

# Description of the verification procedure Green/Social/Sustainability Bond Assurance

Certification

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If you should require any further information then please do not hesitate to contact us. We will be please to help you.

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The assurance process of a bond against its underlying framework involves several steps.

## 1 INITIAL MEETING

The initial meeting is conducted prior to the actual assessment to ensure feasibility of the engagement. Within the initial meeting the general conditions are discussed with the client.

- **Scope of the engagement:** Type of bond, assets to be (re)financed
- **Standards:** Generally the assessment is performed using assurance standard ISAE 3000
- **Level of Assurance:** The assessment can be performed using either a reasonable or limited level of assurance (according to ISAE3000).

The initial meeting may proceed as an on-site appointment, via telephone or video conference. The decision, whether an on-site appointment is required for an initial meeting is made by the auditor(s).

When the certification body declines an application for assessment as a result of the initial meeting, the reasons for declining shall be made clear to the client.

The assessment team leader shall review with the client any need for changes to the assessment scope which becomes apparent as on-site assessment activities progress and report this to the certification body.

Records of offers, which did not lead to a contract, must be kept for one year.

## 2 ASSESSMENT PREPARATION

Based on the results of the initial meeting the assessment preparation commences.

The preparation of the assessment is based on detailed consultation with the client and internal staff regarding

- Scope of the engagement
- Independence and impartiality: statement of independence that discloses potential relationships with the customer and mechanisms to ensure independence
- Competence: the individual assurance practitioners and technical experts are as a team competent with regard to the assurance standard and the specific assessor qualification requirements of TÜV NORD CERT.

An assessment team is appointed and the client is informed of the team members once the contract is signed. Clients must be informed in advance that they can object to any member of the assessment team (assessor or expert).

### **3 ASSESSMENT PLANNING AND DOCUMENTATION REVIEW**

The assessment team leader is responsible for preparing an assessment plan which includes all standard-specific requirements to be assessed, the names of the relevant units within the customer's organization (if possible) and a timescale for the assessment. The assessment team leader coordinates the assessment plan with the assessment team and the customer's representative. The assessment plan should be sent to the client in due time before the assessment.

In order to develop a suitable and comprehensive assessment plan the client provides relevant information such as details of the assets to be financed/re-financed and associated documentation regarding procedures and systems for data collection etc.

The assessment planning shall, at minimum, include the following:

- Tasks and activities to be performed
- Evidence gathering requirements and sampling methods
- Resources requirements
- Schedule of the engagement

The resulting assessment plan includes

- Objectives of the engagement
- Assurance standard to be used
- Roles and relationships of assessor and client
- Scope of the engagement
- Criteria to be used
- Level of assurance
- Assurance strategy
- Tasks and activities

The assessors may work as a team or independently.

Any relevant documents provided by the client before the assessment shall be reviewed by the assessment team before the on-site visit. This desk-review is coordinated by the assessment team leader.

Results of the desk review can influence the assessment planning and may be presented to the client directly after the opening meeting during the on-site assessment. If non-conformities are identified during the desk review which cannot be ruled out by the client during the on-site assessment, these non-conformities are included in the non-conformity management after the assessment.

### **4 PERFORMANCE OF THE ASSESSMENT**

The assessment commences with an opening meeting.

The task is to review the assessment plan as well as the agreed upon scope and timetable of the assessment.

Afterwards the original assessment is carried out by the assessment team using

- questions put to the staff,
- revision of documents, records, orders and guidelines
- During the engagement the assessment team collects and evaluates evidence about subject matter against suitable criteria to arrive at a set of findings and conclusion. The subject matter is established

by the engagement scope and the chosen assurance standard. The evaluation includes, but is not limited to:

- Evaluation of the bond's adherence to its underlying bond framework regarding systems and processes for
  - Use of proceeds
  - Process for project evaluation and selection
  - Management of proceeds
  - Reporting

During the assessment, the assessment team shall periodically assess progress and exchange information. The assessment team leader shall reassign work as needed between the assessment team members and periodically communicate the progress of the assessment and any concerns to the client.

The client shall be given opportunity for questions. Any diverging opinions regarding the assessment findings or conclusions between the assessment team and the client shall be discussed and resolved where possible. Any diverging opinions that are not resolved shall be recorded and referred to the certification body.

At the end of the assessment, a final closing meeting takes place.

## **5 ASSESSMENT DOCUMENTATION AND FINDINGS**

The assessment team informs the client without undue delay of its findings and reassesses the updated documentation, system etc. The assessment team includes all findings, marking them as resolved as applicable, in the assessment documentation.

The assessment report is prepared based on the assessment findings and includes all information as stated in the standard-specific procedures as well as the relevant forms for the assessment reports per standard.

## **6 ASSESSMENT REPORTING**

The Verifier will be required to issue two versions of their Verifier's Report as follows:

### **(a) Assurance statement**

The assurance statement is a shortened version of the assurance report designed for external communication (e.g. inclusion in bond documentation for roadshows). The assurance statement includes all relevant information for stakeholders and at minimum

- Intended users of the assurance statement
- Statement of impartiality by the verifier
- Responsibilities of each party
- Assurance standard used in the assurance engagement
- Level of assurance
- System boundary
- Description of methodology and limitations
- Assurance conclusion
- Disclaimer

## **(b) Assurance report**

The assurance report compiles the entire assessment process including information on

- Verification team
- Terms of engagement
- Methodology
- Overview of issuer
- Assessor's opinion

The assurance report is a tool for internal communication of the assessment activities and results.

## **7 CLOSING MEETING (OPTIONAL)**

The assessment concludes within a closing meeting, in which the verifier presents the results to the client. The closing meeting may proceed as an on-site appointment, via telephone or video conference. The decision, whether an on-site appointment is required for the closing meeting is made by the auditor(s).