



RULES FOR VALIDATION AND VERIFICATION OF SUSTAINABLE FINANCE INSTRUMENTS/PRODUCTS

Valid from 6 April 2021

RINA SERVICES S.p.A.

Via Corsica, 12 – 16128 Genova – Italia

Tel. +39 01053851 – Fax: +39 0105351132

www.rina.org



INDEX

CHAPTER 1 – GENERAL	3
CHAPTER 2 – CONTRACT REVIEW	4
CHAPTER 3 – TEAM	4
CHAPTER 4 – VALIDATION AND VERIFICATION	4



CHAPTER 1 – GENERAL

1.1 Scope

This Rules defines the procedures applied by RINA for validation and verification of sustainable finance instruments/products.

Sustainable finance instruments/products are any type of bond or bond programme, loan or other debt instrument the proceeds of which are exclusively used to finance or refinance, in whole or in part, new and/or existing sustainable projects.

Validation of sustainable finance instruments/products, in accordance to criteria/requirements defined in agreed reference normative documents, is a systematic, independent and documented process, in order to issue an opinion on sustainability of projects/initiatives to be funded, to give assurance to interested parties regarding the quality of sustainable finance instruments/products and the pursuit of their purposes.

Verification of sustainable finance instruments/products, in accordance to criteria/requirements defined in agreed reference normative documents, is a systematic, independent and documented periodic process, in order to issue an opinion, to give assurance to interested parties that the proceeds are managed in line with the validated sustainable finance Instruments/products.

The sources of information used are documents submitted by the Organisation, interviews with representatives of the Organisation, any interviews of stakeholders involved in the projects, and public data in the press, social media or blogs.z

1.2 Validation and Verification Criteria

To assess the environmental, social and governance performance of the Organisation beneficiary of the sustainable finance instrument/product, RINA uses its own rating tool based on the international standard ISO 26000:2010 "Guidelines on Social Responsibility" which contains the

principles, core subjects of social responsibility (Organisational governance, human rights, labour practices, the environment, fair operating practices, consumers issues, community involvement and development) and a guide for the integration of principles and core subjects throughout the Organisation.

To assess the sustainability of finance instruments/products and related projects/initiatives, RINA uses criteria/requirements defined in agreed reference standard documents, such as:

- The Green Bond Principles (GBP) and the Green Loan Principles (GLP) issued by the International Capital Market Association (ICMA);
- The 17 Sustainable Development Goals (SDGs), defined by the community of States within the 2030 Agenda for Sustainable Development;
- The European Community Taxonomy (REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088).

1.3 Terminology

The terminology used in this Rules and to carry out the activity is the same used in the in the reference documents used for validation and verification.

1.4 Principles

RINA recognizes the fundamental guiding principles of the validation and verification processes and conducts all activities ensuring: accuracy, prudence, relevance, credibility, reliability, completeness, consistency, transparency, impartiality, independence, safeguarding against conflicts of interest and confidentiality.



CHAPTER 2 – CONTRACT REVIEW

2.1 Application and Offer

Organisations wishing to obtain validation and/or verification, must provide RINA with the data needed to prepare the offer, by sending the latest version of the RINA informative questionnaire completed in all its parts, or the same information in another format.

This information is used by RINA to formulate an offer.

RINA prepares the offer on the basis of the following information / documents:

- name and address of the Organisation beneficiary of the sustainable finance instrument/product;
- description of the activities carried out by the Organisation;
- short description of the identified sustainable projects/initiatives and their geographical location;
- existing certifications;
- reference normative documents;
- all the information reported in the informative questionnaire.

2.2 Contract

Organisations must formalize their order by sending to RINA the offer countersigned for acceptance or a contract duly signed by the Chief Executive Officer, or by an authorized Representative, through a legal power of attorney.

Upon receipt of the signed request form or offer / order and related attachments / documentation, after a preliminary examination to verify their completeness, RINA notifies the Organisation of the acceptance of the order.

Only after RINA has communicated the acceptance of the order, the contract between RINA and the Organisation is considered stipulated.

The contract stipulated between RINA and the Organisation includes:

- documentary review of the Organisation's documents;
- follow up actions (telephone and/or video interviews and/or on site visits);
- the issuance of the validation and / or verification report, containing the opinion;
- any additional services specified in the offer.

CHAPTER 3 – TEAM

3.1 Team Selection

RINA selects the validation/verification team members that will carry out the activities and the staff who will carry out the independent technical review, based on the knowledge, skills and competences required.

The team and the independent technical reviewer must be completely independent of all aspects concerning the instrument/product of sustainable finance and more generally any other aspect related to the projects/initiatives contained therein.

3.2 Communication of the Team

Before starting the activity, RINA communicates the names of the members of the validation / verification team to the Organisation.

The Organisation may object to these appointments within 5 working days of notification, justifying the reasons.

RINA reconstitutes the team following valid objections.

CHAPTER 4 – VALIDATION AND VERIFICATION

4.1 Validation

The main stages of the validation process are as follows:

- Forwarding of documents by the Organisation
- Document review by RINA team



- Follow up actions (telephone and/or video interviews and/or on site visits);
- Forwarding of the draft validation report
- Issuance of the final validation report containing the opinion.

4.1.1 Forwarding of documents by the Organisation

The Organisation forwards the following documents to RINA:

- copy of the framework reference document of for the issue of sustainable finance instrument/product and other supporting documents;
- a description of the identified projects/initiatives (and / or indication of the respective type) and their geographical location;
- the list of the main interested parties for each project/initiative and a copy of the minutes of consultation of the interested parties;
- the list of disputes;
- the list of existing certifications;
- the Organisation chart which clearly identifies the responsibilities for the management of the environmental, social and economic issues of the Organisation itself and the reference of the person in charge;
- any document useful for the validation activity (i.e. documentation describing the management of the environmental, social and economic issues).

RINA may request, at its discretion, for examination, also other documents besides those indicated above, deemed important for the purposes of validation.

4.1.2 Document Review

The above documentation is reviewed by the validation team for compliance with the identified validation criteria.

Following the document review, RINA will identify the additional requirements and elements (aspects and objective evidence) that must be treated with the Organisation

during the process of interviews and on-site visit(s).

4.1.3 Interviews and/or on site visit(s)

Validation requires a visit to the site (s), to interview the representatives of the Organisation, to verify the projects/initiatives and to gather evidence of the application of what is reported in the framework reference document for the issuance of sustainable finance instrument/product.

The date of the visit to the site will be agreed, sufficiently in advance, with the Organisation and will be officially confirmed at least one week before.

The process may also involve local key stakeholders who can provide important information.

4.1.4 Draft of the Validation Report

After the interviews, RINA will provide the Organisation with a draft of the validation report which will summarize the areas that require further processing, investigation or integration by the Organisation, in order to confirm that the framework reference document for the issuance of sustainable finance instrument/product complies with the criteria/requirements agreed.

The Organisation must provide further clarifications or make the necessary improvements to the framework reference document, supporting documents or implement actions in order to obtain a positive outcome of the validation.

Depending on the nature of the improvements / corrections and / or the documentation provided, an additional visit may be required to verify the correct implementation of the proposed corrective actions.

4.1.5 Final Validation Report

Upon receipt of the responses formulated by the representatives of the Organisation and of the documents modified as a result of the findings, the draft of the validation report is revised to reflect the answers/actions of the Organisation and the comments of the Team in relation to each finding.



The final validation report is prepared including the opinion on:

- the commitment of the Organisation for social responsibility;
- the alignment of the framework reference document of for the issue of sustainable finance instrument/product and other supporting documents with criteria/requirements agreed, i.e. the Green Bond Principles (GBP) and with the Green Loan Principles (GLP) issued by ICMA;
- the contribution of the framework reference document for the issue of sustainable finance instrument/product and the Projects/Initiatives contained therein to sustainable development through the assignment of reference to one or more of the 17 Sustainable Development Goals (SDGs).

The final validation report is issued once all the findings in the draft validation report have been resolved by the Organisation and accepted by RINA.

If the findings are not satisfactorily resolved and accepted:

- 3 months after the first issue of the Draft Report, or
- after more than 3 revisions.

RINA reserves the right to terminate the contract or to issue the final validation report and a negative opinion without prejudice to the right to receive the agreed remuneration.

4.1.6 Independent Technical Review

The final validation report is subjected to an independent technical examination to ensure that the validation activity meets all the requirements.

4.1.7 Approval of the Final Validation Report

The final validation report is subsequently approved by the authorized persons.

4.2 Verification

The main stages of the verification process are as follows:

- Forwarding of documents by the Organisation
- Document review by RINA Team
- Follow up actions (telephone and/or video interviews and/or on site visits);
- Forwarding of the draft verification report;
- issuance of the Final Verification Report containing the opinion.

4.2.1 Forwarding of documents by the Organisation

The Organisation forwards the following documents to RINA:

- copy of all previously validated documents (see 4.1.1.);
- a document describing all changes from the previously validated situation and documentation (e.g., updated list of disputes, new certifications or certifications that are no longer valid, changes to projects/initiatives);
- a copy of the allocation report of the sustainable finance instrument/product;
- any document useful for the verification activity.

RINA may request, at its discretion, for examination, also other documents besides those indicated above, deemed important for the purposes of verification.

4.2.2 Document Review

The above documentation is assessed by the verification team for compliance with the identified verification criteria.

Following the document review, RINA will identify the additional requirements and elements (aspects and objective evidence) that must be treated with the Organisation



during the process of interviews and / or visits to the site (s).

4.2.3 Interviews and visits to the site (s)

The verification requires a visit to the site (s), to interview the representatives of the Organisation, to verify the projects and to collect the evidence of the application of allocation report in compliance with the validated reference framework document of sustainable finance Instruments/products.

The date of the visit to the site will be agreed, sufficiently in advance, with the Organisation and will be officially confirmed at least one week before.

The process may also involve local key stakeholders who can provide important information.

4.2.4 Draft of the Verification Report

After the interviews, RINA will provide the Organisation with a draft of the verification report which will summarize the areas that need further processing, investigation or integration by the Organisation.

The Organisation must provide further clarifications or make the necessary improvements to the documentation and implement actions if possible, in order to obtain a positive outcome of the verification.

Depending on the nature of the improvements / corrections and / or the documentation provided, an additional visit may be required to verify the correct implementation of the proposed corrective actions.

4.2.5 Final Verification Report

Upon receipt of the responses formulated by the representatives of the Organisation and of the documents modified as a result of the findings, the draft verification report is revised to reflect the answers provided by the representatives of the Organisation and the comments of the team in relation to each finding.

The final verification report is prepared by including the opinion on the actual use of proceeds for sustainable projects/initiatives

reported in the reference framework document for the issuance of sustainable finance instrument/product validated for the defined period of time.

The final verification report is issued once all the findings in the draft verification report have been resolved by the Organisation and accepted by RINA.

- If the findings are not satisfactorily resolved and accepted:
- 3 months after the first issue of the Draft Report, or
- after more than 3 revisions.

RINA reserves the right to terminate the contract or to issue the final verification report and a negative opinion, without prejudice to the right to receive the agreed remuneration.

4.2.6 Independent Technical Review

The final verification report submitted by the verification team is subjected to an independent technical examination to ensure that the verification activity meets all the requirements.

4.2.7 Approval of the Final Verification Report

The final verification report is subsequently approved by the authorized persons.



Publication: RC/C 142
English Edition

RINA SERVICES S.p.A.
Via Corsica, 12 - 16128 GENOVA
Tel. +39 010 53851 - Fax: +39 010 5351132
E-mail info@rina.org - Web www.rina.org

Regolamenti tecnici