To the attention of Ms Eniko Horvath

Business and Human Rights Resource Centre

Paris,

February 27th, 2017

Reference: February 23rd 2017, invitation to respond regarding the certification of solar projects in Western Sahara

Dear Eniko,

You have kindly informed us that Mr Erik Hagen had sent to you a copy of his letter addressed to our CEO Nicole Notat on February 14th 2017, and you offered us the opportunity to express our standpoint on this correspondence. We consider the role of Business and Human Rights Resource Centre and its platform as very important and value its contribution to spreading insightful and pluralist information on the human rights' responsibilities of companies and their stakeholders. In this very spirit we are pleased to provide you and Mr Hagen with the following comments:

1. As a reminder, the letter of February 14th 2017 is the third correspondence sent by Mr Hagen on behalf of WSRW (Western Sahara Resource Watch), following his previous letters of November 17th 2016 (which Ms Notat answered directly) and December 23th 2017 (which we answered collectively via BHRRC platform). Mr Hagen has repeatedly stigmatised the circumstances and the legitimacy of the due diligences conducted by our agency in November 2016 as Verifier in the process that enabled the Moroccan company Masen to obtain the CBI (Climate Bond Initiative) certification for its green bond.

2. In order to clarify the terms of this controversy, we would like to recall that:

    a. The Moroccan Agency for Sustainable Energy (Masen) is a Public Limited Company specialised in the development of renewable energies (hydro-electric, wind and solar).
    b. Masen's green bond is a MAD 1.15 billion issuance (EUR 108 M), 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/).
    c. This green bond has been issued to three investors only, and therefore is not open to any other investors in any case. None of the organisations concerned are depending upon Vigeo Eiris or the CBI website to tell them the location of the projects, which they know well, or to analyse the international legal situation: the verification process was and remains primarily about assessing and giving an assurance on the climate change impact of the green issuance projects.
    d. Vigeo Eiris was indeed commissioned by Masen to provide a Verification on the alignment of its bond issuance with the framework of the Climate Bond Initiative

(CBI), which exclusively focuses on projects' impact on climate change, and particularly their contribution to the reduction of CO2 emissions and the improvement of energy efficiency.

e. 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. We have noted that Mr Hagen sets to one side the scope of this green bond verification - i.e. the sustainable production of clean electricity from wind and solar energy - and concentrates on issues unrelated to the framework of the due diligences that we have undertaken, so as to question the legitimacy of these projects due to the location of some of them in the western side of Sahara. We can understand that Mr Hagen is arguing for a cause, and it is without any intention of debating this that we leave him with the responsibility for his views about the international status of the Western Sahara and his allegations against Vigeo Eiris' competence, independence, integrity and methodology.

4. Instead, we would like to highlight the following points:

   a. We are convinced that the realisation of investments enabling the production of a green and renewable energy intrinsically represents a positive contribution to the achievement of the environmental objectives of sustainable development. In addition, these investments can drive the improvement of populations' living conditions, within or outside the internationally recognised borders of Morocco.
   b. Independently from any consideration about the applicable law on renewable and non-renewable natural resources in this territory, we do value as fundamental the social responsibility requirement that companies, in disputed territories and elsewhere, have to ensure that their projects, activities, products and services benefit the inhabitants and local populations rights and at least do not harm all rights and legitimate expectations.
   c. We are aware - although the subject remains outside of the scope of the certification attributed by CBI to Masen - that Mr Hagen's campaign against the due diligences undertaken by Vigeo Eiris is linked to the dispute between the Polisario Front and Morocco about the status and the future of the Western side of Sahara. Although it should be noted that the Polisario Front benefits from the United Nations' recognition as a stakeholder in the political negotiation process led by the Security Council, his vocation to act as the representative of the whole population or to legitimise the commercial operations and investments in this territory is not universally or predominantly accepted. The same holds true for the terminology of "occupied territory" defended by Mr. Hagen, which is not endorsed by the whole international community.
   d. We have not collected or observed any material element suggesting the opposition of citizens, associations, political parties or labor unions, against Masen's solar and wind energy infrastructure projects, and to date no authorised international institution has declared Masen's projects to be in breach of international law.

5. As we said on January 27th 2017 we welcome the value of all input given objectively or in good faith about our work and we note Mr Hagen's remarks about the use of language and maps when it comes to maintaining appropriate independence and equidistance from relevant parties. We note the fact that the UN refers to the territory as Western Sahara while Morocco refers to "Southern Provinces" and we acknowledge that the principle of self-determination is one of a number of factors referred to in the relevant international texts and resolutions.

6. In his last letter, the representative of WSRW refers to one of us, Fouad Benseddik, and his membership of the Environmental, Social and Economic Council of Morocco (CESE). Fouad and all of us are proud of his role in this consultative council, where he had the honour of being intuitue personae appointed by His Majesty the King Mohammed VI in the category of experts and where he serves in a personal and independent capacity. Vigeo Eiris' Executive Committee values the recognition of its members in the countries where the agency is present.

7. We hope, before concluding, that Mr. Erik Hagen will understand that we do not intend to review our conclusions, to request the withdrawal of the CBI certification, or communicate to him the terms of our contract with Masen, which are common contractual terms of private law.

8. We may have to agree to disagree on the question of whether as an independent research provider we should be acting as verifier to this kind of projects and we respect the right of Mr Hagen to take a different view. We believe we have set out our position on the main points quite clearly over these three letters to the extent that we think it appropriate to answer his sometimes very detailed questions.

Sincerely,

Nicole Notat, President	Fouad Benseddik, Director of Methods and Institutional Affairs	Peter Webster, Director of International Affairs