

# CMI Energía

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## Introduction

In 2021, Corporación Multi Inversiones (“CMI Energía” or the “Issuer”)<sup>1</sup> issued the 144A/RegS notes (the “2021 Notes”) to finance renewable energy projects. In 2024, CMI Energía engaged Sustainalytics to review the projects financed with proceeds from the 2021 Notes (the “Nominated Projects”) and provide an assessment as to whether the projects meet the use of proceeds criteria and the reporting commitments outlined in the CMI Energía Green Bond Framework (the “Framework”)<sup>2</sup>. Sustainalytics provided a Second-Party Opinion on the Framework in April 2021<sup>3</sup>. This is Sustainalytics’ third annual review of allocation and reporting of the instruments issued under the Framework, following previous reviews in June 2022<sup>4</sup> and April 2023<sup>5</sup>.

## Evaluation Criteria

Sustainalytics evaluated the Nominated Projects based on whether they:

1. Meet 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.

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

Use of Proceeds Category	Eligibility Criteria	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> <ol style="list-style-type: none"> <li>i. Wind (onshore), solar (photovoltaic) technology and Run-of River Hydro stations,<sup>6,7</sup> including the processes of generation, transmission, storage, equipment, and products</li> <li>ii. 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</li> </ol>	<ol style="list-style-type: none"> <li>i. Annual renewable energy generation in MWh (electricity) and GJ (other energy)</li> <li>ii. Capacity of renewable energy plant(s) constructed or rehabilitated in MW</li> </ol>

<sup>1</sup> “CMI Energía” refers to Investment Energy Resources Limited (IERL) and its subsidiaries, which are part of the energy business unit of Corporación Multi Inversiones.

<sup>2</sup> CMI Energía, “Green Bond Framework, CMI Energía”, (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>3</sup> Sustainalytics, “Second-Party Opinion, CMI Energía”, (2021), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/cmi-green-bond-framework-second-party-opinion.pdf>

<sup>4</sup> Sustainalytics, “Annual Review”, (2022), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/cmi-energ%C3%ADa\\_annual\\_review\\_2022.pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/cmi-energ%C3%ADa_annual_review_2022.pdf)

<sup>5</sup> Sustainalytics, “Annual Review”, (2023), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/corporaci%C3%B3n-multi-inversiones-annual-review-2023-\(1\).pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/corporaci%C3%B3n-multi-inversiones-annual-review-2023-(1).pdf)

<sup>6</sup> 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.

<sup>7</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 a hydropower plant may include some short-term storage (hourly, daily), allowing for some 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.

## Issuer’s Responsibility

CMI Energía is responsible for providing accurate information and documentation relating to the details of the funded projects, including descriptions 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 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>8</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 89.26% of the proceeds from the 2021 Notes were allocated as of 31 December 2023 and the remaining 10.74% proceeds would be allocated by the end of 2024.

## Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
<b>Use of Proceeds Criteria</b>	Verification of projects to determine alignment 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 projects to determine if impact 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

<sup>8</sup> Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

## 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 2023, USD 624.8 million have been allocated to eligible projects.

**Table 3: Allocation of 2021 Notes for eligible Renewable Energy projects**

<b>Net Bond Proceeds Allocation as of 31 December 2022 (in USD million)</b>	
Refinanced Debt by Bond Issuance <sup>9</sup> (A)	339.5
Allocation to Eligible Projects (CAPEX and OPEX) (B)	285.3 <sup>10</sup>
Net Proceeds Allocation (A + B)	624.8
Total Bond Issuance Amount (C)	700
Unallocated Proceeds (C – (A + B))	75.2

<sup>9</sup> On 26 April 2021, CMI Energía refinanced certain debts that exclusively financed eligible expenditures pertaining to the Alisios (wind), Renace IV (hydro), and Mata de Palma (solar) plants for a total of USD 339.5 million. CMI has confirmed to Sustainalytics that the financed hydropower project is a run-of-river power plant, in accordance with the IPCC's definition.

<sup>10</sup> Total CAPEX and OPEX allocation for 2021, 2022 and 2023 were USD 103.9 million, USD 86.7 million, and USD 94.7 million respectively. The details of the 2023 allocation are elaborated in Table 4.

**Table 4: Allocation and Reported Impact of eligible projects financed between 1 January 2023 and 31 December 2023**

Use of Proceeds Category	Project Name <sup>11</sup>	Technology	Country of Project	Installed Capacity (MW)	Energy Generated (MWh)	Net Proceeds Allocated to CAPEX (USD million)	Net Proceeds Allocated to OPEX (USD million)
Renewable Energy	Alisios Plants	Wind	Costa Rica	80	358,960	1.4	13.5
	Orosi	Wind	Costa Rica	50	214,143	0.7	6.0
	CdH	Wind	Honduras	126	377,355	2.1	12.9
	Eolo	Wind	Nicaragua	44	178,944	2.0	6.1
	PESRL	Wind	Costa Rica	23.5	0	0.1	0.8
	Choluteca	Solar	Honduras	70	144,565	1.0	4.8
	Mata de Palma	Solar	Dominican Republic	52.5	98,998	0.5	2.6
	El Soco <sup>12</sup>	Solar	Dominican Republic	24.5	59,314	0	0
	Bósforo <sup>13</sup>	Solar	El Salvador	50	120,161	0.0	5.6
	Cuscatlán <sup>14</sup>	Solar	El Salvador	5	11,757	0	0
	Santa Teresa	Hydro <sup>15</sup>	Guatemala	16	50,144	0.4	3.2
	Renace	Hydro <sup>16</sup>	Guatemala	301	1,122,487	1.8	29.0
	IELOU <sup>17</sup>	Distributed Generation	Guatemala/El Salvador	6.5	8,823	0.0	0.2
<b>Total</b>				<b>849</b>	<b>2,745,651</b>	<b>9.9</b>	<b>84.8</b>
<b>Total Net Bond Proceeds Allocated to CAPEX and OPEX between 1 January 2023 – 31 December 2023 (USD million)</b>						<b>94.7</b>	
<b>Unallocated Amount as of 31 December 2023 (USD million)</b>						<b>75.2</b>	

<sup>11</sup> CMI has communicated to Sustainalytics that all the power plants (except IELOU) are utility-scale renewable energy plants with PPAs in place in their country of operation. Also, that all PPAs are long-term, except PESRL which counts with a medium-term PPA.

<sup>12</sup> Installed capacity and energy generation is reported proportionally based on CMI's ownership stake this project. El Soco is a joint venture with BAS Corporation.

<sup>13</sup> Installed capacity and energy generation is reported proportionally based on CMI's ownership stake this project. This solar project is a joint venture with AES Corporation.

<sup>14</sup> Ibid.

<sup>15</sup> CMI has confirmed with Sustainalytics that the financed hydropower project is a run-of-river power plant, in accordance with the IPCC's definition.

<sup>16</sup> Ibid.

<sup>17</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 and Nicaragua.

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