



Megacable Holdings S.A.B. de C.V.

Second-Party Opinion – Sustainable Finance Framework

Excellent
Good
Aligned
Not Aligned

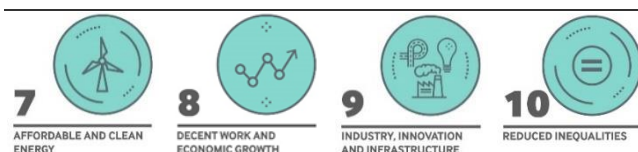
Pillar	Alignment	Key Drivers
Use of Proceeds	Excellent	<ul style="list-style-type: none"> Sustainable Fitch considers that the sustainable finance framework of Megacable Holdings S.A.B. de C.V. (Megacable), as well as the use of proceeds (UoP) categories included in the framework, are aligned with the Sustainability Bond Guidelines (SBG), Green Bond Principles (GBP) and Social Bond Principles (SBP) of the ICMA, as well as the Green Loan Principles (GLP) and Social Loan Principles (SLP) of the LMA, LSTA and APLMA. The selected eligibility criteria are aligned with relevant socio-environmental frameworks, as well as the Mexican taxonomy, the EU taxonomy and the UN Sustainable Development Goals (SDGs), which we consider positive.
Use of Proceeds – Other Information	Good	<ul style="list-style-type: none"> We view as positive that under this framework sustainable debt will be financed and refinanced. However, the percentage of new projects is not defined, which negatively affected our assessment. Megacable has an exclusion list, covering environmental and social aspects, which we see positively.
Evaluation and Selection	Excellent	<ul style="list-style-type: none"> Megacable has a sound project evaluation and selection process, which a sustainable financing committee will be in charge of. The committee has staff with experience in sustainability and the telecommunications market. Positively, the committee will meet on a quarterly basis to ensure eligibility of the projects.
Management of Proceeds	Excellent	<ul style="list-style-type: none"> Megacable has a virtual segregation system for labelled instruments' proceeds; and will have a separate bank account for them. We consider the physical separation of funds as the best practice.
Reporting and Transparency	Excellent	<ul style="list-style-type: none"> Positively, Megacable will annually report the aggregated and individual information on proceeds allocation and the impact of the labelled issuance; both reports will have an independent verification.

Framework Type	Sustainability
Alignment	<ul style="list-style-type: none"> ✓ Green Bond Principles 2021 (ICMA) ✓ Social Bond Principles 2023 (ICMA) ✓ Sustainability Bond Guidelines 2021 (ICMA) ✓ Green Loan Principles 2023 (LMA/LSTA/APLMA) ✓ Social Loan Principles 2023 (LMA/LSTA/APLMA)
Date assigned	5 January 2024
See Appendix B for definitions.	

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Relevant UN Sustainable Development Goals



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Use of Proceeds Summary

Green	Renewable energy Energy efficiency
Social	Access to essential services

Source: Megacable sustainable finance framework (January 2024)

Framework Highlights

Sustainable Fitch considers transactions under this framework to be aligned with the ICMA SBG, GBP and SBP, as well as the LMA, LSTA and APLMA LPG and/or SLP. Our second-party opinion is that the alignment is 'Excellent'. The Spanish version of this document is considered to be the original version and documents in another language are considered a translation of the Spanish version.

Under the framework, Megacable may issue bonds (notes), debentures, private placements (such as preferred shares or mezzanine debt), commercial paper (with a maturity of more than one year) and contractual loans (such as revolving credit lines, term loans and/or contingent convertible bonds), as well as other fixed income instruments, or green, social or sustainability loans.

This framework establishes three uses of proceeds: renewable energy, energy efficiency and digital inclusion. The three uses of proceeds are material and relevant for the entity and will contribute to the implementation of Megacable's sustainability strategy, which is focused, among other things, on energy efficiency and social equality.

The framework states that investments and/or expenditures related to the uses of proceeds include capex, opex and R&D costs related to the design, development, construction, manufacture, installation, expansion, repair, modernisation, refurbishment, distribution and operation activities related to each eligible project.

We believe that, based on appropriate execution of the projects included in the eligible categories, Megacable will positively contribute to the fulfilment of various UN Sustainable Development Goals (SDGs) in Mexico, such as SDGs 7 (affordable and clean energy), 8 (decent work and economic growth), 9 (industry, innovation and infrastructure) and 10 (reduction of inequalities). According to the World Economic Forum, Mexico ranked 68th out of 120 in terms of energy transition in 2023, which means the decarbonisation of its electricity matrix has been delayed compared to other countries. In terms of connectivity, according to the National Institute of Statistics and Geography (INEGI), the digital gap in Mexico is 60% in rural areas. Based on these data, we consider that, under this framework, Megacable will address important environmental and social problems in the country, which is positive.

Megacable stipulates that it has voluntarily committed to aligning with the criteria established by the Mexican taxonomy for the applicable eligible categories or the technical thresholds defined for each category. We consider this a transparent measure to communicate the level of impact that projects financed or refinanced under the framework will have, as well as ensuring the UoP eligibility and mitigating greenwashing risks.

Positively, the framework will be monitored by the sustainable finance committee, which is made up of three committees and has a manual of procedures which establishes that, if necessary, the framework may be updated to align with other international reference frameworks.

Source: Sustainable Fitch, Megacable sustainable finance framework (January 2024), Megacable sustainable strategy

Entity Highlights

Megacable is a Mexican company dedicated to the commercialisation of cable television, internet, telephone and mobile services. According to the Federal Institute of Telecommunications, at end-2022 Megacable had a market share of 15% in terms of the number of accesses to the fixed internet service; generating revenue of MXN27,156 million (USD1,403 million), with four million internet subscribers, 3.5 million video subscribers and 3.4 million telephony subscribers.

The telecommunications sector in Mexico is an important sector for the economy, as it is highly related to the development and production processes of various economic activities such as banking services, tourism, and commercial activities, among others. Therefore, we consider the efforts on sustainability made by Megacable as relevant.

In 2021, Megacable carried out its first materiality analysis that resulted in identifying 15 material issues and, based on this, the entity designed its sustainability model, which identifies the main SDGs the entity will address under the following three pillars: environmental culture; ethics and organisational quality; and operational and financial development. Megacable has defined lines of action for each of these pillars, including incorporating technologies that optimise energy efficiency, increase the average lifetime of the infrastructure and minimise the environmental impact of operations, as well as developing policies and processes related to the social impact of the entity's operations.

In respect of environmental matters, we identified that Megacable has not reported relevant metrics for the sector such as its GHG inventory, energy consumption and waste by category, among others, nor does it have a decarbonisation target for 2030 or 2050. It would be positive to quantify the environmental footprint of the business in order to evaluate and compare the positive impact of the uses of proceeds on the entity's performance indicators. We expect that the entity will initiate the publication of its carbon emissions for its subsequent sustainability reports, which will include information for 2022 and 2023.

On the social side, its 2022 sustainability report communicated various diversity and inclusion metrics, which we consider positive. However, the entity did not report any metrics or actions implemented so far to close the digital divide in Mexico, which we would see as relevant in order to know the historical impact the entity has had over the years.

In terms of governance, Megacable has the following three committees that make up the sustainable financing committee: the operating committee, the strategic committee and the compliance committee. The operating committee is focused on evaluating energy and digital inclusion projects, and is made up of experts in the areas of energy and energy efficiency, as well as technologies related to improving connectivity. The operating committee will be in charge of presenting the projects to the strategic committee, which will be responsible for evaluating the financial viability and defining the sustainability strategy for each of the areas of the entity, as well as supervising the initiatives presented by the operating committee to later be presented to the board of directors for approval.

In order to have a holistic process that strengthens sustainable governance, the entity created a compliance committee, which will be responsible for verifying the alignment of the operational and strategic committees with the entity's best practices, as well as with the eligibility criteria of the framework, which we see as positive.

Source: Sustainable Fitch, Megacable sustainable finance framework (January 2024), Megacable sustainability manual



Use of Proceeds – Eligible Projects

Alignment: Excellent

Company Material

Sustainable Fitch's View

Renewable energy

- Onshore wind energy.
- Solar energy (photovoltaic and concentrated solar).
- Purchase of renewable energy through power purchase agreements (PPAs); long-term PPAs (at least five years) and virtual power purchase agreements (VPPAs).
- PPAs and VPPAs entered into prior to the start of commercial operation of renewable projects that contribute to the expansion of renewable energy sources in the grid in Mexico.

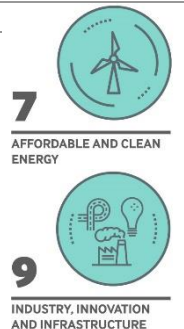
- This category is aligned with the list of eligible green projects of the ICMA, LMA, LSTA and APLMA.
- We see this UoP as pertinent and positive, considering that Megacable will be able to increase the percentage of renewable energy with which it carries out its activities and reduce its environmental footprint. Reporting the increase in the percentage of renewable energy in its activities would provide a transparent overview of the penetration of this UoP within its business activities.
- Likewise, we consider this UoP as positive in the local context, since, according to the National Council of Humanities, Sciences and Technologies and the Federal Electricity Commission, fossil fuel-based electricity generation made up the majority of Mexico's electricity matrix in 2021.
- In 2021, Mexico's installed capacity of 86,154MW included the following sources: 66.9% of thermal generation units using fossil fuels, 14.6% from water sources, 8% from wind, 6.9% solar, 1.8% nuclear, 1.3% from geothermal and 0.5% from various electricity generation technologies that use bioenergy as the main input.
- The source that experienced the greatest boom in the last 10 years were combined cycle plants. The natural gas used in these plants is less polluting than other fossil fuels; however, it is not considered a clean source.
- As a result of the above, we see as positive that Megacable only considers clean sources, such as wind and solar, which will contribute to the mitigation of climate change and real decarbonisation of the country's energy matrix and its own operations. The issuer considers both technologies are aligned with the technical evaluation criteria (TEC) set by the Mexican taxonomy for economic activities 221113 (generation of electricity from solar energy) and 221114 (generation of electrical energy from wind energy). These TEC are in line with the EU taxonomy's technical screening criteria (TSC).
- We consider PPAs and VPPAs as positive, given that, in addition to encouraging the use of renewable energies, they can open up an opportunity for the expansion of renewable energies in Mexico, which are currently limited. The entity states that the renewable sources of these PPAs and VPPAs are wind and solar sources.



Energy efficiency

- Transformation of the grid (fixed and mobile) with a view to making the new or legacy grid more energy efficient. It includes the modernisation of the broadband network from copper cable to fibre optics, or the development and modernisation of 5G wireless communication.
- Software intended to help with the reduction of energy consumption, such as migrating to virtual servers, intelligent management and optimisation of energy storage, without limitation to equipment, as well as heating, ventilation and air conditioning that are 30% more energy efficient.
- Internet-of-Things (IoT) solutions and products: development of solutions and products, such as big data and artificial intelligence that contribute mainly to managing energy consumption and energy savings, as well as reducing GHG emissions.

- This category is aligned with the list of eligible green projects of the ICMA, LMA, LSTA, and APLMA.
- According to the International Energy Agency (IEA), in 2021 the telecommunications sector was responsible for around 4% of energy consumption worldwide, and although the environmental footprint is smaller than that of other economic activities, the reduction in GHG emissions is just as important.
- Megacable seeks to modernise wireless communication to a 5G network. 5G networks are 90% more energy efficient than their predecessors (e.g. 4G or 3G), which we consider positive, as it would involve a significant reduction in GHG emissions and fibre-based solutions provide greater energy efficiency than copper-based access technologies.
- According to the IEA and other sources, increased traffic from connected users and devices is expected to cancel these savings, leading to net 5G network energy consumption,



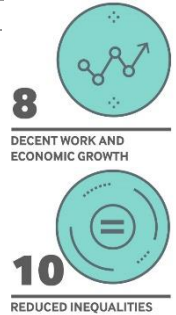


- Building and modernising data centres that deliver power usage effectiveness (PUE) equal to or less than 1.5.
 - potentially four to five times higher than 4G. However, it is still possible that energy savings will not be cancelled since there is not enough evidence to determine that the increase in users would reduce energy benefits.
 - We consider it important for Megacable to quantify the energy savings of this UoP and for them to be verified by an external advisor in order to demonstrate their positive impact.
 - This activity is not covered by any taxonomy; however, we recognise the environmental benefits identified by the Climate Bonds Initiative, which considers that migrating to the use of fibre optics will contribute to the decarbonisation trajectory of the global economy towards limiting the increase in the planet's temperature to 2°C.
 - Based on the above and the need to increase energy efficiency in Mexico, we consider this UoP to be very positive among the issuer's activities. Mexico is one of the countries with the greatest lag in terms of energy efficiency worldwide, so migrating to more energy-efficient equipment, such as virtual servers, heating equipment, air conditioning, etc., is considered positive.
 - Similarly, in order to guarantee the ambition of the UoP, Megacable will align with the TEC of the Mexican taxonomy for economic activity 238222 (installation of air conditioning and heating systems) or it will seek to achieve at least a 30% higher energy efficiency. The TEC are not equivalent to the TSC set by the EU taxonomy; however, we recognise the positive impact in the local context.
 - IoT solutions and products are positive and eligible in terms of energy efficiency in the sector. This activity is not included in the Mexican taxonomy, but the issuer has communicated its commitment to carry out an external verification of the energy and GHG emissions savings caused by these solutions when implemented, which complies with the requirements of the EU taxonomy. It would be best practice to include this verification in the annual impact report, in order to ensure eligibility and alignment with this framework.
 - Megacable's activities require the operation of data centres, which are responsible for processing, organising, securing and storing information. Powering the large number of equipment that makes up a data centre has a significant impact on the energy consumption of companies, such as Megacable, as well as a negative impact on the environment.
 - Entities such as Megacable take energy-efficiency measures with the aim of reducing their energy consumption; the way in which these savings can be parameterised is through the PUE, which is a metric defined by The Green Grid to measure the energy efficiency of data centres. During 2023, The Green Grid recorded an international average annual PUE of 1.58 in the largest data centres. Data centre operators, in a search for higher levels of energy efficiency, are looking to achieve a PUE as close to 1 as possible.
 - As a result of the above, we consider Megacable's intention to achieve a PUE of below 1.5 (a scale defined for sites with warm climates) to be positive, which would place it below the international average and would mean that the energy-efficiency measures applied by the entity have a positive impact. Reporting the PUE achieved in its impact reports and how close it is to 1 will be essential to communicate the degree of ambition of these projects.



Access to essential services - digital inclusion and reducing inequalities

- Investments aimed at accelerating the deployment of the mobile network in areas at risk of digital exclusion:
 - expanding coverage in rural areas to provide internet access with sufficient broadband for basic services;
 - optimising network performance, including through the deployment of 5G technology; and
 - modernisation of existing networks with more capacity where the current capacity is limited.
- Target population is the population with limited or low-quality access to broadband networks in rural or remote areas.
- This category is aligned with the list of eligible social projects of the ICMA, LMA, LSTA and APLMA.
- According to the Internet Association of Mexico and the National Autonomous University of Mexico, nearly five billion people have internet service worldwide; however, access is uneven. In North America it is 94%, while in Latin America the average is 68%. Specifically, in Mexico, INEGI estimated in the 2020 National Survey on the Availability and Use of Information Technologies in Households that around 78% of the population located in urban areas are users of this service, while in rural areas, the proportion is 51%.
- Based on the above, we believe any new project that Megacable carries out in this category will contribute to closing the digital gap that exists in the country, especially in rural or remote areas. We consider the social UoP that Megacable has established in its framework to be positive. Informing through its impact report on the type of vulnerable population that is supported, as presented in the framework, will be relevant to reflect the impact of the UoP.



Source: Megacable sustainable finance framework (January 2024)

Source: Sustainable Fitch

Use of Proceeds – Other Information

Alignment: Good

Company Material

Sustainable Fitch's View

- Any amount equivalent to the proceeds of any Megacable sustainable financing instrument issued under this framework shall be used to finance and/or refinance, in whole or in part, the eligible projects set forth below, and these may include projects in which Megacable has made disbursements in the 36 months preceding the issuance of a specific sustainable financing instrument ("sustainable projects").
- Investments and/or expenditures in the eligible categories under this framework include, but are not limited to, capex, opex and R&D costs related to the design, development, construction, manufacturing, installation, expansion, repair, modernisation, overhaul, distribution and operation in the eligible green and social categories ("eligible categories").
- Megacable will not knowingly use the proceeds of any sustainable financing instrument for the financing of assets and/or projects related to any of the following:
 - activities related to the exploration, production, or transportation of fossil fuels;
 - consumption of fossil fuels for power generation;
 - alcohol and tobacco;
 - arms trade;
 - gambling;
 - activities involving human rights exploitation and modern slavery (e.g. forced labour, human trafficking or child labour);
 - nuclear power generation;
 - deforestation, forest degradation or land-use change;
 - projects that result in the use of fossil fuel technologies;
 - production or commercialisation of any product or activity considered illegal in accordance with national or international laws or regulations, conventions and agreements signed by Mexico; and
 - installation or supply of energy from plants (including biomass) with an emission level exceeding 100gCO₂/kWh.
- Megacable's framework clearly explains the eligibility criteria for each of the categories to be financed. In the same way, the issuer considers complying with the TEC of the current version of the Mexican taxonomy for the categories it applies to and/or the technical thresholds defined in each category. We view the above as positive and aligned with best practices.
- We also positively view that Megacable has exclusion criteria that include both social and environmental aspects. From a social point of view, the issuer has established in its sustainability strategy that it will implement a human rights action plan, which will cover all of the issuer's activities. We assess the latter positively, given that several of Megacable's activities require external contractors, so evaluating and monitoring these contractors for labour and human rights protection matters is of high importance. On the other hand, in terms of environmental matters, Megacable has completely excluded activities responsible for high concentrations of GHG emissions.
- Megacable's framework states that funds may finance new projects or refinance debt, in whole or in part. In the case of new projects, we consider this very positive, as these projects would contribute to achieving both corporate and global sustainability-oriented objectives. Refinancing could contribute positively to maintaining certain goals achieved; however, it will not have an additional impact. Given that this framework will be used for both scenarios and that there is no guarantee that 100% of the projects financed will be new, our assessment of this area is not 'Excellent'.
- Megacable has a 36-month lookback period for refinanced projects, which is in line with market practices.

Source: Megacable sustainable finance framework (January 2024)

Source: Sustainable Fitch

Evaluation and Selection

Alignment: Excellent

Company Material

- Megacable has an operating committee that will be responsible for supervising the evaluation and selection process of the projects, which will be subject to compliance with the criteria established in the UoP section of the framework.
- This committee will meet on a quarterly basis, will be responsible for reviewing and following up on all proposals for sustainable projects in order to determine if they are in line with Megacable's sustainable financing framework, to later be presented to the strategic committee for approval of the allocation of proceeds, and to ensure that sustainable projects follow the policies established by Megacable.
- Similarly, on a quarterly basis, the strategic committee will review, allocate and approve the allocation of funds towards previously chosen uses of proceeds and determine the need to replace those projects that no longer meet the eligibility criteria (e.g. in the event that projects have been cancelled, sold or are no longer eligible) within a six-month period.
- In the event that Megacable has multiple sustainable financing instruments in place, the committee will conduct a semi-annual review to ensure that no sustainable project is double-counted (i.e. linked to more than one sustainable finance instrument).
- The strategic committee will adhere to Megacable's current corporate policies and procedures when analysing and evaluating perceived environmental and social risks that may be linked to eligible projects. Compliance with regulations, policies and procedures is overseen by the strategic committee that reports directly to the board of directors.

Source: Megacable sustainable finance framework (January 2024)

Sustainable Fitch's View

- The selection and evaluation process aligns with the principles of ICMA, LMA, LSTA and APLMA.
- Megacable has formed a sustainable financing committee composed of the compliance, strategic and operational committees. These committees are made up of members with experience in financial, technical and sustainability matters. Our view is that this multi-disciplinary approach is positive, as it will allow to ensure that balanced decisions are made. This aligns with market best practices.
- The sustainable finance committee will meet on a quarterly basis, which we consider positive, given that other issuers in the market meet less frequently.
- The framework clearly details a sound governance structure in its sustainability strategy. Positively, the operating committee will focus on the technical eligibility of projects under this framework. This committee has specific experts in the fields of renewable energy, energy efficiency and digital inclusion, which is aligned with the material aspects of the entity and the eligible categories of the framework.
- The strategic committee will be in charge of financial viability and linking the disbursement of proceeds to the sustainability strategy, which we consider positive. Managers will be different from those in the operating committee, which will spread responsibilities among several members and mitigate risks. Likewise, we see that the role that the strategic committee will take is extremely important, as it will be in charge of monitoring the selected projects and, on a quarterly basis, review the eligibility of the projects.
- The process and criteria for evaluating and selecting projects are publicly available on the issuer's website, which we consider good practice in terms of transparency.

Source: Sustainable Fitch

Management of Proceeds

Alignment: Excellent

Company Material

- The total proceeds from each Megacable's sustainable financing instrument will be allocated to the eligible categories, as indicated in the UoP section of the framework. In the event that funds cannot be immediately allocated in full, or in the event of an early redemption, the proceeds will be held in line with Megacable's general liquidity guidelines until allocated to eligible categories.
- Megacable will allocate the proceeds of a given sustainable instrument to the eligible categories within a period of no more than 36 months from the date of issuance and/or closing.
- In the event that the total number of eligible projects is reduced, due to, for example, divestments, Megacable will identify, to the extent possible, new projects that belong to the eligible categories to ensure that proceeds are reallocated in full within a six-month period.
- A dedicated account will be used for the labelled instruments. The separate account will allow specific control of the proceeds in their administration and allocation to eligible projects described in the framework. This will also help the transparency of unallocated funds.

Source: Megacable sustainable finance framework (January 2024)

Sustainable Fitch's View

- The management of proceeds process aligns with the principles of ICMA, LMA, LSTA and APLMA.
- Megacable has set aside a separate and exclusive account for the proceeds raised by the instruments under this framework. This aligns with best practices, as it provides transparency during the management of both allocated and unallocated proceeds.
- The unallocated balance will be held in cash or invested in other short-term liquidity instruments. This is a common market practice, as investing these proceeds in other sustainable instruments is not common in the region. Either way, investing them in projects related to the analysed framework would have a greater positive impact.
- The framework describes the commitment of Megacable and its sustainable financing committee to monitor the projects financed under this framework, and in the event that any of the projects no longer meet the eligibility criteria, the entity will replace them with other eligible projects.
- Megacable has set out its intention to allocate the proceeds to the eligible categories within a period of 36 months following the issuance. This aligns with market practices.

Source: Sustainable Fitch

Reporting and Transparency

Alignment: Excellent

Company Material

- Annually, or until the proceeds of each sustainable financing instrument have been fully utilised, Megacable will publish an allocation and impact report. This report will be updated annually until the full allocation of the

Sustainable Fitch's View

- The reporting and verification process aligns with the principles of the ICMA, LMA, LSTA and APLMA.



net proceeds of any sustainable finance instrument issued, or until Megacable's sustainable finance instrument's maturity and as required thereafter, in the event of any material changes. This report will be available at Megacable's investor website. The sustainable finance report will contain:

- the total amount of funds allocated to eligible categories;
- the breakdown of the allocation by categories of green and social projects (sustainable projects);
- refinancing and financing percentages;
- the balance of proceeds that have not been allocated, if any;
- environmental and social impact indicators related to the eligible categories to which the proceeds of each sustainable financing instrument have been allocated;
- where applicable, case studies describing qualitative and/or quantitative metrics to analyse project impacts;
- the alignment of the proceeds use with the economic activities under the Mexican taxonomy whenever feasible, without this being a mandatory requirement for reporting.

- Megacable has committed to publish an annual allocation and impact report until the full allocation of the labelled instruments. These reports will include the information by eligible categories (green or social) with their respective impact indicators. This is in line with market practices, and we consider it positive and appropriate.
- Given that under this framework Megacable will be able to have access to several sustainable instruments, we would see it as positive to report the information by instrument and by project; in this way the impact information would be more detailed and transparent for investors.
- We would see it as positive to report on the breakdown of capex and opex for the different UoP categories and for specific projects, as it will allow investors to understand to what extent the impact would be purely derived from the investment.
- Megacable has stipulated in its framework that the impact report will seek to communicate as much as possible its alignment with the Mexican taxonomy. We see this as favourable and as something that stands out from its peers in the market, since, at the time of issuance of this document, there are no issuers committed to reporting this type of information.
- We consider that the impact indicators to be reported are relevant and aligned with those requested by the ICMA.
- The sustainable finance report will have an annual external verification of both proceeds' allocation and impact, which aligns with best practices.

Source: Megacable sustainable financing framework (January 2024)

Source: Sustainable Fitch

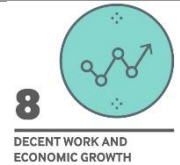


Relevant UN Sustainable Development Goals

- **7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix.
- **7.3:** By 2030, double the global rate of improvement in energy efficiency.



- **8.2:** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.



- **9.1:** Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
- **9.4:** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
- **9c:** Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020.



- **10.2:** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.



Source: Sustainable Fitch, UN

Appendix A: Principles and Guidelines

Type of Instrument: Sustainability

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	Yes
Certification	No
Scoring/Rating	No
Other	n.a.
1) Use of Proceeds (UoP)	
UoP as per Green Bond Principles (GBP) and the Green Loan Principles (GLP)	
Renewable energy	Yes
Energy efficiency	Yes
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.
Use of Funds under the Social Bond Principles (SBP) and the Social Loan Principles (SLP)	
Affordable basic infrastructure	No
Access to essential services	Yes
Affordable Housing	No
Employment generation (through financing for SMEs and microfinance)	No
Food safety	No
Socio-economic advancement and empowerment	No
Unknown at the time of issuance, but currently expected to meet the categories of Social Bond Principles, Social Loan Principles or other eligible areas not yet established.	No
Other	n.a.
Target Populations	
Living below the poverty line	Yes
Excluded and/or marginalised populations and/or communities	Yes
People with disabilities	No
Migrants and/or displaced persons	No
Under-educated	No
Underserved, due to lack of quality access to essential goods and services	Yes
Unemployed	No
Women and/or sexual and gender minorities	No
Population ageing and vulnerable youth	No



Other vulnerable groups, including as a result of natural disasters	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 sustainability 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	No
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	No
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	n.a.

Impact Reporting

Project-by-project	No
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	Yes
Decrease in water use	No
Number of beneficiaries	Yes
Target populations	Yes
Other ESG indicators	Yes

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	Yes
Other	n.a.

Note: n.a. – not applicable.

Source: Sustainable Fitch, ICMA, LMA, LSTA, APLMA

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 by Sustainable Fitch at the request of the entity.

A Sustainable Fitch ESG Analytical Product (ESG Product) provides an assessment of the Environmental, Social and/or Governance ("E", "S" and "G") qualities of an issuer and/or its securities. ESG Products provided by Sustainable Fitch include an ESG Entity Rating, ESG Framework Rating, ESG Instrument Rating, ESG Scores and ESG Second-Party Opinion, among other ESG analytical products. An ESG Product is not a credit rating. ESG Products are provided by Sustainable Fitch, a Fitch Solutions company, and an affiliate of Fitch Ratings. Sustainable Fitch has established certain policies and procedures intended to avoid creating conflicts of interest and compromising the independence or integrity of Fitch Ratings' credit rating activities and Sustainable Fitch's ESG Product generation activities. For a description of the methodology, limitations and disclaimers relating to Sustainable Fitch's ESG Products, please use this link: www.sustainablefitch.com.

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