



To the attention of Mrs. Eniko Horvath and Mr. Gregory Regaignon

Business and Human Rights Resource Centre

Paris,

January 27th, 2017

Dear Mrs. Horvath and Mr. Regaignon,

We thank you for drawing our attention on the allegation raised by Mr. Erik Hagen, on behalf of the Western Sahara Resource Watch, questioning the nature, the signification and the impact of Vigeo Eiris' Verification on the green bond issued by Masen, a renewable energy developer. Please find below some information regarding Vigeo Eiris' due diligence.

1. The Moroccan Agency for Sustainable Energy (Masen) is a Public Limited Company specialised in the development of renewable energies (hydro-electric, wind and solar). In November 2016, Vigeo Eiris was commissioned by Masen to provide a Verification on the compliance of its bond issuance with the framework of the Climate Bond Initiative (CBI). The bond itself is a MAD 1.15 billion issuance (EUR 108M), with a maturity of 18 years, secured by Moroccan State guarantee and completed through private placement with qualified investors (see http://www.ammc.ma/sites/default/files/CP_PP_MASEN_EN.pdf or <http://www.reuters.com/article/us-morocco-bonds-solar-idUSKBN1321X8> and <http://www.vigeo-eiris.com/en/2016/11/16/vigeo-eiris-second-party-opinion-for-the-first-cbi-certified-moroccan-green-bond/>).
2. The CBI framework, on which we have based our verification, solely focuses on projects' impact on climate change, and particularly the reduction of CO2 emissions and the improvement of energy efficiency. Our conclusions, which express a reasonable level of assurance on this bond's contribution to the fight against climate change, were submitted to Masen on October 7th 2016, enabling CBI to deliver its certification on October 20th 2016. This bond is among the 29 bonds certified by CBI and represents one of the 32 green bond assessments undertaken by Vigeo Eiris since 2015.
3. Masen's green bond certification by CBI has been subject to two letters criticising this work, received from Mr. Erik Hagen on behalf of the Western Sahara Resource Watch, relayed by the governmental press agency APS (<http://www.aps.dz/monde/51027-wsrw-pr%C3%A9occup%C3%A9-par-des-investissements-ill%C3%A9gaux-franco-britanniques-au-sahara-occidental>). He opposes the renewable energy developments financed by the bond, due to the location of some of the projects in the region of Sahara, whose administrative status is the subject of a long-standing dispute between Morocco and Polisario. This dispute is under monitoring of the UN Security Council, with conflict resolution initiatives conducted by the United Nations Secretariat. Mr. Hagen has requested us and CBI to withdraw the aforementioned certification, attacking the independence of Vigeo Eiris' subsidiary in Morocco, and Vigeo Eiris' integrity of methods and competency. In Vigeo Eiris' letter (see attachment) of December 16th 2016 our President Nicole Notat explained that the scope of our task is to deliver assessments in line with the Climate Bond Initiative and the Green Bond Principles, underlying the full compliance of Vigeo Eiris Morocco with the agency's methodological standards and quality control processes. Our firm opinion remains that the solar projects and renewable energies aimed at being financed by Masen have an inherent positive impact on sustainability. What is more, Vigeo Eiris attaches the utmost importance to human rights, including the responsibilities of companies operating in disputed territories – and the agency is extremely attentive to companies'

responsibility to prevent human rights violations, as well as respect and promote human right issues throughout their value chain. While taking note of Mr. Hagen's standpoint, we reaffirm our position on the statements above and confirm that we do not consider it possible or appropriate to withdraw Masen's certification, which could also be seen as a political decision that would not be consistent with our particular position as an independent research provider, rather than an advocacy group.

4. We take this opportunity to reaffirm our position on the importance of integrating a review of the social responsibility profile of issuers as well as the social and environmental impacts of the projects aimed at being financed by green and/or social bonds, into the principles underlining the green bond assessment. In the present case, we will closely observe Masen's commitment and capacity to report on the contribution of eligible projects in improving both the carbon footprint of their regions of implementation, and the socio-economic conditions of the local populations. As key players in the growth green bond market, we are fully aware that there will continue to be new questions about the best way to assess sustainability. Our primary responsibility is to provide material and independent information to investors and corporates, taking into account the legitimate interests of all stakeholders without exception, to underpin their judgements, rather than to decide on what projects should be financed and what should not. We operate under our methodology, supervised by our scientific committee, and in compliance with our Code of Ethics, which has been strengthened on the basis of our practical experience. We will fully keep under review any necessary developments of that Code, including in relation to international principles, frameworks and decisions.

Sincerely,


Nicole Notat, President

A handwritten signature in black ink, appearing to read "N Notat", with a horizontal line underneath.

Fouad Benseddik, Director of
Methods and Institutional Affairs

A handwritten signature in black ink, appearing to read "F Benseddik", with a horizontal line underneath.

Peter Webster, Director of
International Affairs

A handwritten signature in blue ink, appearing to read "P Webster", with a horizontal line underneath.