



**CLIMATE BONDS STANDARD  
PRE-ISSUANCE VERIFICATION OPINION**

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**LOTUS WIND PROJECT GREEN LOAN  
POWER CONSTRUCTION JOINT STOCK COMPANY NO.1**

**Prepared by:** DNV GL Business Assurance Australia Pty. Ltd.

**Location:** Sydney, Australia

**Date:** 12 February 2021

**Ref. Nr.:** SPO-PRJN-205648-2021-AST-AUS

## DNV GL PRE ISSUANCE VERIFICATION ASSURANCE OPINION

### Scope and Objectives

Power Construction Joint Stock Company No.1 (“PCC1” or “Borrower”) is considering the execution of a loan in USD (henceforth referred to as “LOAN”) and has submitted the proposed Loan for verification and certification against the Climate Bonds Standard Version 3.0 (“CBS”). DNV GL notes that the requirements of the CBS meet and exceed the guidance set out in the APLMA/LMA’s Green Loan Principles 2020.

PCC1 initially intends to use the proceeds of the LOAN to finance nominated projects and assets falling under the following categories:

- Renewable Energy – Wind

These project types may be included and submitted for verification against the relevant Sector Criteria during the term of the loan.

DNV GL Business Assurance Australia Pty Ltd (henceforth referred to as “DNV GL”) has been commissioned by the Asian Development Bank (“ADB”) on behalf of PCC1 to provide verification of the LOAN as an independent and approved verifier under the Climate Bonds Standard. Our criteria and information covered to achieve this is described under ‘Work Undertaken’ below.

No assurance is provided regarding the financial performance of the LOAN, the value of any investments in the LOAN, or the long term environmental benefits of the transaction. Our objective has been to provide an assessment that the LOAN has met the criteria of the Climate Bonds Standard and the associated Technical Criteria.

The scope of this DNV GL opinion is limited to:

- the Climate Bonds Standard Version 3.0 and the following associated Sector Technical Criteria:
  - Wind Power

### Responsibilities of the Management of PCC1 and DNV GL

The management of PCC1 has provided the information and data used by DNV GL during the delivery of this review. Our statement represents an independent opinion and is intended to inform PCC1 management and other interested stakeholders in the LOAN as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by PCC1.

DNV GL is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV GL shall not be held liable if any of the information or data provided by PCC1’s management and used as a basis for this assessment were not correct or complete.

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## Basis of DNV GL's opinion

DNV GL has conducted the verification against the CBS and associated Sector Technical Criteria through the creation and execution of a verification protocol addressing each requirement of the CBS and the Wind Power Sector Criteria. The detail of areas covered in the DNV GL verification is summarised in Schedule 2 below.

## Work undertaken

Our work constituted a high level review of the available information, based on the understanding that this information was provided to us by PCC1 in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation and execution of a Climate Bonds Standard Protocol, adapted to include the relevant Sector Technical Criteria for the LOAN nominated projects and assets, as described above and in Schedule 2 to this Opinion;
  - Assessment of documentary evidence provided by PCC1 on the LOAN and supplemented by a high-level desktop research, onsite visit for documentation review and interviews with key personnel from the Borrower PCC1. These checks refer to current assessment best practices and standards methodology;
  - Discussions with PCC1 management, and review of relevant documentation;
  - Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.
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## Findings and DNV GL's opinion

DNV GL has performed the Pre Issuance Verification of the PCC1 Green Loan. It is DNV GL's responsibility to provide an independent verification statement on the compliance of the PCC1 Green Loan with the Climate Bonds Standard.

DNV GL conducted the verification in accordance with the CBS and with International Standard on Assurance Engagements *3000 Assurance Engagements other than Audits or Reviews of Historical Information*. The verification included i) checking whether the provisions of the CBS were consistently and appropriately applied and ii) the collection of evidence supporting the verification.

DNV GL's verification approach draws on an understanding of the risks associated with conforming to the CBS and the controls in place to mitigate these. DNV GL planned and performed the verification by obtaining evidence and other information and explanations that DNV GL considers necessary to give limited assurance that the PCC1 Green Loan meets the requirements of the Climate Bond Standard.

Based on the limited assurance procedures conducted, nothing has come to our attention that causes us to believe that the PCC1 Green Loan is not, in all material respects, in accordance with the Pre Issuance requirements of the Climate Bonds Standard Version 3.0 and associated Wind Sector Criteria.

DNV GL also confirms that the PCC1 Green Loan is aligned with the Green Loan Principles 2020.

### for DNV GL Business Assurance Australia Pty. Ltd.

Sydney, Australia / 12 February 2021



Mark Robinson  
Team Leader



David McCann  
Technical Reviewer

### About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

**SCHEDULE 1: DESCRIPTION OF NOMINATED ASSETS**

Eligible Projects & Assets Category	Sub category	Projects	Loan facility (USDm)
Renewable Energy	Wind	Lotus Wind Project 48 MW	172
<b>Total</b>			<b>172</b>

## SCHEDULE 2: CLIMATE BONDS STANDARD VERIFICATION CRITERIA

### Summary criteria for assertions of compliance with the Climate Bond Standard v3.0

The criteria against which PCC1 and its nominated projects and assets have been reviewed prior to inclusion in the Loan are grouped under the requirements as detailed within the Climate Bonds Standard Version 3.0 including:

#### Part A: Pre Issuance Requirements

Area	Requirement
Use of Proceeds	Nominated Projects & Assets which are proposed to be associated with the Loan and which have been assessed as likely to be Eligible Projects & Assets
Project Selection	Establish, document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets
Management of Proceeds	The systems, policies and processes to be used for management of the Net Proceeds shall be documented by the Issuer
Reporting Prior to Issuance	The Issuer shall prepare a Green Bond Framework and make it publicly available prior to Issuance or at the time of Issuance
Reporting	Reporting on use of proceeds and nominated projects and assets

#### Part B: Post Issuance Requirements

Use of Proceeds	Nominated Projects & Assets which are proposed to be associated with the Loan and which have been assessed as likely to be Eligible Projects & Assets
Project Selection	Establish, document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets
Management of Proceeds	The systems, policies and processes to be used for management of the Net Proceeds shall be documented by the Issuer

Reporting	Reporting on use of proceeds and nominated projects and assets
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**Part C: Eligible projects and physical assets**

Nominated projects and assets include financing of or investments in equipment and systems which enable the mitigation of greenhouse gasses, as detailed in Appendix C.

Area	Requirement
Wind Energy Generation	Wind energy generation facilities, dedicated transmission infrastructure

**Part D: Certification under the Climate Bonds Standard**

Area	Requirement
Pre Issuance Certification	The Borrower of a Climate Bonds Standard Certified Loan must satisfy the Pre Issuance Certification requirements including the completion of all forms, Pre Issuance Verification by an approved verifier and provision of relevant information
Post Issuance Certification	The Borrower of a Climate Bonds Standard Certified Loan must satisfy the Post Issuance Certification requirements including the completion of all forms, Post Issuance Verification by an approved verifier and provision of relevant information
Maintaining Certification	The Borrower shall provide annual reporting to the CBI and comply with non-conformance correction as required

**SCHEDULE 3: ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS**

**Alignment of the Use of Proceeds against the United Nations Sustainable Development Goals (UN SDG)**

In addition to the Pre Issuance verification, DNV GL has reviewed the Use of Proceeds and nominated assets associated with the PCC1 Green Loan for alignment with the UN SDGs in the following table.

Use of Proceeds	UN SDG	UN SDG Target		Assessment of Contribution to Achieving the SDG	Reported Impacts
Renewable Energy	7. Affordable and Clean Energy	7.2	Increase substantially the share of renewable energy in the global energy mix	Compliance with CBI Wind Energy Criteria provides sufficient evidence of the projects' contribution towards SDG 7 and target 7.2.	Renewable Energy Generation added to the Vietnam national energy grid.
Renewable Energy	9. Industry, Innovation and Infrastructure	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	As demonstrated through the provision of project technical documentation and the verification of this using publicly available information, the proposed Wind project has been confirmed to be a source of renewable energy and clean technology and contributed to SDG9 and Target 9.4.	Renewable Energy Generation added to the Vietnam national energy grid.