer’s Inaugural green bond, at the time of assessment did not exceed the individual or aggregate financial commitment associated with all eligible solar energy and wind energy assets. The Issuer has confirmed that should the bond issue size increase due to market demand; the aggregate amount associated with all eligible solar energy and wind energy assets will be greater than the increased bond size.

The Issuer's Framework confirms that the Issuer will ensure that the individual and distinct allocated funding, as well as aggregate allocated funding, towards eligible assets is to be at least equal to the Rand equivalent of the green bonds issued and confirms that the Issuer will maintain internal procedures for the management of proceeds in accordance with this requirement.

## Clause 2 – Internal Processes & Controls

*Clause 2.1 – The systems, policies and processes to be used for management of bond funds and investments made shall be documented by the Issuer and disclosed to the Verifier, and shall include arrangements for the following activities:*

*Clause 2.1.1. – Tracking of proceeds: The Net Proceeds of the bond can be credited to a subaccount, moved to a sub-portfolio, or otherwise tracked by the Issuer in an appropriate manner and documented.*

**Evaluation** - The net proceeds of the bond will be credited to a subaccount, moved to a sub-portfolio, or be tracked by the issuer in an appropriate manner and documented. The Issuer intends to allocate bond proceeds towards the eligible assets as a series of drawdowns from the subaccount or sub-portfolio, over the following 24 months or less.

The Issuer's Framework provides an outline for the process of Management of Proceeds, including the monitoring of the size of the allocated portfolio of eligible assets against the issuance proceeds and ensuring that if there is a shortfall (i.e. net bond proceeds exceed allocation to eligible assets), an amount equivalent to that shortfall is invested in accordance with the Issuer Management of Proceeds process that conforms to Climate Bond Standard V2.1 Clause 6.2.

This approach is fully aligned to the Climate Bond Standard V2.1 Clause 6.2 requirements.

*Clause 2.1.2. – Managing unallocated proceeds: The balance of unallocated Net Proceeds can be managed as per the requirements in Clause 6.2.*

**Evaluation** - As the Issuer intends to draw down the bond proceeds over a period of a maximum of 24 months or less; proceeds not yet drawn down are to be managed in accordance with the Issuer Framework section Management of Proceeds.

Specifically, unallocated proceeds, including the funds yet to be drawn down for eligible assets, will be invested in temporary investment instruments that are cash, cash equivalents and/or other liquid marketable instruments (including Treasury securities). The Issuer may also allocate the proceeds on a temporary basis against assets already on the Issuer's balance sheet that exclude greenhouse gas intensive projects or manage the proceeds in any other manner that would be deemed acceptable to ensure the funds are applied as intended, subject to the Issuer's Framework. These are confirmed in the Issuer's Framework.

This approach is fully aligned to the Climate Bond Standard V2.1 clause 6.2 requirements.

*Clause 2.1.3. – The issuer has identified an earmarking process that can be used to manage and account for funding to nominated projects & assets and enables estimation of the share of the net proceeds being used for financing and refinancing.*

**Evaluation** – The Issuer has an established internal procedure for earmarking the associated bond proceeds to eligible assets, for monitoring drawdowns and for identifying the proceeds used for financing and for refinancing.

The Issuer's Framework has also committed to publishing public disclosure of details relating to the underlying eligible assets annually, including on the Use of Proceeds and Impact components of the Eligible Assets. In particular the reporting commitment for reporting on the green bond includes clear description of the use of funds raised and allocation to assets, identifying and describing the asset, and associated impact indicators. The reporting will serve to account for the ongoing management of the proceeds.

**Finding** – The systems, policies, processes, and controls were available for management of bond funds and investments were identified and described as follows:

**Tracking of proceeds:** The net proceeds of the bond will be credited to a subaccount, moved to a sub-portfolio, or be tracked by the issuer in an appropriate manner and documented, supported by the Issuer's internal procedures for transaction management. During the subsequent period, funds will be drawn-down to eligible assets and otherwise managed in conformance with the Issuer's Framework and Climate Bond Standard V2.1 Clause 6.2.

**Managing unallocated proceeds:** The Issuer confirms in the Framework that any excess and all unallocated proceeds will be invested in a liquidity pool within the Group. The Verifier has subsequently reviewed this liquidity pool and alternatives identified by the Issuer and identified that the instruments used are cash and cash equivalents within a Treasury Function, short-term debt instruments that by their nature serve the same purpose, or applied to temporarily fund assets already on the Issuer's balance sheet that do not include greenhouse gas intensive projects, which conforms with Climate Bond Standard V2.1 Clause 6.2.

**Earmarking funds to Nominated Projects & Assets:** The Issuer intends to draw down on the bond proceeds to refinance eligible assets over the 24 months or less, following the bond issue. The bond proceeds will be earmarked and managed according to established and aligned Issuer procedures and are to be identified expressly with the eligible assets. Annual external reporting will serve to account for the proportion of financing and refinancing as may apply.

### **Clause 3 – Reporting Prior to Issuance**

*Clause 3.1 – The Issuer shall disclose in the Bond Disclosure Documentation:*

*Clause 3.1.1. – The investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall.*

**Evaluation** - The Issuer's Applicable Pricing Schedule (draft dated 9 October 2019) Section G.18 confirms that the second green bond proceeds will be applied to finance renewable energy projects, and Annexure A confirms that the projects are a portfolio of solar energy and wind energy projects under construction. These investment areas meet the minimum criteria for Solar Energy and Wind Energy (as applicable) criteria.

*Clause 3.1.2. – The intended types of temporary investment instruments for the management of unallocated proceeds in accordance with Clause 2.1.2.*



**Evaluation** - The Issuer's Applicable Pricing Schedule (draft dated 9 October 2019) Annexure A confirms that unallocated bond proceeds will be invested in an amount equivalent to that shortfall in a liquidity pool within the Group. The unallocated proceeds will be invested in temporary investment instruments that are cash, or cash equivalent instruments within a treasury function and/or other liquid marketable instruments (including Treasury securities). Alternatively, the Issuer will allocate the proceeds to temporary investment instruments or temporarily fund existing assets already on the Issuer's balance sheet that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy, apply the proceeds to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements, or manage the proceeds in any other manner that would be deemed acceptable to ensure the funds are applied as intended, in accordance with Clause 2.1.2. This aligns with the Issuer's Framework, which confirms this detail.

*Clause 3.1.3. – The Verifier selected by the Issuer for the pre-issuance and the post-issuance engagements.*

**Evaluation** - The Issuer's Applicable Pricing Schedule (draft dated 9 October 2019) confirms that the Verifier appointed to undertake a pre-issuance engagement and a post-issuance engagement is Carbon Trust, an approved verifier for the Climate Bonds Initiative.

Carbon Trust is to provide a Pre-Issuance Verification Report against agreed-upon-procedures in relation to the pre-issuance criteria of the Climate Bond Initiative's (CBI) most current Climate Bond Standard (CBS), and Carbon Trust is to provide a Post-Issuance Verification Report by means of a limited assurance engagement for which Carbon Trust will develop and conduct appropriate procedures in relation to the post-issuance criteria of the Climate Bond Initiative's (CBI) most current Climate Bond Standard (CBS). This aligns with the Issuer's Framework regarding External Review.

*Clause 3.1.4. – Whether periodic Assurance Engagements will be undertaken during the term of the bond to reaffirm conformance with the Climate Bonds Standard, and the expected frequency of any periodic Assurance Engagements*

**Evaluation** - The Issuer's Applicable Pricing Schedule (draft dated 9 October 2019) confirms that an approved third-party Verifier will conduct a post-issuance assurance exercise within a year's time to continue conformance of the bond with the Climate Bonds Standard.

**Finding** – According to the Issuer's Applicable Pricing Schedule (draft dated 9 October 2019) Section G.18 and Annexure A, the Nominated Projects & Assets are a portfolio of solar energy and wind energy projects and are attributable to either Solar Energy or Wind Energy criteria as applicable and are in line with the investment areas listed in Clause 9.1 of the Climate Bonds Standard v2.1.



Furthermore, the Issuer's Applicable Pricing Schedule (draft dated 9 October 2019) specifies that any unallocated proceeds will be invested in a liquidity pool meeting the requirements of Clause 2.1.2 or that alternatives applied will similarly be in conformance with the requirements of Clause 2.1.2, and that an approved Climate Bond Initiative Verifier will validate the Eligible Assets and corresponding Framework.

The Issuer has committed in the Framework to publish an annual report that will report on the Use of Proceeds and Impact components of the Eligible Assets.

The Issuer's Applicable Pricing Schedule (draft dated 9 October 2019) confirms that an approved third-party Verifier will conduct a post-issuance assurance exercise within a year's time to continue conformance of the bond with the Climate Bonds Standard.

## Appendix B – List of Documents Reviewed

The list of documents reviewed are presented below:

- Nedbank's Sustainable Development Goals Issuance Framework (February 2019)
- Nedbank's Annexure B: Guideline for Sustainable Asset Selection (February 2019)
- Nedbank's Sustainability Bonds Internal Procedures Document (March 2019)
- Nedbank's Summary Information Sheet of projects (8 October 2019)
- Draft Applicable Pricing Supplement (draft dated 9 October 2019)
- Draft Climate Bond Information Form (draft dated 8 October 2019)
- Summary of Sustainable Issuance Working Committee (SIWC) meeting of 9 September 2019
- Government of Republic of South Africa National Department of Energy IPP Office project database (as at 2 October 2019)