



Green Bond Assurance Statement

NSP SPV Powercorp Plc

North South Power Company Limited (Sponsor) was established in 2012 to own and operate a diverse and growing portfolio of electricity generation businesses across Africa, apart from operating the 600 MW Shiroro Hydroelectric power plant.

NSP-SPV Powercorp Plc (the Issuer) was incorporated in Nigeria in 2017 as a public limited company. The issuer is wholly owned by the sponsor and its purpose is to issue green bonds.

A Green Bond of ₦8.5bn was issued on the 27/02/2019 and the funds received by the issuer on the 01/03/2019. The funds were used for the following purposes:

- Fees related to the bond issuance.
- Refinance existing debt.
- Placement within a minimum reserve account.
- Rehabilitation of overhead cranes and system/control upgrades
- Purchase of the 30MW Gurara Hydro Electric Power Plant.

Terms of Engagement

TÜV NORD CERT were engaged by North South Power Company Limited to provide the first post issuance report confirming that the use of proceeds and management of the funds were used in line with what has been stated in the bond issuance documents and that the four core components of the Green Bond Principles have been adhered to. It should be noted that due to the COVID-19 Pandemic and the consequent travel restrictions, the audit was carried out remotely using video conferencing methods.

The assurance was conducted in accordance with the International Standard on Assurance Engagements ISAE 3000 Assurance of Engagement Other Than Audits or Reviews of Historical Financial Information (ISAE 3000), using a limited Level of Assurance.

It should be noted that members of the assessment team are not involved in any other projects or activities that would cause a conflict of interest with regard to this engagement.

Our Opinion

During the audit process, the issuer has provided evidence, by way of documents and interviews, to enable an opinion to be formed on whether the Green Bond which was issued is in line with the statements made in the Green Bond Framework and the third party assurance report dated 09-05-2019.



1. Use of Proceeds

The bond issued was for ₦8.5bn and was used for payment of the fees related to the bond issuance, refinancing existing debt, placement within a minimum reserve account, rehabilitation of the cranes and control systems and purchase of the 30MW Gurara Hydro Electric Power Plant.

This is in compliance with the Use of Proceeds requirements of the Green Bond Principles.

2. Process for Project Evaluation and Selection

The issuer has a clear process which describes how, the project which was funded by the green bond, fits within the eligible green project categories of the Green Bond Principles. Therefore, a set of eligibility criteria has been developed and documented. The process also considers the environmental and sustainability objectives as well as project related risks. This process was followed for the current issuance.

This is in compliance with the Process for Project Evaluation and Selection requirements of the Green Bond Principles.

3. Management of Proceeds

The Green Bond was issued on the 27/02/2019 and the funds were transferred to a separate, ring-fenced account which has been opened with Zenith Bank. A reserve account was also opened with Zenith Bank. Unallocated proceeds were held by 6 fund managers and they have confirmed that the unallocated proceeds will not be invested in GHG intensive activities. This has ensured that the proceeds from the green bond will only be used for this Hydro-electric project and furthermore will not be contaminated by other, non-green proceeds.

This is in compliance with the Management of Proceeds requirements of the Green Bond Principles.

4. Reporting

The annual report provided by the issuer clearly documents that the report has been written in line with the Green Bond Framework.

Furthermore, evidence regarding the amount of electricity exported was provided and which substantiates the data used in the emissions mitigation calculations.

The client has referred to CDM Methodology ACM0002: Consolidated baseline methodology for grid-connected electricity generation from renewable sources --- Version 12.3.0 for guidance with regards to the inclusion of the methane emissions within the project emissions. The methodology clearly states that if the Power Factor is greater than 10 W/m², then these emissions can be excluded. Evidence has been seen from ERM dated the 25/10/2018 in which it has been stated that the Power Factor is 44.9 W/m². Whilst this factor has not been verified, given that it has been provided by another credible organization and signed by a Partner, this has been accepted. Therefore the project emissions are zero.

The report provides up to date information covering the use of proceeds and how they have been allocated. Furthermore, the impacts of the project have been provided and which are in-line with the KPI metrics required by ICMA.



The impacts are as follows:

Core Indicator 1: GHG Emissions avoided (tCO₂e)

01/03/2019 to 31/12/2019: 958,343

01/01/2020 to 31/07/2020: 520,716

Core Indicator 2: Renewable Generation (MWh)

01/03/2019 to 31/12/2019: 2,314,837

01/01/2020 to 31/07/2020: 1,257,769

Core Indicator 3: Capacity of renewable energy plant constructed or rehabilitated (MW)

Zero- The project is an existing facility and was not rehabilitated.

This is in compliance with the Reporting requirements of the Green Bond Principles.

Conclusion

Based on our limited assurance procedures, as described in this report, nothing has come to our attention that the proposed use of proceeds, process for project evaluation and selection, management of proceeds and reporting in relation to Issuer's green bond issuance does not meet the criteria outlined in the Issuer's Green Bond Framework and as set out by the ICMA Green Bond Principles, in all material aspects.

Essen, 26.08.2020

Dr. Tahsin Choudhury

Lead & Senior Auditor

Disclaimer

For the sake of clarity, it should be noted, that the Second Party Opinion report is solely based on conformance or non-conformance of the Green Bond Framework against the Green Bond Principles and the Green Bond Principles and do not in any way constitute purchase or investment recommendations. The Verifier has no responsibility and liability in this regard and remains the sole responsibility of the issuer. The Issuer shall hold the Verifier harmless from and against any claim including but not limited third party claims raised against the Verifier in connection with bonds such as but not limited to the economic profitability and credit worthiness of the bonds.

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