



---

**CMI Energía**

**Green Bond Framework**

April 2021

## **Table of Contents**

1. Introduction
2. Approach to Sustainability
3. Rationale for Issuance
4. Alignment with Green Bond Principles
  1. Use of Proceeds
  2. Process for Project Evaluation and Selection
  3. Management of Proceeds
  4. Reporting
5. External Review
  1. Second Party Opinion
  2. Compliance Review

## 1. Introduction

**Corporacion Multi Inversiones** (“CMI”), is one of the largest conglomerates in Central America. The group has generated job opportunities and promoted economic development across the region since 1920. CMI now operates in 14 countries, on three different continents. It strives to create a sustainable impact in the communities where it operates, while offering high quality products and services through its seven Business Units, spanning over energy, food products, restaurants, telecommunications and real estate. CMI has approximately 45,000 employees, making it one of the largest employers in the region.

Within its Capital Business Group, CMI created its Energy Business Unit in 2004 to benefit from Guatemala’s modern and efficient market model, which sets the standard in the region. The Energy Business Unit develops, designs, commercializes and operates sustainable energy projects in the Central American region. The Energy Business comprises Central America’s largest privately-owned renewable portfolio.

## 2. Approach to Sustainability

**CMI’s Energy Business Unit is one of the largest renewable energy businesses in Latin America, with a focus on wind, solar and hydro technologies.** CMI’s Energy Business Unit’s portfolio includes eight world-class wind assets, five solar projects and five run-of-river hydro-electric power plants. Additionally, the Energy Business has a JV with AES El Salvador in the Bosforo plant, a solar project in El Salvador which has 100 MW of installed capacity. It also has an energy commercialization company in Guatemala. The Wind and Solar assets were formerly owned by an ACTIS-Mesoamerica JV, and were acquired by CMI in December 2016. Most recently, in December 2020, CMI acquired the Mata de Palma solar park in Dominican Republic with a total generation capacity of 50 MW. As of the date of this framework, CMI’s Energy Business Unit currently has more than 800 MW of installed capacity in wind, solar and hydroelectric operating projects in Costa Rica, Honduras, Nicaragua, Dominican Republic, El Salvador and Guatemala.

CMI’s Energy Business Unit strives to supply power to its consumers at a competitive price and to support the renewable energy market, bringing the regional economy into a more dynamic and competitive environment to encourage local and foreign investment. The Unit’s renewable energy portfolio has contributed to the diversification of the regional energy grid, shifting its dependence on fossil-fuels to renewable power sources. CMI’s Energy Business Unit involves neighboring communities and other relevant stakeholders during the development process of their renewable energy projects, with the objective of providing adequate and genuine value throughout the end-to-end process. Transparency with stakeholders provides better visibility on each milestone, mitigating and reducing any unplanned setbacks.

**CMI’s Energy Business Unit management team has more than 100 years of combined renewable and energy experience in the local and regional market, mastering technical, regulatory and other key elements of the sector.** Senior management is composed of professionals with diverse backgrounds, including electric sector, banking, consulting, among other key sectors. The Unit adheres to the highest environmental, social and governance standards and promotes its values and principles within their business, suppliers, communities and other stakeholders.

CMI’s Energy Business Unit owns its operating wind, solar and hydro assets through Investment Energy Resources Limited (“IERL”). IERL will be the issuer of the green bonds (the “Issuer”). The inaugural green bonds will be guaranteed by the Issuer’s operating subsidiaries on the issue date. For purposes of this Green Bond Framework, the Issuer and its subsidiaries are collectively referred to as “CMI Energía”. In this Green Bond Framework, we refer to (i) the issued inaugural bond by CMI Energía as the “Inaugural Green Bond” and (ii) any subsequent bonds issued by CMI Energía as the “CMI Energía Green Bonds”.

## 3. Rationale for Issuance

Our sustainability strategy and environmental commitments are the cornerstone for the issuance of our Green Bonds. Through the issuance of our Green Bonds, we aim to finance the transition to an environmentally and socially sustainable economy. We hope the issuance of our Green Bonds will inspire other similar companies to do the same.

## 4. Alignment with Green Bond Principles

The aim of this Green Bond Framework is to facilitate transparency, disclosure, integrity and quality in IERL’s Green Bond for interested investors and stakeholders.

The Green Bond Principles, 2018 (GBP)<sup>2</sup>, as administered by the International Capital Market Association are voluntary process guidelines for best practice when issuing Green Bonds. The GBP recommend transparency, disclosure and promote integrity in the green bond market. The CMI Energia Green Bond Framework is aligned with the four core components of the GBP.

This framework may, from time to time, be updated and, will be applied to any Green Bond issued by CMI. In the event of an update, any future projects that are not currently mentioned in the document will be in alignment with the high level eligible green project categories recognized by the GBP.

### 4.1 Use of Proceeds

An amount equal to the net proceeds of CMI Energía’s Green Bonds will be used to finance and/or refinance, in whole or in part, new or existing green projects, assets or activities (hereafter “Eligible Green Projects”), which are defined by us investments and expenditures made by us in the 48 months prior to such date, in eligible green projects that meet the eligibility requirements defined below. We intend to allocate an amount equal to the net proceeds as soon as possible following the issuance of the bonds.

We have identified Eligible Green Projects in four main categories. These projects are in service of our carbon footprint reduction strategy and the strategic areas where we believe we can make the most positive environmental impact.

CMI Energia anticipates that its Green Bond will support the achievement of the United Nations Sustainable Development Goals noted below and fall within our sustainability priorities.

GBP Eligible Project Category	Eligibility Criteria and Example Projects	SDG Alignment
<p><b>Renewable Energy</b></p>	<ul style="list-style-type: none"> <li>▪ Expenditures related to the construction, development, expansion, production, acquisition, maintenance, and operation of renewable including resources:               <ul style="list-style-type: none"> <li>○ Wind (onshore) solar (photovoltaic) technology and Run-of River Hydro stations<sup>12</sup>, including the processes of generation, transmission, storage, equipment and products</li> <li>○ Sourcing expenditures pursuant to long-term (10-year+) power purchase agreements (PPA’s) which we entered into prior to commercial operation of the related facility</li> </ul> </li> </ul>	

<sup>1</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>2</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 to varying degrees be dictated by local river flow conditions. As a result, generation depends on precipitation and runoff and may have substantial daily, monthly or seasonal variations.

<p><b>Energy Efficiency</b></p>	<ul style="list-style-type: none"> <li>Expenditures and financing that could result in increased energy efficiency, using best efforts basis to ensure all projects achieve at least a 15% energy efficiency improvement. Eligible Projects might include:</li> <li>Financing of electric powered machinery or incorporation of energy saving technologies. Including high efficiency engines and LED lighting technology</li> <li>Investments for optimization of energy consumption in productive processes and reducing energy loss. Including efficient boilers, continuous kilns, and heat insulating walls</li> <li>Investments in energy consumption measurement and control systems. Including industrial thermometers</li> <li>Processes and technologies reliant on fossil-fuels are ineligible</li> </ul>	
<p><b>Green Buildings</b></p>	<ul style="list-style-type: none"> <li>Financing of new construction or retrofitting in line with Green Building Standards (planning and design, energy efficiency, green roofs, water efficiency and conservation, material conservation and resource efficiency, environmental quality) and Certification Systems (LEED Gold certified or higher, BREEAM Excellent or higher, HQE Excellent or higher or equivalent nationally recognized certifications, when international certifications are not available)</li> </ul>	
<p><b>Clean Transportation</b></p>	<ul style="list-style-type: none"> <li>Modernization in transport systems towards zero or low GHG emissions (threshold of 50gCO2/km). Including the purchase of electric vehicles</li> <li>Infrastructure associated with electric vehicles; including charging stations</li> </ul>	

All Eligible Green Projects are deemed to provide environmental benefits that contribute to:

- Avoiding and contributing to a reduction in CO<sub>2</sub> emissions
- Providing renewable energy production plants to the regional Central American and Caribbean energy grid
- Diversifying the regional energy grid and stabilizing electricity costs for consumers

**Exclusionary Criteria**

Proceeds from CMI Energía’s green bonds will not be allocated to the following projects and/or activities:

- Nuclear energy
- Fossil fuel plants

**4.2 Process for Project Evaluation and Selection**

The selection process for Eligible Green Projects is performed and coordinated by CMI Energía’s Finance department in consultation with Senior Executives such as the Director of Finance, the General Director of Energy the Unit and the Manager of Environmental and Social Compliance (or other suitable sustainability expert).

CMI Energía’s Finance department, in consultation with the Senior Executives mentioned above, will conduct a screening and selection process for each Eligible Green Project to ensure it meets the Eligibility criteria described in this Green Bond Framework.

CMI Energía’s Finance department will monitor the selected Eligible Green Projects for continuing eligibility and will certify eligibility annually, prior to the production of the Green Bond Report. Should a project fail one or more of the eligibility criteria

during the life of the Green Bond to which it is allocated, the Finance department is charged with identifying and substituting an alternative Eligible Green Project.

Eligible Green Projects must meet all of the following criteria:

- a) All projects meet local environmental legal requirements, including an environmental impact assessment.
- b) All projects, or portions thereof, are not currently allocated to another Green Financing instrument issued by CMI Energía or its subsidiaries or affiliates.
- c) All Projects will undergo an assessment to ensure that the development, construction and operation have been, and are being carried out, in accordance with CMI Energía's Corporate Governance and Regulatory Policies, Social Responsibility Policies and/or corporate sustainability guidelines and strategies, and Compliance Policies.

### 4.3 Management of Proceeds

The net proceeds of each CMI Energía Green Bond will be deposited in CMI's Treasury accounts or other accounts as required by the transaction documents. An amount equal to the net proceeds shall be allocated for the financing and / or refinancing of existing or new Eligible Green Projects. CMI Energía's treasury team will track internally that an equal amount to the proceeds raised from the Green Bonds will be allocated to Eligible Green Projects. Pending allocation, an amount equal to the net proceeds from the sale of any Green Bonds may be temporarily invested in cash, cash equivalents, and/or held in accordance with our internal liquidity policy. Payment of principal and interest on any such notes will be made from our general account and will not be directly linked to the performance of the Eligible Green Projects

A significant portion of the expected proceeds from CMI's 2021 Green Bond offering will be used to refinance Eligible Green Projects while the balance will be used to refinance project debt from other renewable energy assets owned by CMI Energía.

We intend to allocate an amount equal to the net proceeds as soon as practicable.

### 4.4 Reporting

Reporting is expected to be available within approximately one year from the date of the bond issuance and annually thereafter, until all the proceeds of the bonds have been allocated. CMI Energía will provide to investors on its website:

- i. Updates to investors including brief project descriptions and an aggregate amount allocated to the Eligible Green Projects.
- ii. The outstanding amount of net proceeds yet to be allocated to projects at the end of the reporting period. Sustainalytics is expected to be appointed by CMI Energía to review that the allocation of the net proceeds of each Green Bond has been allocated to Eligible Green Projects as described in the Green Bond Framework.
- iii. The Portion of financing and refinancing (the split between new and existing projects), where feasible
- iv. Relevant impact metrics related to the Eligible Green Projects; for example, expected avoided greenhouse gas emissions and GWh produced. CMI Energía could substitute any of the proposed impact metrics where appropriate to facilitate the reporting on the amount equal to the net proceeds to the selected Green Projects.

Example of relevant expected KPIs could include:

Eligible Green Project	Expected KPIs
Renewable Energy	<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>
Energy Efficiency	<ul style="list-style-type: none"> <li>▪ Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings)</li> <li>▪ Number of people benefited</li> </ul>
Green Buildings	<ul style="list-style-type: none"> <li>▪ LEED, BREEAM, HQE or equivalent environmental certification scores</li> <li>▪ Annual energy savings in MWh (electricity) and GJ (other energy savings)</li> <li>▪ kgCO<sub>2</sub> /m<sup>2</sup> of GBA p.a;</li> <li>▪ % of water reduced / avoided vs. local baseline / baseline certification level / IGCC / International Plumbing Code</li> <li>▪ Amount of rainwater harvested and reused in m<sup>3</sup>/a</li> </ul>
Clean Transportation	<ul style="list-style-type: none"> <li>▪ Annual GHG emissions reduced/avoided in tCO<sub>2</sub>-e p.a.</li> <li>▪ Number of clean vehicles deployed (e.g. electric)</li> <li>▪ Number of electric vehicle charging stations, or other type of clean transportation infrastructure deployed</li> <li>▪ Estimated reduction in fuel consumption</li> </ul>

## 5. External Reviews

### 5.1 Second-Party Opinion

CMI Energía has retained Sustainalytics to provide a second-party opinion on CMI Energía's Green Bond Framework.

Sustainalytics has reviewed CMI Energía's Green Bond Framework for its sustainable and green qualities as well as its alignment with the GBPs. The objective of the Second Party Opinion is to provide investors with an independent assessment. The Second-Party Opinion, as well as the Green Bond Framework hereof, will be published on CMI Energía's website. The opinion can be found on our website at <https://www.cmi-energia.com/informacionrelevante/>

### 5.2 Compliance Review

CMI Energía will appoint an independent and external verifier to provide an annual assurance report, until all the proceeds of the bonds have been allocated, confirming that an amount equal to the net proceeds of the bonds has been allocated in compliance, in all material respects, with the Eligible Green Projects criteria set forth in the Green Bond Framework and with the "Use of Proceeds" section of the final bond documentation.

## Disclaimer

*The information and opinions contained in this Green Bond Framework are provided by CMI as at the date of this document and are subject to change without notice. The correctness, comprehensiveness and trustworthiness of the information and opinions contained herein are a responsibility of CMI. After the date of this report, CMI does not assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise.*

*This Green Bond Framework is provided for information purposes only and does not constitute, or form part of, any offer or invitation to purchase, underwrite, subscribe for or otherwise acquire or dispose of, or any solicitation of any offer to purchase, underwrite, subscribe for or otherwise acquire or dispose of, any debt or other securities ("**securities**") of CMI and is not intended to provide the basis for any credit or any other third-party evaluation of securities. If any such offer or invitation is made, it will be done so pursuant to separate and distinct documentation in the form of an offering memorandum, prospectus or other equivalent document and a related pricing term sheet (an "**offering memorandum**") and any decision to purchase or subscribe for any securities pursuant to such offer or invitation should be made solely on the basis of such offering memorandum and not these materials.*

*This material should not be considered as a recommendation that any investor should subscribe for or purchase any securities, nor as an assessment of the economic performance and creditworthiness of the securities. Any person who subsequently acquires securities must rely solely on an offering memorandum prepared by CMI in connection with such securities, on the basis of which alone purchases of or subscription for such securities should be made. In particular, investors should pay special attention to any sections of the final prospectus describing any risk factors. The merits or suitability of any securities or any transaction described in these materials to a particular person's situation should be independently determined by such person. Any such determination should involve, inter alia, an assessment of the legal, tax, accounting, regulatory, financial, credit and other related aspects of the securities or such transaction.*

*This material is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. This Green Bond Framework may contain projections and forward looking statements. Any such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause CMI's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.*

*Any such forward-looking statements will be based on numerous assumptions regarding CMI's present and future business strategies and the environment in which CMI will operate in the future. Further, any forward-looking statements will be based upon assumptions of future events which may not prove to be accurate. Any such forward-looking statements in these materials will speak only as at the date of these materials and CMI assumes no obligation to update or provide any additional information in relation to such forward-looking statements.*

*Providing this Green Bond Framework does not mean that CMI certifies the materiality, the excellence or the irreversibility of the projects financed by the IERL's Green Bond. CMI is fully responsible for certifying and ensuring the implementation and monitoring of and compliance with the Green Bond Framework.*