

# CMI Energía

**Type of Engagement:** Annual Review

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## Introduction

Corporación Multi Inversiones (“CMI” or the “Company”) is a Central American conglomerate 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 (the “2021 Notes”) aimed at financing renewable energy projects under the CMI Energía Green Bond Framework (the “Framework”).<sup>1</sup> Sustainalytics provided a Second-Party Opinion on the Framework.<sup>2</sup>

In April 2023, CMI Energía engaged Sustainalytics to review the projects funded through the 2021 Notes and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the Framework. Among the eligibility categories, the Company has directed all proceeds from the 2021 Notes to renewable energy projects. This is Sustainalytics’ second annual review of allocation and reporting of the 2021 Notes issued under the Framework, following a review in June 2022.<sup>3</sup>

## Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2021 Notes based on whether the projects:

1. Met the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

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<sup>1</sup> CMI Energía, “CMI Energía Green Bond Framework”, (2021), at: [https://cmi-energia.com/en/wp-content/uploads/sites/2/2021/10/CMI-Green-Bond-Framework\\_April-2021\\_VF.pdf](https://cmi-energia.com/en/wp-content/uploads/sites/2/2021/10/CMI-Green-Bond-Framework_April-2021_VF.pdf)

<sup>2</sup> 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>

<sup>3</sup> Sustainalytics, “CMI Energía Green Bond Annual Review”, (2022), 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-annual-review-\(2022\)/cmi-energ%C3%ADa-green-bond-annual-review-\(2022\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/corporaci%C3%B3n-multi-inversiones/cmi-energ%C3%ADa-green-bond-annual-review-(2022)/cmi-energ%C3%ADa-green-bond-annual-review-(2022))

**Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs**

Use of Proceeds Category	Eligibility Criteria <sup>4</sup>	Key Performance Indicators
<b>Renewable Energy</b>	<p>Expenditures related to the construction, development, expansion, production, acquisition, maintenance, and operation of renewable resources including:</p> <ul style="list-style-type: none"> <li>• Wind (onshore), solar (photovoltaic) technology and Run-of River Hydro stations,<sup>5, 6</sup> including the processes of generation, transmission, storage, equipment and products</li> </ul> <p>Sourcing expenditures pursuant to long-term (10-year+) power purchase agreements (PPAs) which CMI Energía entered into prior to commercial operation of the related facility</p>	<ul style="list-style-type: none"> <li>• Annual renewable energy generation in MWh (electricity) and GJ (other energy)</li> <li>• Capacity of renewable energy plant(s) constructed or rehabilitated in MW</li> </ul>

## Issuer’s Responsibility

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

## Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from CMI Energía’s 2021 Notes. The work undertaken as part of this engagement included collection of documentation from CMI Energía and review of said documentation to assess conformance with the CMI Energía Green Bond Framework.

Sustainalytics relied on the information and the facts presented by CMI Energía. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein 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 of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>7</sup> nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. CMI Energía has disclosed to Sustainalytics that an amount equal to the net proceeds of the 2021 Notes is expected to be fully allocated by 2025.

<sup>4</sup> The Framework also includes Energy Efficiency, Green Buildings and Clean Transportation categories.

<sup>5</sup> Irrespective of the projects’ installed capacities, all future investments in hydropower projects will satisfy the sustainability best practices of the International Finance Corporation’s (IFC) Performance Standards or other best practices.

<sup>6</sup> According to the United Nation’s Intergovernmental Panel on Climate Change ([www.ipcc.ch](http://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.

<sup>7</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Detailed Findings

**Table 2: Detailed Findings**

<b>Framework Requirements</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the projects funded with proceeds from the 2021 Notes to determine if projects aligned with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the projects funded with proceeds from the 2021 Notes to determine if impact of projects was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

## Appendix

### Appendix 1: Allocation and Reported Impact

In April 2021, CMI Energía issued the 2021 Notes under the Framework with a total value of USD 700 million. As of 31 December 2022, USD 530.1 million have been allocated to eligible projects. The proceeds have been allocated under the Framework's Renewable Energy category.

**Table 3: Green Bond Allocation**

Net Bond Proceeds Allocation as of 31 December 2022 (in USD million)	
<b>Refinanced Debt by Bond Issuance<sup>8</sup></b>	339.5
<b>Allocation to Eligible Projects (Capex and Opex)</b>	190.6
<b>Net Proceeds Pending Allocation</b>	169.9
<b>Total Bond Issuance Amount</b>	700

<sup>8</sup> On 26 April 2021, CMI Energía refinanced certain Eligible Project debts pertaining to Alisios, Renace IV, and Mata de Palma for a total of USD 339.5 million.

**Table 4: Details of Eligible Projects Financed between 1 January 2022 and 31 December 2022**

Project Name	Technology	Country of Project	Installed Capacity (MW)	Energy Generated (MWh)	Net Bond Proceeds Allocated to Capital Expenditure, between 1 January 2022 and 31 December 2022 (USD million)	Net Bond Proceeds Allocated to Operational Expenditure, between 1 January 2022 and 31 December 2022 (USD million)
<b>Alisios Plants</b>	Wind	Costa Rica	80.0	305,353	0.7	10.6
<b>Orosí</b>	Wind	Costa Rica	50.0	204,979	0.7	5.1
<b>CdH</b>	Wind	Honduras	126.0	337,523	1.6	15.7
<b>Eolo</b>	Wind	Nicaragua	44.0	157,470	0.4	6.0
<b>PESRL<sup>9</sup></b>	Wind	Costa Rica	23.5	-	0.0	0.5
<b>Choluteca</b>	Solar	Honduras	70.0	134,401	0.4	3.8
<b>Mata de Palma</b>	Solar	Dominican Republic	52.5	97,203	0.2	3.0
<b>Bosforo<sup>10</sup></b>	Solar	El Salvador	55.0	129,611	-	2.9
<b>Santa Teresa</b>	Hydro <sup>11</sup>	Guatemala	16.0	69,213	0.7	3.0
<b>Renace</b>	Hydro <sup>12</sup>	Guatemala	301.0	1,489,837	3.4	27.7
<b>IELOU<sup>13</sup></b>	Distributed generation	Guatemala/ El Salvador/ Honduras	4.7	6,606	0.0	0.1
<b>Total<sup>14</sup></b>			<b>818<sup>15</sup></b>	<b>2,932,196</b>	<b>8.2</b>	<b>78.5</b>
<b>Total Net Bond Proceeds Allocated between 1 January 2022 and 31 December 2022 (USD million)</b>					<b>86.7</b>	

<sup>9</sup> Power Purchase Agreement of PESRL expired in November 2020, in 2021 the plant was maintained for future operations and only operational expenditures incurred.

<sup>10</sup> Bosforo and Cuscatlán Solar are a cluster of projects which in aggregate amount to 110 MW; owned 50% by CMI Energía under a Joint Venture Agreement.

<sup>11</sup> CMI Energía has confirmed to Sustainalytics that the financed hydropower project is a run-of-river power plant, in accordance with the UN IPCC's definition.

<sup>12</sup> Ibid.

<sup>13</sup> 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, El Salvador and Honduras.

<sup>14</sup> Totals may not correspond with the sum of the separate figures due to rounding.

<sup>15</sup> Installed capacity excludes distributed generation installed capacity (IELOU) and includes 50% or 55 MW of CMI Energía's participation in the Bósforo Joint Venture.

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