

# GREEN BOND / GREEN BOND PROGRAMME INDEPENDENT EXTERNAL REVIEW FORM

## Section 1. Basic Information

Issuer name:	Vena Energy
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Green Financing Framework of Vena Energy
Independent External Review provider's name:	Japan Credit Rating Agency, Ltd.
Completion date of this form:	September 18, 2019
Publication date of review publication:	September 18, 2019

## Section 2. Review overview

### SCOPE OF REVIEW

*The following may be used or adapted, where appropriate, to summarise the scope of the review.*

The review assessed the following elements and confirmed their alignment with the GBPs:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

### ROLE(S) OF Independent External REVIEW PROVIDER

- |  |  |
|--|--|
| <input type="checkbox"/> Second Party Opinion    | <input type="checkbox"/> Certification             |
| <input type="checkbox"/> Verification            | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): |  |

*Note: In case of multiple reviews / different providers, please provide separate forms for each review.*

Vena Energy, headquartered in Singapore, is a corporation that invests in project companies engaged in solar and wind energy generation projects in the Asia-Pacific region. Vena Energy Group and its project companies, is a leading renewable Independent Power Producer in the Asia-Pacific region with total consolidated assets of US\$5.6 billion at the end of 2018. Since its establishment in 2012, Vena Energy has been active in the solar and wind power generation business across the Asia-Pacific regions. As of end 2018, the company possesses solar and wind power assets in seven countries with an aggregate capacity of over 2GW through its project companies. Global Infrastructure Partners (GIP), one of the world's leading independent infrastructure investment funds, acquired Vena Energy's predecessor, Equis Energy, in 2018. GIP then renamed the company Vena Energy and became its main sponsor. For the acquisition, GIP formed a consortium with Public Sector Pension Investments (PSP), one of Canada's largest pension funds, and China Investment Corporation (CIC), China's sovereign wealth fund. The details of the consortium's stake are undisclosed, but the majority is owned by GIP. Vena Energy Group is one of GIP's largest single investments to-date and is of high importance to GIP's infrastructure investment strategy.

The subject of the evaluation is the Green Finance Framework established by Vena Energy in order to specify the use of proceeds funded by bonds or loans to the projects that have environmental benefits. JCR evaluates whether the framework is in line with the Green Bond Principles (2018 edition), the Green Bond Guidelines (2017 edition) and the Green Loan Principles.

In Vena Energy's Green Finance Framework (the Framework), the funds procured through green bonds or green loans are used for 1. Solar energy related projects, 2. Wind energy related projects, and 3. Hydropower related projects (new construction of less than 15MW of small-scale hydropower or re-powering of existing large-scale hydropower of more than 20MW). JCR evaluates the use of proceeds to be renewable energy projects that contributes to decarbonization and contribute to environmental improvement. With regard to possible negative environmental and social impacts of the construction and operation of the above-mentioned power generation facilities, it is highly unlikely that the negative impacts will exceed the environmental improvements, as Vena Energy has established a system to minimize the possibility of negative impacts by conducting necessary risk assessment and mitigation in accordance with IFC Performance Standards and other international standards, such as ILO Basic Terms and Conditions of Work.

Under its Green Finance Framework, Vena Energy committed the following management and operation system; (1) a Sustainability Committee to oversee the selection criteria, selection process and reporting of green projects; (2) a dedicated bank account for green funds and; (3) a commitment to disclose its allocation status annually by country, by asset and Key Performance Indicators (KPI) of the environmental impacts of the green investment. Consequently, JCR confirms that Vena Energy has a robust administrative and operational system and is highly transparent with respect to Green finance.

As a result, JCR assigns "g1 (F)" for "Greenness Evaluation (Use of Proceeds)" and "m1 (F)" for "Management, Operation and Transparency Evaluation". Consequently, JCR assigns "Green1 (F)" as an overall evaluation results to the Framework. JCR has also evaluated and concluded that the framework meets the standards for the Green Bond Principles, the Green Bond Guidelines of the Ministry of the Environment of Japan, and the Green Loan Principles.

<https://www.jcr.co.jp/en/greenfinance/>

## Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

### 1. USE OF PROCEEDS

**Overall comment on section (if applicable):**

#### **a. On the environmental improvement effects of the project**

- i. The eligibility criteria set out in the Framework for funding are renewable energy, which are highly effective in improving the environment.
- ii. Uses of proceeds fall under the categories of "Renewable energy" among the green projects defined in the Green Bond Principles, Green Loan Principles or the Ministry of the Environment's Green Bond Guidelines.

#### **b. Negative impact on Environment**

Vena Energy conducts risk assessment and management of individual projects based on the eight IFC Performance Standards in order to realize sustainable business activities. The company also pays due consideration to the safety of workers and the environment, in accordance with the IFC Performance Standards and World Bank Group's Environmental, Health, Social Guidelines (EHS Guidelines). Among these, waste disposal standards and emergency countermeasures such as typhoons are appropriately planned on a project by project basis. In addition, the company manages an Environmental and Social Responsibility Policy (ESR Policy) concerning risk assessment and management practices, in which the responsibilities of senior management and employees are clearly defined.

As a result of its rigorous due diligence and thorough risk management processes, JCR has confirmed through hearings that there is no site where disputes or other serious problems have occurred in its project sites at the time of evaluation.

#### **Use of proceeds categories as per GBP:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy   | <input type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control  | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation   | <input type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water and wastewater management   | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and                                       | <input type="checkbox"/> Green buildings   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify) :  |

*If applicable please specify the environmental taxonomy, if other than GBPs:*

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

### Overall comment on section (if applicable):

The Company has established clear environmental objectives, project selection criteria, and processes for the use of proceeds.

Such matters are disclosed in the JCR's evaluation report.

### Evaluation and selection

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available       | <input type="checkbox"/> Other (please specify) :   |

### Information on Responsibilities and Accountability

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify) :  |  |

## 3. MANAGEMENT OF PROCEEDS

### Overall comment on section (if applicable) :

Vena Energy clearly separate the funds procured by green bonds or green loans from other funds by preparing a separate account exclusively for the green bonds and green loans. JCR evaluates that this is a transparent management method, as it ensures the tracking of accounts using cash inflow and outflow records.

The allocation of funds procured through green financing to the eligible assets is subject to audits by a third party and is appropriately managed. In addition, if any green projects are divested in an unexpected event, the fund management method is clearly stipulated, such as re-allocating funds to new green projects or maintaining a balance by reducing the outstanding amount of green bonds/loans.

As a result, JCR evaluates the appropriateness and transparency of the management of proceeds as high.

### Tracking of proceeds:

- |   |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner          |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify):  |

### Additional disclosure:

- |  |  |
|--|--|
| <input type="checkbox"/> Allocations to future investments only                  | <input type="checkbox"/> Allocations to both existing and future investments |
| <input checked="" type="checkbox"/> Allocation to individual disbursements       | <input type="checkbox"/> Allocation to a portfolio of disbursements          |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other ( <i>please specify</i> ) :                   |

#### 4. REPORTING

**Overall comment on section** (if applicable):

**a. Reporting on proceeds allocation**

JCR found it appropriate that a detailed allocation status is planned to be disclosed by each country and asset categories.

**b. Impact reporting for environmental benefits**

Regarding the impact, in addition to the estimated capacity and power generation, the number of households benefiting from the supply of electricity is also scheduled to be announced. JCR evaluates these disclosures and their frequency as appropriate in light of the Green Bond Principles, the Green Loan Principles and the Green Bond Guidelines.

**Use of proceeds reporting:**

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other ( <i>please specify</i> ):        |

**Information reported:**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts     | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |  |

**frequency:**

- |   |                                      |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual                | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |                                      |

**Impact reporting:**

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other ( <i>please specify</i> ):        |

**frequency:**

- |   |                                      |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual                | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |                                      |

**Information reported (expected or ex-post):**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings  |
| <input type="checkbox"/> Decrease in water use              | <input checked="" type="checkbox"/> Other ESG indicators ( <i>please specify</i> ):<br><i>Installed Power Capacity</i> |

*Annual Power Output by Renewable Energy  
(MWh)  
Number of Household powered*

## Means of Disclosure

- ☐ Information published in financial report ☒ Information published in sustainability report
- ☐ Information published in ad hoc documents ☐ Other (please specify):

Where appropriate, please specify name and date of publication in the useful links section.

## USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

Vena's Commitment to Sustainability	<a href="https://www.venaenergy.com/our-commitments/">https://www.venaenergy.com/our-commitments/</a>
JCR's website about green bond evaluation methodology	<a href="https://www.jcr.co.jp/en/greenfinance/">https://www.jcr.co.jp/en/greenfinance/</a>

## SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

### Type(s) of Review provided:

- ☐ Second Party Opinion ☐ Certification
- ☐ Verification ☒ Scoring/Rating
- ☐ Other (please specify):

**Review provider(s):** Japan Credit Rating Agency, Ltd.

**Date of publication:** September 18, 2019

## ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

1. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds. 1.
2. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
3. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
4. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.