Sustainable Fitch
a FitchSolutions Company

Corporates
Utilities
Mexico

Energía Renovable de la Península S.A.P.I. de C.V.

Second-Party Opinion — Green Financing Framework

MEX TAXONOMY ALIGNED

Excellent | Good | Aligned | Not Aligned

Pillar	Alignment	Key Drivers
Use of Proceeds	Excellent	• All funds raised by debt issued and contracted under Energía Renovable de la Península S.A.P.I. de C.V.'s (Península) green financing framework, updated in March 2024, will be used to finance or refinance renewable electricity generated and transmitted by Península. Related supporting infrastructure and products may also be financed. The ICMA Green Bond Principles (GBP) and the LMA, LSTA and APLMA Green Loan Principles (GLP) include renewable energy as an eligible green project category, and this use of proceeds (UoP) is fully aligned to these principles.
Use of Proceeds – Other Information	Good	• The Península wind farm, an SPV housing one single green project, began operations in 2020. All funds to be raised under the framework will be invested in this project, primarily for refinancing purposes. The financing of new assets creates greater positive environmental impact in Sustainable Fitch's view.
Evaluation and Selection	Excellent	• A detailed evaluation and selection process for allocation of proceeds is not required, given that all proceeds will be used to finance or refinance the Península wind farm whose activities are fully aligned with the GBP and GLP. The framework includes a commitment to ensuring funds raised under the framework will meet the UoP criteria. The first bond issued under the framework will refinance an outstanding loan contracted by Península.
Management of Proceeds	Excellent	• The framework describes a process for earmarking and tracking funds raised and lists options for temporary investment of funds pending allocation. In our view, the management of proceeds process appears robust.
Reporting and Transparency	Excellent	• Commitments to allocation and impact reporting are clearly described. Information will be disclosed either by individual asset financed or by category, but all funds raised under the framework will be used to finance one project, so limited granularity has less relevance. Annual impact reports will include measurable metrics, but these will not be independently verified. The majority sponsor's consolidated green bond reports include verified impact metrics, which provides reassurance for stakeholders.

Relevant UN Sustainable Development Goals

7 AFFORDABLE AND CLEAN ENERGY

Framework Type	Green	
Alignment	✓	Green Bond Principles (GBP) 2021 (ICMA)
	✓	Green Loan Principles (GLP) 2023 (LMA/LSTA/APLMA)
Date assigned		28 March 2024

See Appendix B for definitions.

Analysts

Janine Dow
+44 20 3530 1464
janine.dow@sustainablefitch.com

Media Contact

Jacqueline Carvalho
+55 21 4503 2623
jacqueline.carvalho@fitchgroup.com

Use of Proceeds Summary

Green	Renewable energy

Source: ICMA, Península green financing framework (March 2024)

Framework Highlights

Sustainable Fitch considers debt issued and contracted under Península's green financing framework, updated in March 2024, to be aligned with the ICMA GBP and the LMA, LSTA and APLMA GLP. Our view is that the framework alignment with the GBP and GLP is 'Excellent'. In addition, we consider the framework to be aligned with the Taxonomía Sostenible de México (Mexican taxonomy).

Península's framework references the four pillars covered by the above principles, namely UoP, project evaluation and selection process, funds management and reporting.

The framework indicates that funds raised will be used to finance and refinance renewable energy investments and related infrastructure and products. These project categories are aligned with the categories recommended by the ICMA and the LMA, LSTA and APLMA.

Our understanding is that the first bond issued under the framework will be used to refinance an existing loan previously contracted by Península. The original loan financed the construction of a project that generates electricity from wind power and includes related renewable energy transmission infrastructure. In October 2019, the loan was independently verified by a Climate Bonds Standards Board-approved verifier. The verifier concluded that the loan was in line with the appropriate requirements of the Climate Bonds Standard version 2.1.

The Península wind farm contributes to the generation and distribution of renewable electricity in Mexico. Mexico's wind energy sector has considerable potential for growth given the country's favourable weather conditions. At the time of analysis, Mexico's installed wind energy capacity reaches 7,317MW, according to the Mexican Wind Energy Association (MWEA).

The share of electricity generated by wind in the country is still low and, according to the MWEA, electricity sourced by wind power is declining. In 2023, it represented slightly below 6% of the total electricity generated in the country, reducing from 6.5% in 2022. Ongoing project authorisation delays and government policies that prioritise fossil-fuelled electricity generation help explain sluggish growth trends in the sector. Government energy policies hinder the sector's expansion potential, and also suggest it may be difficult for Mexico to meet its net-zero commitments.

Electricity generation from wind power and renewable electricity transmission are eligible activities under the Mexican taxonomy and the EU taxonomy. Under these taxonomies, the activities can make a substantial contribution to climate change mitigation and no substantial contribution criteria need to be met given the highly positive environmental impact associated with this type of electricity.

The do no significant harm (DNSH) criteria described in the Mexican taxonomy require compliance with Mexican laws. Our assessment of Mexican taxonomy alignment is included in the Mexican Sustainable Taxonomy Alignment Assessment section of this report. Alignment with the DNSH criteria included in the EU taxonomy for this activity highlight the importance of using highly durable equipment and components to minimise the need for frequent replacements. Península has committed to these circular economy efforts.

At the time of its inception, Península's sponsors commissioned all environmental and social impact assessment studies required by Mexican laws. We received documentation from project sponsors confirming adherence with all permits, required laws and regulations, and confirmation that all irregularities and risks identified were adequately addressed and mitigated. We are unaware of any material environmental or social negative impacts associated with Península's operations, either at the time of inception or during its continued operations.

Regular operation and maintenance (O&M) reports are produced by Vive Energía S.A.P.I. de C.V. (Vive), one of Península's shareholders. We reviewed the O&M report dated February 2024.

This includes highly granular information relating to soil, flora and fauna impacts and highlights no significant incidents. Our view is that the project generates considerable positive environmental impact.

The GBP and GLP recommend that eligible projects should be clearly described in the legal documentation of a green financing transaction. To date, Península has not raised any debt under the framework; therefore, we have not reviewed any documentation related to a specific debt instrument. However, the framework provides a description of eligible projects. Our Second-Party Opinion (SPO) report refers exclusively to the framework.

The text included in the “company material” sections of this SPO report is not necessarily an exact copy of language used in the framework. We may have summarised parts of the original text, but such summarised comments have been approved by Península prior to publication of this report. The English version of this SPO is the original version; any versions in other languages are translations.

Source: Sustainable Fitch, MWEA

Entity Highlights

Península, an SPV, is a 90MW onshore wind power electricity generation project located in the municipality of Progreso in Mexico’s Yucatán peninsula. The project also includes a 23.5-metre transmission line, a high-voltage electrical substation, a switching substation, a meteorological tower and auxiliary areas, including control rooms, offices, warehouses and around 20km of interior access roads.

It is 70% owned by Dragados S.A., a leading Spanish construction contracting company specialising in infrastructure projects. Minority shareholders are Envision Energy International Ltd (HK) (Envision), through its Dutch subsidiary, which controls a 24% stake, and Vive, a Mexican energy company, which controls 6%. Envision is a Chinese manufacturer of wind turbines and solar panels and is also active in energy management solutions. Envision supplied Península with 36 2.5MW turbines and operates the project. Dragados, Envision and Vive are the SPV’s sponsors.

The project was fully commissioned in July 2020. Electricity generated is sold through long-term renewable power purchase agreements with state-owned Comision Federal de Electricidad (CFE), Mexico’s sole electricity transmission company.

Source: Sustainable Fitch, Península green financing framework (March 2024), media searches, information provided by sponsors

Use of Proceeds – Eligible Projects	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
Renewable Energy	
• The proceeds of any green financing shall be used by Península to finance and/or refinance, in whole or in part, investments or assets that meet the criteria outlined below. • Eligible green assets shall align with the category "renewable energy" as listed in the UoP section of the ICMA GBP, including production, transmission, appliances and products; and more specifically onshore wind power energy projects or transmission and supporting infrastructure, and shall comply with one of the following eligibility criteria. – "Generation of electricity from wind energy", as per economic activity 221114 of the Mexican taxonomy. Substantial contribution criteria: directly eligible and exempt from presenting a product life-cycle assessment, including carbon footprint evaluation. – "Transmission of electricity", as per economic activity 221121 of the Mexican taxonomy. Substantial contribution criteria: the equipment acquired under the subproject belongs to the following category: "direct connection of renewable energy sources." • For the avoidance of doubt, green finance instruments will not be used to directly finance and/or refinance investments that are linked to carbon-intensive assets.	• This UoP category is aligned with the list of eligible green projects of the ICMA and the LMA, LSTA and APLMA. • The UoP contributes to climate change mitigation, as electricity generated by wind power is associated with negligible GHG emissions and creates little air pollution compared to generators of fossil fuel-powered electricity. • The operation of generation facilities that produce electricity from wind power and the transmission of this electricity are eligible activities in the EU taxonomy and the Mexican taxonomy. These activities contribute directly to climate change mitigation. • Wind power electricity generation activities are exempt from requirements to meet the taxonomies' significant contribution criteria. The criteria applicable to renewable electricity transmission activities set out in the EU taxonomy are easily met, as Península is clearly contributing to an increase in the use of renewable electricity. • The activity also meets the transmission activity's contribution criteria as described in the Mexican taxonomy because all electricity sold to CFE for onward transmission is renewable. • The disposal of wind turbines at the end of their useful life cycle is pertinent when assessing the environmental impact of an onshore wind farm. This process should be managed to limit negative environmental impact, and efforts to recycle are important. Península's environmental and social compliance statement dated December 2021 confirms that efforts to recycle equipment at the end of their life cycle will be made.
Source: Península green financing framework (March 2024)	Source: Sustainable Fitch

Use of Proceeds – Other Information	Alignment: Good
Company Material	**Sustainable Fitch's View**
• The net proceeds of any green financing are exclusively dedicated to finance and/or refinance the total costs for the development, construction and operation of the project.	• As described above, funds raised under the framework will be used to finance and refinance existing debt. We consider that the impact of financing new green assets is more positive, as this adds to the stock of such assets.
Source: Península green financing framework (March 2024)	Source: Sustainable Fitch

Evaluation and Selection	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• Península commits to comply with the eligibility criteria as detailed in the UoP section as well as the sponsors' internal policies on the management of potential material environmental risk associated with the eligible green assets. This framework is only applicable to the Península wind farm. • The need for financing and/or refinancing of the eligible green assets will be determined by Península's board of directors, which will review all aspects related to the management of the green financing. • The development, construction, installation, maintenance and operation of the eligible green asset have been, and are being, carried out in accordance with the sponsors' corporate governance and regulatory policies, social responsibility policies and compliance policies. The sponsors assess, and will continue to assess, the environmental and social impacts of their operations and pay special attention to controlling environmental and social risks. • During the construction period of the project, an independent third party conducted an environmental and social due diligence assessment. The goal was to analyse the wind farm's compliance with Mexican laws and specific environmental and social regulations. • The environmental and social due diligence performed during the construction also assessed the compliance of the project with environmental and social standards, including the International Finance Corporation Performance Standards; the World Bank Group Environmental, Health, and Safety General Guidelines; and the Equator Principles. The report aimed to identify and evaluate the environmental and social risks of the project and to propose related measures to mitigate them. • Since the commercial operation of the project began, a third party conducts quarterly reviews of operations through its O&M reports. These reports aim to ensure efficient operation and optimise the overall performance of the assets. They also assess the project's compliance with the Equator Principles and conduct additional environmental and social due diligence to ensure adherence to regulations, minimise environmental impact, and uphold social responsibility standards within the communities where the project is located.	• The evaluation and selection process is in line with the guidelines and principles of both the ICMA and the LMA, LSTA and APLMA. • The project evaluation and selection process described in the framework indicates that Península's board of directors will determine which eligible green assets will be financed and refinanced with funds raised under the framework. • The approval processes lack both the presence of a formal approval committee and a multi-layered approach. However, our view is that this is unnecessary given that all funds raised under the framework will be used to finance and refinance one single green project housed in the SPV, the wind farm. Our view is that the evaluation and selection process described in the framework, though lacking in several best market practices, can be classified as 'excellent' given that it is largely immaterial. • Positively, the evaluation and selection process will be aligned to several of the sponsors' key policies. In addition, the sponsors have committed to monitor environmental and social impacts associated with ongoing development, construction and operational aspects of the project and to pay close attention to controlling potential environmental and social risks. • The framework also indicates that Península will comply with the eligibility criteria detailed in the UoP section and with the sponsors' internal policies in respect of the management of potential material environmental risks. This provides additional comfort that funds raised under the framework will be applied as stated in the framework.
Source: Península green financing framework (March 2024)	Source: Sustainable Fitch

Management of Proceeds	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• The net proceeds of any green financing will be earmarked towards eligible green assets as stated in the UoP section of the framework. Until full allocation to eligible green assets, the proceeds shall be earmark credited in a dedicated account or tracked internally in Península's systems. • Península will strive to fully allocate the net proceeds from the sale of any green bonds or loans as soon as practicable, with all or substantially all of the remaining amount allocated within 24 months of the issuance. Any unallocated proceeds shall be held in the form of temporary cash or cash equivalent investment instruments in line with Península's treasury management. • The net proceeds of any green financing are exclusively dedicated to finance and/or refinance the total costs for the development, construction and operation of the project. Península, as a special-purpose entity, has solely been established to support all associated costs of the project. Payment of principal and interest will be made from Península's general account and not be linked to the performance of the eligible projects.	• Our view is that the process for managing proceeds from debt instruments issued or contracted under the framework is well defined. Funds raised will be earmarked and tracked, in line with the ICMA and the LMA, LSTA and APLMA guidelines for the segregation of proceeds. Península is an SPV dedicated to the ownership and operation of the wind farm project. As such, the risk of commingling debt raised under the framework with other funding deposited in the sponsors' general accounts is limited. • A process for removing financed assets should they not comply with the UoP criteria is not detailed. We understand that the first bond to be issued under the framework will be applied to the refinancing of a loan used to finance the construction of the Península project. We therefore expect management of proceeds for this first bond to be very straightforward, minimising the need for a detailed management process in this instance. • Funds raised will be earmarked and tracked. Commitments to deposit funds in a segregated bank account are not firm, but internal tracking mechanisms are in line with good market practice. • Debt raised under the framework to refinance existing debt will be allocated immediately upon bond issuance or loan contracting. • Where new assets are being financed, funds will, pending full allocation, be invested in cash or cash equivalents, in line with Península's treasury policies. Península has confirmed that pending full allocation, proceeds will not be used to repay debts that are linked to carbon-intensive assets or investments. • Temporary investment in green instruments would provide assurance that support for environmental impact is respected, but we understand that options for such instruments are limited in Mexico.
Source: Península green financing framework (March 2024)	Source: Sustainable Fitch

Reporting and Transparency	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• Península will provide an annual allocation report until full allocation of the proceeds and an annual impact report until maturity of the financing. The annual reports will be published on Dragados's website with respect to the UoP and allocation to eligible green assets. These reports will include, on a best-efforts basis, information regarding underlying assets financed or refinanced by any green financing, including but not limited to the following. • For allocation reporting: – a brief description of such assets; – the amount of net proceeds from any green financing instrument that has been allocated to one or more eligible assets, either individually or by category, subject to confidentiality considerations; – the amount of unallocated net proceeds from any green financing instrument; and – a breakdown of the proceeds allocated towards refinancing of existing debt obligations (where applicable). • For impact reporting: – total installed capacity (MW); – total electricity generation produced a year (MWh or GWh); and – annual GHG emissions reduced or avoided (tCO_2e).	• The reporting commitments defined by the issuer are in line with the guidelines and principles of both the ICMA and the LMA, LSTA and APLMA. • The framework's commitments to allocation and impact reporting are clearly described. Annual allocation reports will be produced until full allocation is achieved; annual impact reports will be produced until the maturity date of each debt instrument. • Best efforts will be made to ensure that the allocation reports contain information described in the framework. There is no firm commitment to disclose information on each individual asset financed, and details may be reported in a consolidated manner. Reports will, however, split out the value of total assets financed by type. In our view, this provides sufficient detail given that all funds raised under the framework will be invested in one single project. • Allocation reporting will include the amount of net proceeds allocated to the eligible assets, the amount of unallocated proceeds and the proportion of financing versus refinancing. • Confidential information relating to contracts and agreements that could potentially disclose competitive information will not be included in the allocation reports, in line with common market practice. • The commitments to regular impact reporting are positive from an ESG perspective, as this provides transparency to stakeholders. Metrics selected to measure impact are in line with those recommended by the

Reporting and Transparency	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
	ICMA in its handbook for impact reporting for the renewable energy category. • The impact and allocation reports will not be independently verified, which detracts slightly from their value. However, Dragados's green bond annual report 2023, which is independently verified, consolidates information in respect of all its green projects, including Península. Impact metrics included in this report are broken down by project. Verification of this consolidated data is reassuring for stakeholders. • Dragados has undertaken to ensure that the consolidated reporting of its green bonds avoids double counting of funding raised by Península. It will exclude the share of projects financed by third-party green financing from its reporting.
Source: Península green financing framework (March 2024)	Source: Sustainable Fitch

Relevant UN Sustainable Development Goals

- **7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix

Source: Sustainable Fitch, UN

Mexican Sustainable Taxonomy Alignment Assessment

The environmental objectives of the Mexican taxonomy are: climate change mitigation (MXEO1); climate change adaptation (MXEO2); management of water and marine resources (MXEO3); conservation of ecosystems and biodiversity (MXE04); promotion of the circular economy (MXE05); and prevention and control of pollution (MXEO6).

The Mexican taxonomy lists eligible economic activities; these must contribute to at least one environmental objective. Sustainable Fitch assesses whether an activity, or project category to be financed with sustainable debt, is aligned to the Mexican taxonomy and whether it meets the technical eligibility criteria (Criterios de Evaluacion Tecnica; CET) defined in the taxonomy. The Mexican taxonomy currently sets out CET only in respect of MXEO1 and MXEO2. CETs relating to other environmental objectives will be established in the future.

Sustainable Fitch's taxonomy alignment assessment also considers do no significant harm (DNSH) criteria and compliance with minimum safeguards. An economic activity can only be classified as sustainable if, in addition to contributing to at least one environmental objective, it does not cause significant harm to the other objectives.

Use of Proceeds	**Renewable Energy** UoP categories listed in Península's framework are the generation of electricity from wind energy (listed as activity number 221114 in the Mexican taxonomy) and transmission of electricity (activity number 221121). These activities contribute to climate change mitigation.					
Contribution to EO	**MXEO1**	**MXEO2**	**MXEO3**	**MXEO4**	**MXEO5**	**MXEO6**
	Yes	No	No	No	No	No
Compliance with the CET	• Yes. Renewable energy generation and transmission are eligible under the Mexican taxonomy. Península's framework references the activity, using the appropriate code included in the taxonomy. The generation of electricity from wind power is exempted from compliance with any CET, given that the life-cycle GHG emissions from wind power are significantly lower than comparative emissions related to fossil-fuelled electricity generation. Our opinion is that the activity can make a significant contribution to climate change mitigation, which is positive for the environment. Electricity transmission activities that are directly connected to a renewable electricity source, as is the case for Península, automatically meet the required CET.					
Compliance with DNSH Criteria	• Yes. The Mexican taxonomy's technical DNSH criteria for the generation and transmission of renewable electricity activities require compliance with various Mexican environmental and social laws. We understand from Península's certificate of achievement of commercial operation dated February 2021 that the project received all the necessary approvals to conduct its operations. To operate, evidence of compliance with Mexican environmental and social laws was required. Península's environmental and social compliance statement dated December 2021, prepared by its sponsor Vive, also confirms approvals. • Following review of documentation provided by the sponsors, our assessment is that Península complies with the DNSH criteria in respect of MXEO1. The criteria are extensive, and we highlight below only those which we consider most material for the project. • The Yucatán peninsula's biological wealth is considerable. The biodiversity DNSH criteria require the undertaking of an environmental impact assessment. Península's Manifestacion de Impacto Ambiental (MIA) dated January 2017, appears to be in line with Mexico's national biodiversity strategy. The project is not located in a protected land area and as such, is in line with this strategy. Península is located in an area of bird conservation, but its O&M report highlights there was no undue recent negative impact to bird life associated with the project. This report also documents the project's impact on flora, fauna and soil; it highlights there were no significant undue impacts and describes remediation efforts undertaken where required. • The water management DNSH criteria require compliance with Mexico's water laws, including the Ley de Aguas Naturales, and the country's national water programme, which is confirmed in the MIA. In addition, criteria in respect of adequate wastewater drainage facilities and control of wastewater temperatures to prevent damage to marine life are required, with alignment also confirmed in the MIA. • Pollution prevention and control DNSH criteria require adherence to various laws in respect of air and water quality, sound pollution limits, restrictions on incineration, etc., with alignment confirmed in the MIA. • Circular economy DNSH criteria relate to ongoing efforts made to recycling of materials during the life of the project and end-of-life dismantling and reuse initiatives; the MIA confirms adherence to these. • Climate change DNSH criteria focus on confirmation of a broad range of topics, covering: efforts to heighten workers' and local communities' awareness of climate change risks; efforts to address surrounding ecosystems' climate vulnerabilities, conserving and restoring these as required; the establishment of plans to handle climate change disasters; and evidence that sponsors have adequately assessed climate change adaptation impacts and incorporated these considerations into their choice of machinery, equipment and plant design. The MIA and compliance statement referred to above indicate compliance with these criteria. • In addition, Península's framework confirms that the environmental and social due diligence exercise performed during the project's construction phase included compliance with the International Finance Corporation's Performance Standards; the					

	World Bank Group's Environmental, Health, and Safety General Guidelines; and the Equator Principles. These international standards are not a substitute for compliance with the DNSH criteria. However, Península's reference to these standards in its framework suggests, in our view, that its commitments to upholding environmental and social guidelines go beyond national requirements, which we view positively.
Compliance with Minimum Safeguards	• The Mexican taxonomy's minimum safeguards require compliance with current local regulations and respect for all internationally recognised labour principles, such as those referred to in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, as well as the UN Guiding Principles on Human Rights. • We have not identified any controversies related to breaches of labour or social obligations. Compliance with Mexico's social laws and undertakings is confirmed in the compliance report referred to above, which, in turn, references Península's Evaluacion de Impacto Social report, a legal document setting out the project's social impact. • Our view is Península complies with the Mexican taxonomy's minimum safeguards.

Appendix A: Principles and Guidelines

Type of Instrument: Green

Four Pillars	
1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes

Independent External Review Provider	
Second-party opinion	Yes
Verification	No
Certification	No
ESG Scoring/Rating	No
Other	n.a.

1) Use of Proceeds (UoP)	
UoP as per Green Bond Principles (GBP)	
Renewable energy	Yes
Energy efficiency	No
Pollution prevention and control	No
Environmentally sustainable management of living natural resources and land use	No
Terrestrial and aquatic biodiversity conservation	No
Clean transportation	No
Sustainable water and wastewater management	No
Climate change adaptation	No
Certified eco-efficient and/or circular economy adapted products, production technologies and processes	No
Green buildings	No
Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	No
Other	n.a.

2) Project Evaluation and Selection	
Evaluation and Selection	
Credentials on the issuer's social and green objectives	Yes
Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for green bond proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	Yes
Summary criteria for project evaluation and selection publicly available	Yes
Other	n.a.

Evaluation and Selection, Responsibility and Accountability	
Evaluation and selection criteria subject to external advice or verification	No
In-house assessment	Yes
Other	n.a.

3) Management of Proceeds	
Tracking of Proceeds	
Sustainability bond proceeds segregated or tracked by the issuer in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	Yes
Other	n.a.

Additional Disclosure	
Allocations to future investments only	Yes
Allocations to both existing and future investments	Yes
Allocation to individual disbursements	Yes
Allocation to a portfolio of disbursements	Yes
Disclosure of portfolio balance of unallocated proceeds	Yes
Other	n.a.

4) Reporting

UoP Reporting	
Project-by-project	Yes
On a project portfolio basis	Yes
Linkage to individual bond(s)	Yes
Other	n.a.

UoP Reporting/Information Reported	
Allocated amounts	Yes
Sustainability bond-financed share of total investment	Yes
Other	n.a.

UoP Reporting/Frequency	
Annual	Yes
Semi-annual	No
Other	No

Impact Reporting	
Project-by-project	Yes
On a project portfolio basis	Yes
Linkage to individual bond(s)	Yes
Other	n.a.

Impact Reporting/Information Reported (exp. ex-post)	
GHG emissions/savings	Yes
Energy savings	No
Decrease in water use	No
Other ESG indicators: total renewable electricity generated	Total installed capacity (MW); total electricity generation produced a year (MWh or GWh)

Impact Reporting/Frequency	
Annual	Yes
Semi-annual	No
Other	n.a.

Means of Disclosure	
Information published in financial report	No
Information published in ad hoc documents	Yes
Information published in sustainability report	No
Reporting reviewed	No
Other	n.a.

Note: n.a. – not applicable.
Source: Sustainable Fitch, ICMA

Appendix B: Definitions

Term	Definition
Debt types	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability-linked Bond Principles or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.
Standards	
ICMA	International Capital Market Association. In the Second-Party Opinion we refer to alignment with ICMA's Bond Principles: a series of principles and guidelines for green, social, sustainability and sustainability-linked bonds.
LMA, LSTA and APLMA	Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA). In the Second-Party Opinion we refer to alignment with Sustainable Finance Loan Principles: a series of principles and guidelines for green, social and sustainability-linked loans.
EU Green Bond Standard	A set of voluntary standards created by the EU to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".

Source: Sustainable Fitch, ICMA, UN, EU Technical Expert Group

Appendix C: Second-Party Opinion Methodology

Second-Party Opinion

Second-Party Opinions (SPO) are a way for issuers to obtain an independent external review on their green, social, sustainability and sustainability-linked instruments.

As per the ICMA Guidelines for External Reviewers, an SPO entails an assessment of the alignment of the issuer's green, social, sustainability or sustainability-linked bond or loan issuance, framework or programme with the relevant principles. For these purposes, "alignment" should refer to all core components of the relevant principles.

Sustainable Fitch analysts vary the analysis based on the type of instruments, to consider whether there are defined uses of proceeds or KPIs and sustainability performance targets. The analysis is done on a standalone basis, separate to the entity.

Analytical Process

The analysis considers all available relevant information (ESG and financial). The reports transparently display the sources of information analysed for each section and provide a line-by-line commentary on the sub-factors analysed. The ESG analysts working on an SPO will also engage directly with the issuer to acquire any additional relevant information not already in the public domain or in instrument-related documentation.

An important part of the analysis is the assessment of the E and S aspects of the use of proceeds. In addition to the alignment with ICMA Principle and Guidelines, the analysis may also refer to major taxonomies (e.g. the EU taxonomy for E aspects, and the UN Sustainable Development Goals for S aspects).

Once the analyst has completed the analysis, with commentary for the related SPO, it is submitted to the approval committee, which reviews it for accuracy and consistency. Based on issuer preference and mandate, an SPO can be monitored (annually or more frequently, if new information becomes available) or on a point-in-time basis.

Scale and Definitions

	ESG Framework
Excellent	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet excellent levels of rigour and transparency in all respects and are well in excess of the standards commonly followed by the market.
Good	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet good levels of rigour and transparency; in some instances, they go beyond the standards commonly followed by the market.
Aligned	Sustainable finance framework and/or debt instrument structure is aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet the minimum standards in terms of rigour and transparency commonly followed by the market.
Not Aligned	Sustainable finance framework and/or debt instrument structure is not aligned to relevant core international principles and guidelines. Practices inherent to the structure fall short of common market practice.

Source: Sustainable Fitch

SOLICITATION STATUS

The Second-Party Opinion was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.