

Description of the certification procedure

Climat Bonds Pre- and Post-Issuance Certification

Certification

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The certification of a bond according to the Climate Bonds Standard (CBS) involves several steps.

1 INITIAL MEETING

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

- **Scope of the engagement:** Pre or Post Issuance, type of asset(s) which the bond is being issued for.
- **Standards:** Generally the certification engagement comprises of a certification against the Climate Bonds Standard. The use of any other standard(s) is to be discussed with the auditor(s).
- **Level of Assurance:** The certification engagement can be performed using either a reasonable or limited level of assurance (according to ISAE3000). For Pre-Issuance Certification, the certification engagement can also be performed using Agreed Upon Procedures as issued by the CBS.

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:** Pre or Post Issuance, types of assets, level of assurance
- **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 Climate Bonds 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 adherence to the Climate Bonds Standard and the specific sector criteria set by the Climate Bonds Initiative.
 - Are the assets eligible to be certified
 - Are the processes in place to track the use of proceeds
 - Are the other elements of the CBS complied with.

1.1.1

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) The final version of the Verifier's Report for publication on the CBI website

This Report will be provided to the bond Issuer. The Issuer will be subsequently required to share this report with the Climate Bonds Standard Board and this report will be made public through the Climate Bonds Initiative's website.

If the Climate Bond Verification Engagement is Limited or Reasonable Assurance then one of the following conclusions must be selected by the Verifier and included in the Assurance report:

- i. Limited or Reasonable Assurance Conclusion
- ii. Qualified Reasonable Assurance Conclusion
- iii. An Adverse Conclusion
- iv. A Disclaimer of Conclusion

(b) Long-hand version of the final Verifier's Report

This version of the Verifier's Report will be provided to the Issuer and the Issuer will be required to confidentially share it with the Climate Bonds Standard Board. This long-hand version of the final Verifier's Report will usually contain two extra Annexes not included in the public report:

- i. A complete detailed list of Nominated Projects & Asset reviewed in the Verification Engagement, and
- ii. A list of testing procedures carried out by the Verification Team to confirm the bond's conformance with each Climate Bonds Standard Requirement.

7 CLOSING MEETING (OPTIONAL)

The verification concludes within a closing meeting, in which the verifier presents the results of the verification 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).