

# Second-Party Opinion CIFI Green Bond

## Evaluation Summary

Sustainalytics is of the opinion that the CIFI Green Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that the renewable energy and waste management projects financed by the bond(s) will lead to positive environmental impacts and advance UN Sustainable Development Goals 6, 7, and 11.



**PROJECT EVALUATION / SELECTION** CIFI will establish a Green Bond Committee, including representatives from the Financial Team, the ESG Management Unit, and other relevant business lines, which will evaluate projects for compliance with the Framework as well as the Company’s Environmental and Social Due Diligence process and Risk Management approaches. Sustainalytics considers this selection process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** CIFI will use existing internal controls processes to track and manage the proceeds, including quarterly approval from management. Pending allocation, outstanding funds will be held in cash, cash equivalents, or in CIFI’s liquidity portfolio. This is in line with market practice.



**REPORTING** CIFI has committed to allocation and impact reporting, updated quarterly, until full allocation; allocation reporting will be made available at the project level, while impact reporting will include relevant quantitative metrics. In Sustainalytics’ view, this reporting is in line with market best practice.

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<b>Evaluation date</b>	July 12, 2019
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<b>Issuer Location</b>	Panama City, Panama
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## Introduction

Corporación Interamericana para el Financiamiento de Infraestructura, S.A. (“CIFI”, the “Company”, or the “Issuer”) is a non-bank financial institution focused on providing financing and support for infrastructure and energy projects in Latin America and the Caribbean. Founded in 2001, CIFI has been involved in over 200 projects in 21 countries, with cumulative investments of more than USD 1.5 Billion.

CIFI has developed the CIFI Green Bond Framework (the “Framework”) under which it is planning to issue green bond(s) and use the proceeds to finance or refinance, in whole or in part, existing and future projects that provide environmental benefits and promote sustainable development in the regions in which it operates. The Framework defines eligibility criteria in the following areas:

1. Renewable Energy
  - a. Hydropower (limited to projects less than 25MW in capacity)
  - b. Solar power
  - c. Wind power
  - d. Geothermal power
  - e. Co-generation from biomass (limited to waste biomass)
2. Waste Management
  - a. Treatment of wastewater and effluents
  - b. Waste-to-energy from municipal solid waste
  - c. Recycling & waste diversion

CIFI engaged Sustainalytics to review the CIFI Green Bond Framework, dated July 2019, and provide a second-party opinion on the alignment of the green bond with the Green Bond Principles 2018 (the “GBP”), as administered by the International Capital Market Association (the “ICMA”),<sup>1</sup> and the Framework’s environmental credentials. This Framework has been published in a separate document.<sup>2</sup>

As part of this engagement, Sustainalytics held conversations with various members of CIFI’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Company’s green bond. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the CIFI Green Bond Framework and should be read in conjunction with that Framework.

<sup>1</sup> ICMA’s Green Bond Principles 2018 <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

<sup>2</sup> The Framework will be made available on CIFI’s website, at <http://www.cifi.com/en/portal-del-inversionista/>

# Sustainalytics' Opinion

## Section 1: Sustainalytics' Opinion on the CIFI Green Bond Framework

### Summary

Sustainalytics is of the opinion that the CIFI Green Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible use of proceeds categories – renewable energy and waste management – are recognized as impactful by the Green Bond Principles 2018.
  - Within the area of renewable energy, CIFI may finance investments in wind and solar power, which Sustainalytics considers having overall positive environmental impacts. Additionally, the Framework includes investment in:
    - Hydropower. CIFI has limited these projects to those 25MW in capacity and smaller, which Sustainalytics views favourably with regards to mitigating environmental and social risks.
    - Geothermal power. Sustainalytics views positively the inclusion of geothermal projects, which generally have overall positive environmental benefits however, notes that no emissions thresholds have been established and that providing such thresholds would increase transparency.<sup>3</sup>
    - Biomass cogeneration plants. Sustainalytics views favourably that CIFI has specified that only waste biomass will be used to power these facilities however, notes that no emissions thresholds have been established and that providing such thresholds would increase transparency.<sup>4</sup>
  - The Framework includes investment in waste management facilities, including wastewater & effluent treatment, recycling & waste diversion, and waste-to-energy from municipal solid waste. Sustainalytics recognizes the overall positive environmental impact that these systems can provide and encourages the selection of technologies that maximize environmental and social benefits on a case-by-case basis, including consideration of waste hierarchies and emissions thresholds.
  - CIFI has specified a 24-month lookback period for the refinancing of existing projects, this is in line with market practice.
- Project Selection Process:
  - CIFI will establish a Green Bond Committee, including representatives from the Financial Team, the ESG Management Unit, and other relevant business lines, which will be responsible for the selection of Eligible Projects and will review allocations on an annual basis.
  - Eligible Projects will be evaluated for compliance with the Framework, as well as a list of criteria based on CIFI's Environmental and Social Due Diligence process and Risk Management approaches, which include exclusion of activities with high environmental and social risk.
  - Based on the establishment of a Green Bond Committee, and the presence of formalized selection criteria, Sustainalytics considers the selection process to be in line with market practice.
- Management of Proceeds:
  - CIFI will track the net proceeds of the bond(s) on a monthly basis, with presentations to management for approval on a quarterly basis, in line with existing internal controls processes.
  - Pending allocation, outstanding funds will be held in cash, cash equivalents, or in CIFI's liquidity portfolio, in line with the Company's investment management policies.

<sup>3</sup> Based on the work of the Climate Bonds Initiative and the EU Technical Expert Group on Sustainable Finance, Sustainalytics considers geothermal energy projects with direct emissions of <100 g CO<sub>2</sub>/kWh to be aligned with a two-degree global warming scenario, and representative of best practice in the green bonds market

<sup>4</sup> Based on the work of the Climate Bonds Initiative and the EU Technical Expert Group on Sustainable Finance, Sustainalytics considers biomass projects with lifecycle emissions of <100 g CO<sub>2</sub>/kWh to be aligned with a two-degree global warming scenario, and representative of best practice in the green bonds market.

- Based on the stated internal processes, and the disclosure of temporary investments, Sustainalytics considers the management of proceeds to be in line with market practice.
- Reporting:
  - CIFI has committed to both allocation and impact reporting. For the life of the bond(s), CIFI will make available on its website and data rooms allocation information, updated quarterly until full allocation of the proceeds, disclosing the amount allocated at the project level, as well as project description. Impact reporting will include quantitative key performance indicators including renewable energy capacity installed, renewable energy produced, tons of waste or cubic meters of effluent treated, and CO<sub>2</sub> emissions avoided.
  - Based on the commitment to report allocation at the project level as well as to report numerous quantitative impact indicators, Sustainalytics considers the Company's reporting to be in line with market best practice.

### **Alignment with Green Bond Principles 2018**

Sustainalytics has determined that CIFI's green bond aligns to the four core components of the Green Bond Principles 2018. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

## **Section 2: Sustainability Performance of the Issuer**

### **Contribution of framework to issuer's sustainability strategy**

The use of proceeds categories described by the Framework align with CIFI's overall corporate mission to support "projects that guarantee sustainable development in Latin American and the Caribbean".<sup>5</sup> CIFI has developed an Environmental and Social Management System (ESMS),<sup>6</sup> which includes:

- A policy statement which emphasizes a mission to "maximize positive environment and social impacts" and states that it is "committed to mainstream sustainability in its operations".
- Ongoing development of an ESG scorecard, which will be used starting in 2019 to evaluate the Company's performance using quantitative key performance indicators.

In its Annual Environmental and Social Performance Report (AESPR), CIFI reviews projects financed and ensures ongoing compliance with their mandate.<sup>7</sup> The highlights of the 2017 report include risk screenings and environmental due diligence assessment of 20 transactions, which concluded that 17 were classified as medium risk and three as high risk, and statistics indicating that 46% of CIFI's investment portfolio is in renewable energy, with solar power (23%) making up the largest single sector in the overall portfolio. Other renewable energy investments include wind power, hydropower, cogeneration & biomass, and geothermal. CIFI has also published a Gender Equality Policy, which commits the Institution to gender equality in both the workplace and with its clients.

Based on the stated sustainability objectives, demonstrated record of financing environmentally beneficial projects, and the commitment to ongoing development of quantitative performance reporting, Sustainalytics views positively CIFI's sustainability strategy, and is of the opinion that the inclusion of quantitative, time-bound targets would further strengthen this policy. Overall, Sustainalytics is of the opinion that CIFI is well-positioned to issue green bonds.

### **Well positioned to address common environmental and social risks associated with the projects**

The renewable energy and waste management projects which will be financed by the proceeds of the green bond(s) are anticipated to provide net-positive environmental impacts. Nevertheless, like any large infrastructure project, these developments may pose environmental and social risks related to impacts on local communities, air, water, or soil pollution, impacts on biodiversity, and worker health and safety. CIFI has procedures in place to help manage these risks, including:

<sup>5</sup> <http://www.cifi.com/en/portal-del-inversionista/gestion-ambiental-y-social/>

<sup>6</sup> This document is currently in final draft, and has been provided to Sustainalytics for review prior to public release.

<sup>7</sup> [http://www.cifi.com/wp-content/uploads/2018/05/aespr-online-version\\_2017.pdf](http://www.cifi.com/wp-content/uploads/2018/05/aespr-online-version_2017.pdf)

- An Environmental and Social Management System, which incorporates the mitigation of environmental and social risks into the Company's overall investment decision process, as part of a process that includes both upfront due diligence and post-hoc monitoring. The degree of detail in which these assessments are carried out is determined by the project's identified risk level.<sup>8</sup>
- An exclusionary list, preventing the Company from supporting companies or projects participating in 15 prohibited sectors, such as forced labour, violation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora, drift net fishing, and production or trade of asbestos fibre products.
- CIFI has been a signatory to the Equator Principles since 2007. In 2017, the Company assessed two project finance transactions were assessed, in Brazil and Argentina, both of which were determined to be Category B.
- All projects financed must comply with the IFC Performance Standards on Environmental and Social Sustainability.
- A commitment to comply with all applicable national laws or international agreements.
- Worker health and safety is protected by ensuring that all projects comply with the World Bank's Environmental Health and Safety Guidelines.

Based on the policies and commitments listed above, Sustainalytics is of the opinion that CIFI is well-positioned to mitigate the relevant environmental and social risks associated with the projects financed by the green bond(s).

### Section 3: Impact of Use of Proceeds

The two use of proceeds categories are recognized as impactful by GBP. Sustainalytics has focused below on how the impact is specifically relevant in the local context.

#### Renewable energy in Latin America

Compared to the global average, renewable sources contribute twice as much to Latin America's energy mix, driven primarily by the abundance of large hydroelectric facilities, in particular in Brazil, which makes up 80% of all renewables. Non-hydro renewables, while still a small overall share of Latin America's energy needs, have seen a greater-than-threefold increase in installed capacity over the period 2006-2015.<sup>9</sup> Nevertheless, fossil fuels still make up approximately 50% of electricity generation and 75% of the overall energy demand.<sup>10</sup> In order to achieve the commitments of the Paris Agreement, to limit global average temperature increases to well below 2°C and aim to limit the increase to 1.5°C, drastic decreases to global emissions will be required.<sup>11</sup> A study from the International Energy Agency (IEA) and the International Renewable Energy agency (IRENA), estimates that 65-70% of worldwide primary energy demand would need to be met by low-carbon energy sources by 2050 in order to meet the 2°C target.<sup>12</sup> The contribution of Central and South America cannot be overlooked, as the International Energy Agency predicts that by 2040, the total annual energy demand of the region will increase by 270 Mtoe, almost 35%,<sup>13</sup> or equivalent to the current demand of Saudi Arabia.<sup>14</sup> Considering that, according to data from the World Bank, greenhouse gas emissions from electricity and heat production make up 49% of all fuel combustion,<sup>15</sup> increasing the share of renewable energy generation has the potential to have significant impact on meeting climate goals.

In this context, Sustainalytics is of the opinion that CIFI's financing of renewable energy projects, particularly non-hydro renewables, will have significant positive environmental impacts.

<sup>8</sup> [http://www.cifi.com/wp-content/uploads/2018/05/aespr-online-version\\_2017.pdf](http://www.cifi.com/wp-content/uploads/2018/05/aespr-online-version_2017.pdf)

<sup>9</sup> <https://insights.abnamro.nl/en/2018/05/energy-monitor-renewable-energy-in-latin-america/>

<sup>10</sup> [http://www.irena.org//media/Files/IRENA/Agency/Publication/2016/IRENA\\_Market\\_Analysis\\_Latin\\_America\\_summary\\_EN\\_2016.pdf](http://www.irena.org//media/Files/IRENA/Agency/Publication/2016/IRENA_Market_Analysis_Latin_America_summary_EN_2016.pdf)

<sup>11</sup> [https://ec.europa.eu/clima/policies/international/negotiations/paris\\_en](https://ec.europa.eu/clima/policies/international/negotiations/paris_en)

<sup>12</sup> [http://www.irena.org//media/Files/IRENA/Agency/Publication/2017/Mar/Perspectives\\_for\\_the\\_Energy\\_Transition\\_2017.pdf](http://www.irena.org//media/Files/IRENA/Agency/Publication/2017/Mar/Perspectives_for_the_Energy_Transition_2017.pdf)

<sup>13</sup> <https://www.iea.org/weo2017/>

<sup>14</sup> <https://www.bp.com/content/dam/bp/en/corporate/pdf/energy-economics/statistical-review/bp-stats-review-2018-full-report.pdf>

<sup>15</sup> <https://data.worldbank.org/indicator/EN.CO2.ETOT.ZS>

### Waste to energy

Solid waste management poses a significant challenge in parts of Latin America, driven by issues such as uncontrolled disposal and rapid urbanization.<sup>16</sup> According to the UN Environment Programme, the region generates 541,000 tons of municipal waste per day, a figure that is expected to grow by 25% by 2050; 40 million people in the region lack access to proper waste collection services, leading to 145,000 tons per day of waste being disposed in open dumpsites.<sup>17</sup> While these waste streams pose environmental hazards and financial burdens, they can also be used as an energy source, providing environmental and social benefits as well as sustainable revenue streams.<sup>18</sup> While some studies highlight impediments to widespread deployment of waste to energy technologies in Latin America based on technological and regulatory structures, namely the high percentage of moist and organic materials in the waste stream and the weaker financial incentives to avoid landfilling, waste-to-energy projects can be seen as both a sustainable tool for waste management, as well as a way to provide renewable energy.<sup>19</sup> Furthermore, the rapidly growing urban agglomerations of the region provide a strong opportunity for waste to energy adoption.

Sustainalytics views positively CIFI’s use of proceeds for waste to energy technologies and is of the opinion that it will have positive impacts on both the local environment and emissions, as well as providing concomitant human health benefits.

### Wastewater management

The conditions around wastewater in Central and Southern America and the Caribbean can be characterized by jurisdictional diversity as well as overall levels of underperformance. Across the region only half of households are connected to sewage systems and less than 30% of collected wastewater is treated. These averages disguise large disparities; some countries treat as little as 4% of all wastewater while Chile, the regional leader, treats 90%. While investment has, in recent years, improved sewage systems for urban residents, rapid population growth means that “approximately 60 million urban inhabitants do not have access to basic sanitation facilities”.<sup>20</sup> Furthermore, rural and low-income populations are even less well-served in terms of access to sanitation. Overall, the World Bank summarizes the situation by calling sanitation “an increasingly urgent challenge”; and that despite “impressive progress” in access to water the region “has not done as well on sanitation”.<sup>21</sup>

Infrastructure spending on water and wastewater services in Latin America has traditionally been low, between a quarter and a third of a percent of GDP. Of this amount, the majority has been public sector spending, although private investment has shown a small uptick in recent years.<sup>22</sup> Considering these factors, Sustainalytics is of the opinion that CIFI’s financing of wastewater treatment systems is highly impactful and will provide significant environmental and social benefits in well-managed applications.

### Alignment with and contribution to the UN Sustainable Development Goals

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Waste Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

<sup>16</sup> <http://collections.unu.edu/eserv/UNU:6506/recycling-03-00019-1.pdf>

<sup>17</sup> [https://wedocs.unep.org/bitstream/handle/20.500.11822/26436/Waste\\_Summary\\_EN.pdf](https://wedocs.unep.org/bitstream/handle/20.500.11822/26436/Waste_Summary_EN.pdf)

<sup>18</sup> <https://www.researchgate.net/publication/327057197>

<sup>19</sup> [http://mirror.unhabitat.org/downloads/docs/10740\\_1\\_594319.pdf](http://mirror.unhabitat.org/downloads/docs/10740_1_594319.pdf)

<sup>20</sup> <http://blogs.worldbank.org/water/how-can-we-make-wastewater-investments-sustainable-latin-america>

<sup>21</sup> <http://documents.worldbank.org/curated/en/676711491563967405/pdf/114110-REVISED-Rethinking-Infrastructure-Low-Res.pdf>

<sup>22</sup> *ibid*

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## **Conclusion**

Corporación Interamericana para el Financiamiento de Infraestructura, S.A. (“CIFI”) has developed the CIFI Green Bond Framework to fund projects related to Renewable Energy and Waste Management. Sustainalytics is of the opinion that the implementation of projects in these areas will provide environmental benefits and advance UN Sustainable Development Goals 6, 7, and 11.

The use of proceeds categories of CIFI’s Framework are aligned with those of the Green Bond Principles 2018. Furthermore, CIFI has committed to a credible and transparent process for project selection, the management of proceeds, and reporting on both allocation and impact.

Based on the above, Sustainalytics is confident that CIFI is well-positioned to issue green bonds and that its Green Bond Framework is transparent, robust, and in alignment with the four core components of the Green Bond Principles 2018.

## Appendices

### Appendix 1: Green Bond / Green Bond Programme - External Review Form Section 1. Basic Information

<b>Issuer name:</b>	Corporación Interamericana para el Financiamiento de Infraestructura, S.A. (CIFI)
<b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i></b>	CIFI Green Bond Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	July 9, 2019
<b>Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i></b>	

### Section 2. Review overview

#### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

#### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other <i>(please specify):</i>                         |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

#### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.



### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

#### 1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that the renewable energy and waste management projects financed by the bond(s) will lead to positive environmental impacts and advance UN Sustainable Development Goals 6, 7, and 11.

#### Use of proceeds categories as per GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy   | <input type="checkbox"/> Energy efficiency   |
| <input checked="" type="checkbox"/> Pollution prevention and control   | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation   | <input type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water and wastewater management   | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                             | <input type="checkbox"/> Green buildings   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other ( <i>please specify</i> ):  |

If applicable please specify the environmental taxonomy, if other than GBPs:

#### 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

CIFI will establish as Green Bond Committee, including representatives from the Financial Team, the ESG Management Unit, and other relevant business lines, which will evaluate projects for compliance with the Framework as well as the Company's Environmental and Social Due Diligence process and Risk Management approaches. Sustainalytics considers this selection process to be in line with market practice.

#### Evaluation and selection

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available                  | <input type="checkbox"/> Other ( <i>please specify</i> ):   |

#### Information on Responsibilities and Accountability

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other ( <i>please specify</i> ):  |  |

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

CIFI will use existing internal controls processes to track and manage the proceeds, including quarterly approval from management. Pending allocation, outstanding funds will be held in cash, cash equivalents, or in CIFI's liquidity portfolio. This is in line with market practice.

#### Tracking of proceeds:

- |   |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner          |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other ( <i>please specify</i> ):   |

#### Additional disclosure:

- |  |   |
|--|---|
| <input type="checkbox"/> Allocations to future investments only                  | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements                  | <input type="checkbox"/> Allocation to a portfolio of disbursements                     |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other ( <i>please specify</i> ):                               |

#### 4. REPORTING

Overall comment on section (if applicable):

CIFI has committed to allocation and impact reporting, updated quarterly, until full allocation; allocation reporting will be made available at the project level, while impact reporting will include relevant quantitative metrics. In Sustainalytics' view this reporting is in line with market best practice.

##### Use of proceeds reporting:

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis     |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other ( <i>please specify</i> ): |

##### *Information reported:*

- |   |  |
|---|--|
| <input type="checkbox"/> Allocated amounts                | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |  |

##### *Frequency:*

- |   |                                      |
|---|--------------------------------------|
| <input type="checkbox"/> Annual                                       | <input type="checkbox"/> Semi-annual |
| <input checked="" type="checkbox"/> Other (please specify): Quarterly |                                      |

##### Impact reporting:

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

##### *Frequency:*

- |   |                                      |
|---|--------------------------------------|
| <input type="checkbox"/> Annual                                       | <input type="checkbox"/> Semi-annual |
| <input checked="" type="checkbox"/> Other (please specify): Quarterly |                                      |

##### *Information reported (expected or ex-post):*

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings  |
| <input type="checkbox"/> Decrease in water use              | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Installed renewable energy capacity, waste recycled, wastewater treated |

### Means of Disclosure

- |  |   |
|--|---|
| <input type="checkbox"/> Information published in financial report   | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents   | <input checked="" type="checkbox"/> Other (please specify): Online      |
| <input checked="" type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): Third-party annual review of allocation is expected |   |

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

### SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

#### Type(s) of Review provided:

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

**Review provider(s):**

**Date of publication:**

### ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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