

CMI Energía

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Introduction

Corporación Multi Inversiones ("CMI") is a conglomerate in Central America, whose Energy Business Unit owns its operating wind, solar, and hydro assets through Investment Energy Resources Limited ("IERL"). In April 2021, IERL, along its operating subsidiaries (collectively, "CMI Energía") issued 144A/RegS notes ("Notes") aimed at financing renewable energy projects under the CMI Energía Green Bond Framework ("Framework"). Sustainalytics provided a Second-Party Opinion on the Framework.¹

In May 2022, CMI Energía engaged Sustainalytics to review the projects funded through the issued Notes and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Framework.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from Notes based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

| Use of Proceeds | Eligibility Criteria | Key performance indicators (KPIs) |
|-------------------------|---|---|
| Renewable Energy | <p>Expenditures related to the construction, development, expansion, production, acquisition, maintenance, and operation of renewable resources including:</p> <ul style="list-style-type: none"> • Wind (onshore), solar (photovoltaic) technology and Run-of River Hydro stations^{2,3}, including the processes of generation, transmission, storage, equipment and products • Sourcing expenditures pursuant to long-term (10-year+) power purchase agreements (PPA's) which CMI Energía entered into prior to commercial operation of the related facility | <ul style="list-style-type: none"> • Annual renewable energy generation in MWh (electricity) and GJ (other energy) • Capacity of renewable energy plant(s) constructed or rehabilitated in MW |

¹ Sustainalytics, "CMI Energía Green Bond Framework Second-Party Opinion", at: <https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/corporaci%C3%B3n-multi-inversiones/cmi-energ%C3%ADa-green-bond-framework/cmi-energ%C3%ADa-green-bond-framework-second-party-opinion>

² Irrespective of the projects installed capacity, all future investments in hydropower projects will satisfy the following international sustainability best practices of the International Finance Corporation (IFC) Performance Standards or other best practices.

³ According to the United Nation's Intergovernmental Panel on Climate Change (www.ipcc.ch), a Run of River (RoR) Hydro Power Plant draws the energy for electricity production mainly from the available flow of the river. Such hydropower plants may include some short-term storage (hourly, daily), allowing for adaptations to the demand profile, but the generation profile will be dictated, to varying degrees, by local river flow conditions. As a result, generation depends on precipitation and runoff and may have substantial daily, monthly or seasonal variations.

Issuing Entity's Responsibility

CMI Energía is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of CMI Energía's Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from CMI Energía employees and review of documentation to confirm the conformance with the CMI Energía Green Bond Framework.

Sustainalytics has relied on the information and the facts presented by CMI Energía with respect to the financed projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by CMI Energía.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,⁴ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of CMI Energía's Notes, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the CMI Energía Green Bond Framework. CMI Energía has disclosed to Sustainalytics that an amount equal to the net proceeds of the Notes is expected to be fully allocated by 2025.

Detailed Findings

Table 2: Detailed Findings

| Eligibility Criteria | Procedure Performed | Factual Findings | Error or Exceptions Identified |
|---------------------------------|---|--|---------------------------------------|
| Use of Proceeds Criteria | Verification of the projects funded by the Notes in 2021 to determine if projects aligned with the Use of Proceeds Criteria outlined in the CMI Energía Green Bond Framework and above in Table 1. | All projects reviewed complied with the Use of Proceeds criteria. | None |
| Reporting Criteria | Verification of the projects funded by the Notes in 2021 to determine if impact of projects was reported in line with the KPIs outlined in the CMI Energía Green Bond Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1. | All projects reviewed reported on at least one KPI per Use of Proceeds criteria. | None |

⁴ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation and Impact Reporting by Eligibility Criteria

Table 3: Green Bond Allocation

| Net Bond Proceeds Allocation (USD million) | |
|---|-------|
| Refinanced Debt by Bond Issuance ⁵ | 339.5 |
| Allocation to Eligible Projects | 102.1 |
| Pending Allocation | 258.4 |
| Total Bond Issuance Amount | 700 |

Table 4: Details of Eligible Projects

| Project Name | Technology | Country of Project | Installed Capacity (MW) | Energy Generated (MWh) | Net Bond Proceeds Allocated to Capital Expenditure (USD million) | Net Bond Proceeds Allocated to Operational Expenditure (USD million) |
|-----------------------------------|------------------------|-----------------------|-------------------------|------------------------|--|--|
| Alisios Plants | Wind | Costa Rica | 80.0 | 404,122 | 1.6 | 10.4 |
| Orosí | Wind | Costa Rica | 50.0 | 245,393 | 0.7 | 5.2 |
| CdH | Wind | Honduras | 126.0 | 376,638 | 1.1 | 13.8 |
| Eolo | Wind | Nicaragua | 44.0 | 180,017 | 0.4 | 6.2 |
| PESRL ⁶ | Wind | Costa Rica | 23.5 | - | 0.0 | 0.1 |
| Choluteca | Solar | Honduras | 70.0 | 150,248 | 0.8 | 4.8 |
| Mata de Palma | Solar | Dominican Republic | 52.5 | 98,391 | 9.9 | 2.1 |
| Bosforo ⁷ | Solar | El Salvador | 55.0 | 126,290 | - | 2.5 |
| Santa Teresa | Hydro | Guatemala | 16.0 | 53,794 | 0.0 | 2.6 |
| Renace | Hydro | Guatemala | 301.0 | 1,215,518 | 2.0 | 35.1 |
| IELOU ⁸ | Distributed generation | Guatemala/El Salvador | 4.2 | 4,726 | 1.2 | 1.6 |
| Total ⁹ | | | 818 ¹⁰ | 2,855,137 | 17.8 | 84.4 |
| Total Net Bond Proceeds Allocated | | | | | 102.1 ¹¹ | |

⁵ On April 26th, 2021, CMI Energía refinanced certain Eligible Projects debt pertaining to Alisios, Renace IV, and Mata de Palma for a total of USD 339.5 million.

⁶ Power Purchase Agreement of PESRL expired in November 2020, in 2021 the plant was maintained for future operations and only operational expenditures incurred.

⁷ Bosforo is a 110MW project which is 50% owned by CMI Energía under a Joint Venture Agreement.

⁸ IELOU is a distribution generation company of CMI Energía which operates solar installations on rooftops of facilities used by other affiliates of the CMI Group in Guatemala and El Salvador.

⁹ Totals may not correspond with the sum of the separate figures due to rounding.

¹⁰ Installed capacity excludes distributed generation installed capacity (IELOU) and includes 50% or 55 MW of CMI Energía's participation in the Bósforo Joint Venture.

¹¹ The number shown is the result after rounding.

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