



A Strategic Partner of S&P Global

GREEN BOND PRE-ISSUANCE VERIFICATION REPORT

SPCG Public Company Limited – Solar System



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TABLE OF CONTENTS

1. Introduction	3
2. Summary of Findings	3
Use of Proceeds	3
Process for Project Evaluation and Selection	3
Management of Proceeds	3
Reporting.....	4
3. Engagement Summary.....	4
Scope and Objective	4
Level of Assurance	4
Work Performed	4
Exclusions	4
Independence and Quality Control.....	5
4. Responsibilities of the Issuer	5
5. Responsibilities of the Verifier.....	5
6. Distribution and Use of the Verifier’s Report	5
7. Conclusion	6

1. Introduction

SPCG Public Company Limited (“**SPCG**” or the “**Company**”, or the “**Issuer**”) plans to issue green bonds in the amount of THB2,500,000,000 (Two Billion Five Hundred Million Thai Baht) to fund its investment in a solar power project. SPCG has engaged TRIS Rating Co., Ltd. (“**TRIS Rating**”, or the “**Verifier**”), as an external reviewer to verify that the Company’s proposed green bond issue is in conformance with the Climate Bonds Standard Version 3.0 (“**CBS**”), and the associated sector eligibility criteria of The Climate Bonds Initiative (“**CBI**”).

This Green Bond Pre-Issuance Report (the “**Verifier’s Report**”) represents TRIS Rating’s opinion with respect to the conformance of SPCG’s proposed green bond issue with the aforementioned standard and criteria.

SPCG was founded in 1996 and listed on the Stock Exchange of Thailand (SET) in 2012. Headquartered in Bangkok, Thailand, the Company’s main business is the production and distribution of electricity from solar farms and solar roof power generation. SPCG is a holding company and operates through its subsidiaries and affiliates. As of 31 August 2021, SPCG had invested in 36 solar farms with a total installed capacity of 260.35 megawatts (MW). The Company’s solar farms are located in ten provinces in Thailand, mostly in the Northeastern region.

2. Summary of Findings

TRIS Rating conducted its verification against CBS and the relevant sector eligibility criteria published by CBI. The verification which includes i) checking whether the provisions of CBS were consistently and appropriately applied and ii) the collection of evidence supporting the verification. *Based on the limited assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects, SPCG’s proposed green bond issue is not in conformance with the Pre-Issuance Requirements of the Climate Bonds Standard Version 3.0, and the Sector Criteria for Solar Version 2.1 published by CBI.* The following is an overview of our findings in accordance with the four pillars of CBS.

Use of Proceeds

SPCG intends to allocate the net proceeds to finance its equity investment in a new solar farm in Japan - Ukujima Mega Solar Project (the “**Project**”). Please refer to Appendix 1 for details of the Project. The Project is an onshore solar farm in Japan with fully dedicated electricity generation from solar energy resources without back-up electricity generation or combined/hybrid fossil fuel electricity generation. TRIS Rating is of the view that the Project’s attributes are aligned with CBI’s Sector Criteria for Solar Version 2.1, and that the Project has clear environmental benefits that will help reduce greenhouse gas emissions, consistent with the United Nation’s Sustainable Development Goals (“**SDG**”).

Process for Project Evaluation and Selection

The Issuer has established policies, strategies, and business activities consistent with SDG, with particular emphasis on i) Goal 7: Affordable and Clean Energy, ii) Goal 8: Decent Work and Economic Growth, iii) Goal 11: Sustainable Cities and Communities, and iv) Goal 13: Climate Action. The Project is aligned with the Issuer’s objective and environmental policy.

The Issuer has defined the processes for project evaluation and selection for eligible green projects, in accordance with its business practices and applicable internal controls. The Issuer’s business development department (“**BD**”) is responsible for determining the eligible projects and assets based on the eligibility criteria. In evaluating the eligibility of prospective projects or assets, BD is assisted by internal experts and project management teams. The evaluation and selection process have been finalized and approved by the Issuer’s Board of Directors. The Issuer takes CBS requirements into consideration when evaluating and selecting projects.

Management of Proceeds

SPCG plans to fully allocate the net proceeds within two years from the bond issuance date, and has established a process to track and manage allocation of the net proceeds, as follows:

- Designate a separate bank account for the receipt of net proceeds from the bond issuance.
- The unallocated proceeds will be held in temporary liquid and readily available investment instruments such as cash, term deposits, money market fund units as per the Company’s investment policy.

- BD, and Accounting & Finance Department are responsible for managing and tracking on an ongoing basis the allocation of the net proceeds to eligible projects and assets and the management of unallocated proceeds.

We are of the view that the Issuer's internal arrangements to manage the net proceeds are aligned with CBS.

Reporting

SPCG has expressed its intention to publish and disclose an allocation report and an impact report on an annual basis until the maturity of the green bond. The allocation report will include the balance of unallocated proceeds, the amount of allocated proceeds, and the status of the Project.

SPCG plans to disclose indicators related to environmental benefits in the impact report, as follows:

- Annual GHG emissions avoided (in tonnes of CO2 equivalent)
- Installed solar power/renewable energy capacity (in MW)
- Annual solar power/renewable energy generation in MWh or GWh

Under the green bond verification service engagement, TRIS Rating will perform post-issuance verification to assess the Issuer's conformance with CBS within two years from the date of bond issuance. We are of the view that the Issuer's intended reporting practices are aligned with CBS.

3. Engagement Summary

Scope and Objective

The objective of TRIS Rating in the green bond verification service engagement is to verify and provide limited assurance on the conformance of SPCG's proposed green bond issue with the requirements of CBS and the relevant Sector Criteria for Solar Version 2.1 published by CBI. Our assurance work covers data and information on material aspects of SPCG's proposed green bond issue, particularly in relation to the four core aspects of CBS:

- Use of Proceeds
- Process for Evaluation and Selection of Projects & Assets
- Management of Proceeds
- Reporting

Level of Assurance

TRIS Rating's performance of assurance work is in accordance with the requirements of "Limited Assurance" as per International Federation of Accountants' (IFAC) International Standard on Assurance Engagements (ISAE 3000).

Work Performed

We obtained information and clarifications from the Issuer that we consider appropriate and sufficient to achieve the above scope and level of assurance, based on our professional judgement. In this context, we have carried out the following activities:

- Planning and management of the verification
- Assess SPCG's Green Bond Framework and associated documentation against each element of the Pre-Issuance Requirements section of the Climate Bonds Standard Version 3.0;
- Interview SPCG's management and staff responsible for the proposed green bond issuance to understand the Company's Green Bond Framework, and the processes, systems, and controls for the management of proceeds;
- Check that the nominated project and associated assets are in conformance with the Sector Criteria for Solar Version 2.1 published by CBI;
- Examine the collected evidence and the Company's relevant internal processes;
- Assess the appropriateness of the Company's reporting policies and its readiness to perform according to the policies;
- Conclude our opinion based on the findings and prepare the Verifier's Report.

Exclusions

TRIS Rating's performance under the green bond verification service engagement **does not include**:

- Credit assessment and valuation of the proposed green bond issue;
- Assessment of the financial standing, economic performance, and credit rating of SPCG;
- Verification of SPCG's statements that describe its future expectations and intentions;
- Assessment of the social, or governance impacts of the nominated project and associated assets;
- Provision of assurance on information outside the defined reporting scope and period.

Independence and Quality Control

The assurance was conducted in line with the requirements of the International Standard on Assurance Engagements 3000 (ISAE 3000), which sets out the requirements with respect to independence and other professional standards.

TRIS Rating maintains a comprehensive system of compliance and quality control governed by well thought organization structures, established policies and procedures to ensure the responsible working team has full independence in exercising their professional judgement, free of conflict of interest, and adhere to the company's professional and quality standards.

4. Responsibilities of the Issuer

The Issuer is responsible for its conformance with the requirements of the Climate Bonds Standard Version 3.0 which includes designing, implementing, and maintaining processes related to the selection of eligible projects, management of green bond proceeds, and reporting. In respect of its engagement of TRIS Rating to perform green bond verification, the Issuer is responsible for providing accurate and sufficient information to TRIS Rating relating to:

- Selection and evaluation process for the nominated projects and assets;
- Details of nominated projects and assets;
- The Company's management systems for internal processes and controls for nominated projects and assets - including tracking of proceeds, managing unallocated proceeds, and earmarking funds to nominated projects and assets;
- Details of commitment for reporting, including the information to be included in the report, frequency of the report, and how the public may access the report.

5. Responsibilities of the Verifier

TRIS Rating, as the Verifier, is responsible for providing an independent opinion in the form of a limited assurance report, in accordance with the above scope and evidence obtained. The verification carried out by TRIS Rating is based on its professional judgement and in conformance with the requirements of the ISAE3000 standard.

The work undertaken as part of this engagement included interviews with relevant member of the management and staffs of SPCG, and reviews of relevant documentation to assess conformance with the Climate Bonds Certification Pre-Issuance Requirements.

6. Distribution and Use of the Verifier's Report

This Verifier's Report (the "Report") is made solely to Issuer in accordance with the terms of our Green Bond Verification Engagement Letter and to the CBI for the purposes of awarding Certification under the Climate Bonds Standard v3. Our limited assurance is based on the information which has been made available to us by the Issuer for the purpose of Green Bond Verification Service under the Engagement Letter. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. TRIS Rating makes no express or implied warranties or representations with respect to the information. Providing this Report does not mean that TRIS Rating certifies the effectiveness, the excellence or the irreversibility of the assets financed by the relevant bond issuance. The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies and any applicable law, for their implementation and their monitoring.

Our opinion neither focuses on the financial performance of the relevant bonds, nor on the effective allocation of its proceeds, nor constitutes investment advice in any form. TRIS Rating is not endorsing, recommending or advising on the financial merits or otherwise of any debt instrument or investment product, and no information within this Report should be taken as such, nor should any information in this Report be relied upon in making

any investment decision. TRIS Rating is not liable for the induced consequences when third parties use or refer in whole or in part on any information contained within this Report either to make investment decisions or to make any kind of business transaction. Any party other than Issuer who obtains access to this Report or a copy thereof and chooses to rely on the Report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Issuer for our work, for this independent limited assurance report, or for the conclusions we have reached.

7. Conclusion

Based on limited assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects, SPCG's proposed green bond issue is not in conformance with the Pre-Issuance Requirements of the Climate Bonds Standard Version 3.0, and the Sector Criteria for Solar Version 2.1.



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15 September 2021