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## **Independent Limited Assurance Report to the Management of Bank for Agriculture and Agricultural Cooperatives (“BAAC”)**

### **Scope**

With reference to the Letter of Acceptance dated 02 April 2020, we have been engaged by Bank for Agriculture and Agricultural Cooperatives (“BAAC”) to perform a ‘limited assurance engagement’, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on BAAC’s post-issuance processes as contained in BAAC’s August 2021 Green Bond Report for the period from 19 August 2020 (bond issuance date) to 31 August 2021, as of 7 June 2022.

### **Subject Matter and Criteria**

The Subject Matter and associated Criteria for this limited assurance engagement are set out in the table below:

<b>Subject Matter</b>	<b>Criteria</b>
<p>Post-issuance processes for BAAC’s THB 6,000M green bond issued on 19 August 2020, as described in BAAC’s Green Bond Framework dated August 2020 (the “Framework”) and BAAC’s August 2021 Green Bond Report (the “Report”), that sets out:</p> <ul style="list-style-type: none"> <li>• Use of Proceeds</li> <li>• Process for Project Evaluation and Selection</li> <li>• Management of Proceeds</li> <li>• Reporting</li> </ul>	<ul style="list-style-type: none"> <li>• BAAC’s Green Bond Framework dated August 2020</li> <li>• Green Bond Principles (June 2021) (“GBP”) by the International Capital Market Association (ICMA)</li> <li>• Green Bond Standards (October 2018) (“GBS”) by the ASEAN Capital Markets Forum</li> <li>• Respective criteria found at these links:   <a href="https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/">https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/</a>   <a href="https://www.sc.com.my/api/documentms/download.ashx?id=75136194-3ce3-43a2-b562-3952b04b93f4">https://www.sc.com.my/api/documentms/download.ashx?id=75136194-3ce3-43a2-b562-3952b04b93f4</a> </li> </ul>

### **Bank for Agriculture and Agricultural Cooperatives’s Responsibilities**

BAAC’s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with the Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.



### **EY's Responsibilities**

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000), and the terms of reference for this engagement as agreed with BAAC on 02 April 2020. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### **Our Independence and Quality Control**

We have maintained our independence and confirm that we have met the requirements of the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We confirm that we have the required competencies and experience to conduct this assurance engagement.

EY also applies Singapore Standard on Quality Control 1 of the Institute of Singapore Chartered Accountants and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Description of procedures performed**

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our assurance procedures performed included:

- Reviewing BAAC's Green Bond Framework to understand policies and procedures, and to assess alignment with requirements of GBP, and GBS
- Making inquiries through virtual interviews with selected management and team members from BAAC to understand the key issues in relation to the Framework dated August 2020, and its relevant policies and procedures on use of proceeds, project evaluation and selection, management of proceeds, information disclosure and reporting
- Reviewing documents supporting the eligibility of the nominated projects against the Criteria



- Confirming internal systems and processes, and obtaining supporting evidence for compliance with the Criteria
- Seeking BAAC's management representation on the Subject Matter

We also performed such other procedures as we considered necessary in the circumstances.

Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the August 2021 Green Bond Report.

The maintenance and integrity of BAAC's website is the responsibility of BAAC's management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to the Subject Matter and related disclosures, the Green Bond Report or to our independent limited assurance report that may have occurred since the initial date of presentation on BAAC's website.

#### **Observations from procedures performed**

We provide selected observations aligning to BAAC's Green Bond Framework, GBP, and GBS core components, to enable the reader to gain an understanding of how the relevant post-issuance processes meet the Criteria.

These observations are not intended to detract from our conclusion provided above.

#### **Use of Proceeds:**

- Proceeds from the Green Bond were used for financing and refinancing purposes.
- The use of proceeds of the Green Bond aligns with BAAC's Green Bond Framework, GBP, and GBS's indicative list of project categories. Specifically, the eligible project categories relevant are Forestry and Environmental Conservation categories.
- As at 31 August 2021, proceeds have not been fully allocated out.

#### **Process for Project Evaluation and Selection:**

- BAAC has implemented the necessary processes and procedures for project evaluation and selection as stated in the Green Bond Framework which outlines the environmental objectives of the proposed Green Bond, eligibility criteria for determining green projects and the process for project selection and evaluation.

#### **Management of Proceeds:**

- BAAC has implemented processes to manage initial funds received from the Green Bond and to monitor the ongoing use of proceeds. These processes include:
  - An ear-marking process through existing internal systems to designate the proceeds received
  - A process for deploying any unallocated proceeds to temporary cash equivalent investments
  - A process for monitoring the ongoing use of proceeds

#### **Reporting:**

- BAAC will report on allocation and the environmental impacts of the Green Bond in the Green Bond Report to be published on BAAC website.
- This Report includes a list of eligible project portfolios to which proceeds of the Green Bond have been allocated and number of projects issued by each portfolio, the total amount of Green Bond allocated, and the environmental performance and impacts attributed to the eligible projects (reported on project portfolio basis).
- BAAC has sought independent limited assurance post-issuance of its first annual Green Bond report.



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**Conclusion**

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 7 June 2022, in order for it to be in accordance with the Criteria.

**Restricted use**

This report is intended solely for the information and use of BAAC and is not intended to be and should not be used by anyone other than those specified parties.

**Ernst & Young LLP**

**Signed for Ernst & Young LLP by  
Simon Yeo  
Partner, Climate Change and Sustainability Services  
Singapore  
7 June 2022**