

Second-Party Opinion

CADU Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the CADU 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 category for the use of proceeds, Green buildings, is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts by promoting the development of energy efficient homes in Mexico and advance the UN Sustainable Development Goals, specifically SDG 11: Sustainable Cities and Communities.



PROJECT EVALUATION / SELECTION CADU has established a Sustainability Committee that will oversee project selection, and verification of compliance with the Framework's criteria. Current membership of the Sustainability Committee consists of two Company executives and two independent members with sustainability expertise. Sustainalytics considers CADU's internal process in project selection to be in line with market practice.



MANAGEMENT OF PROCEEDS The Sustainability Committee will be responsible for tracking milestones and reporting on the balance and allocations on a quarterly and annual basis. Bond proceeds will be placed in a separate bank account. CADU's processes for management of proceeds is in line with market practice.



REPORTING CADU will provide quarterly and annual reports on the use of proceeds on its website and until full allocation. In addition, CADU is committed to reporting on relevant impact metrics that have been identified in the Framework. Sustainalytics views CADU's allocation and impact reporting as aligned with market practice.

| | |
|------------------------|----------------|
| Evaluation date | March 20, 2020 |
| Issuer Location | Cancun, Mexico |

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Introduction

Corpovael S.A.B. de C.V. (“CADU”, or the “Company”) is a real estate company that along with its subsidiaries, designs, builds, promotes and sells housing projects in the affordable entry-level, middle-income and residential segments. The Company has operations in the states of Quintana Roo, Mexico City, Mexico State, Jalisco, Aguascalientes and in Ciudad Juárez; and has land holdings in Quintana Roo (Cancún and Playa del Carmen), Mexico City, Querétaro and Jalisco. CADU is headquartered in Cancún, Quintana Roo.

CADU has developed the CADU Green Bond Framework (the “Framework”) under which it intends to issue multiple green bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future housing projects that incorporate energy and water efficiency measures. Specifically, the Framework defines eligibility criteria related to green buildings.

CADU engaged Sustainalytics to review the CADU Green Bond Framework, dated March 2020, and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).¹ This Framework has been published in a separate document.²

As part of this engagement, Sustainalytics held conversations with various members of CADU’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 CADU’s Green Bond Framework. Sustainalytics also reviewed relevant public documents and non-public information.

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

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² The CADU Green Bond Framework is available on Corpovael S.A.B. de C.V.’s website at: <https://ri.caduinmobiliaria.com/>.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the CADU Green Bond Framework

Sustainalytics is of the opinion that the CADU Green Bond Framework is credible and impactful and aligns with the four core components of the GBP 2018. Sustainalytics highlights the following elements of CADU's Green Bond Framework:

- Use of Proceeds:
 - The eligible category, green buildings, is aligned with those recognized by the GBP.
 - The Framework allows for the financing or refinancing of residential buildings that have an ECO CASA certification with an IDG³ rating of at least "E", EDGE or any similar environmental certifications approved by the Climate Bonds Initiative as a proxy under its Low Carbon Buildings criteria. (See Appendix 1 for additional details on the certification schemes). Sustainalytics considers the reliance on these certifications to be aligned with market practice.
 - Sustainalytics has conducted an assessment of the ECO CASA scheme and considers it to be a credible programme with meaningful environmental benefits (see Section 3 for further discussion of the environmental impact). It is also noted that the ECO CASA certification is being considered for inclusion as a proxy for Mexico under CBI's Low Carbon Building standard.⁴
 - Sustainalytics notes that an IDG score of "E" or higher is equivalent to a reduction in GHG emissions by 20-40% against the regional baseline. Sustainalytics encourages CADU to strive for certifications of "D" or higher, which will guarantee that all buildings fall within the top two tiers of the ECO CASA scheme, as well as prioritizing energy efficient construction overall.
 - Sustainalytics considers the use of the EDGE certification to be aligned with green bond market practice for Latin America.
 - Sustainalytics is of the opinion that CBI's process for approving local proxies is robust, and therefore views positively the use of any future CBI proxies for determining green bond eligibility.
 - The Framework specifies a lookback period of up to two years from the date of each bond issuance to be eligible for financing or refinancing, which Sustainalytics considers to be in line with accepted practice.
 - The Framework also defines a number of environmental or social criteria which must be met for projects to be eligible.⁵ Sustainalytics views positively this inclusion of supplementary criteria as a robust mechanism for additional risk mitigation.
- Project Evaluation and Selection:
 - CADU has established the Sustainability Committee which will review, select, and assess the environmental impacts of the projects and their compliance with the Framework's criteria. The Sustainability Committee is comprised of two Company executives and two independent members with recognized sustainability expertise.
 - Based on the implementation of a formal committee with top-level management representation which is clearly charged with project selection, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The Company will deposit bond proceeds in a separate bank account; the Sustainability Committee will be responsible for tracking fund allocation and any remaining balance. In addition, the Committee will track milestones achieved and report both quarterly, and on an annual basis.

³ The General Performance Index (IDG) evaluates the housing model submitted by the developer based on its expected demand of energy and water consumption. IDG is one of the component indicators which contributes to the overall ECO CASA certification. See Appendix 1 for further discussion.

⁴ CBI, "Buildings Criteria: The Buildings Criteria for the Climate Bonds Standard & Certification Scheme", (2018), at:

<https://www.climatebonds.net/files/files/low%20carbon%20building%20criteria.pdf>.

⁵ Environmental considerations include having undergone environmental impact assessments, having appropriate rainwater and sewage infrastructure, having solid waste management systems in place. Social considerations include appropriate road and sidewalk infrastructure, accessibility for strollers and wheelchairs, and that developments include areas for the provision for public services.

- CADU intends to allocate green bond proceeds within 12 months following the issuance.
- Based on the delegated authority for tracking and oversight and the defined period to allocation, Sustainalytics considers this to be aligned with market practice, and additionally highlights positively the use of a segregated account.
- Reporting:
 - CADU will report on a quarterly and annual basis: (i) a list of projects financed, (ii) the amount of net proceeds allocated to each eligible project, (iii) the unallocated amount, and (iv) a performance report which will include qualitative and quantitative environmental performance indicators of projects financed. The performance report may include, but not limited to, project name, location, number of houses built with ECO CASA certifications or any other green approved green buildings certification, IDG rating, and performance indicators such as GHG emissions avoided, tons of water saved and number of MIA-identified species⁶ managed.
 - Sustainalytics considers this process to be in line with market practice, noting the intention to consider the reporting of avoided emissions, which is a best practice indicator as it relates to energy efficiency.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the CADU Green Bond Framework aligns to the four core components of the GBP 2018. For detailed information please refer to Bond/Green Bond Programme External Review Form (Appendix 2).

Section 2: Sustainability Performance of CADU

Contribution of framework to CADU's sustainability strategy

Sustainalytics is of the opinion that CADU demonstrates a strong commitment to sustainability by focusing on a key environmental area related to its core business, namely, green buildings.

This ambition is reflected in the Company's publicly stated goals and targets. In 2018, CADU set out four ESG goals⁷ to be implemented in a time period ranging between one-to-five years.

- (i) Corporate Governance – to have at least one female member on the Board of Directors.
- (ii) Social Responsibility – to create a dedicated social responsibility team within the Company and to incorporate new measures to foster full time employees.
- (iii) Environmental Protection – CADU has developed its Environmental Policy and intends to launch an official campaign for environmental protection.
- (iv) Corporate Sustainability – to form a Sustainability Committee with the capacity to advise the Board of Directors and to perform a materiality assessment that will support setting a sustainability strategy.

Beyond these goals, Sustainalytics views CADU as having a demonstrated track record of sustainability performance by participating in or implementing the following projects:

- *Hipoteca Verde* (Green Mortgage) – is a Federal Government program which grants loans for the installation of eco-friendly technologies in residential buildings.
- VIVEROS – is a series of projects aimed at protecting biodiversity and supporting the reproduction of species for their reintegration to their ecosystem.
- Annual Reforestation Programs – are tree nursery programs that promote tree planting in the communities where the Company operates.

Finally, Sustainalytics notes CADU's efforts to make communities more sustainable by working with municipalities to develop "Polígonos Urbanos Estratégicos" (Urban Strategic Polygons or *Spanish acronym: "PUE"*) which are development projects that contribute to the territorial and urban planning of cities. PUEs are intended to maximize the use of infrastructure, promote high housing density, maximize land use and implement mobility schemes to advance sustainable urban developments⁸ that offer high quality housing solutions. This scheme also intends to promote the efficient use of resources, contribute to the achievement

⁶ The Manifest of Environmental Impact (*Spanish acronym: MIA*) is a part of the environmental assessment process required for regulatory approval. Part of this assessment is defining species of concern for management or protection.

⁷ CADU, "Reporte de Sustentabilidad 2018", at: <https://caduinmobiliaria.com/wp-content/uploads/2020/01/Cadu-Reporte-Sustentabilidad-2018.pdf>.

⁸ Gobierno de México, "Polígonos Urbanos Estratégicos", at: <https://www.gob.mx/conavi/documentos/poligonos-urbanos-estrategicos>.

of national greenhouse gas (GHG) emission mitigation targets and avoid urbanization in areas that are not suitable for development. As of 2018 CADU has built 3,651 houses under this programme.⁹

Sustainalytics is of the opinion that the CADU Green Bond Framework is aligned with the Company's overall sustainability strategy and initiatives and will advance CADU's environmental goals to provide affordable and sustainable housing.

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

While Sustainalytics recognizes that projects financed by green bonds issued under the Framework will have positive environmental impacts, Sustainalytics is aware that any real estate development projects could potentially be associated with negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include impacts on marginalized members of communities through neighborhood changes (including displacement or cost of living increases) and occupational health and safety, environmental impacts from construction (such as effluents and waste as well as land use impacts).

To this end, the Company has communicated to Sustainalytics that CADU's Sustainability Committee has conducted a materiality assessment in order to map the Company's risks and opportunities, which is also used to advance its corporate social responsibility activities in the communities where it operates. As of today, the Company's materiality assessment considers new residential development projects to have a low social risk since they are built in uninhabited areas; Sustainalytics views this as appropriately addressing social risks related to impacts on existing communities. Post-construction, CADU carries out community projects to support the integration of new neighborhoods and to make sure all their essential services are covered through programs such as medical brigades¹⁰ (*Spanish: Brigadas médicas*) and Neighborhood Promoters Programme (*Spanish: Programa de Promotores Vecinales*).¹¹ CADU has communicated its intention to formulate a community relations policy in the near future, which Sustainalytics considers as a positive step in ongoing management of stakeholder risks.

With regards to worker health and safety, CADU has shared with Sustainalytics its internal Health and Safety Plan (*Spanish: "Plan de Seguridad y Salud"*)¹² which is periodically reviewed. The Company holds safety trainings on a weekly basis at every construction project and the Company prepares weekly and monthly reports in order to track opportunity areas and mitigate risks. In addition, CADU's Corporate Social Responsibility strategy,¹³ aims to uphold human rights and to go beyond national regulations to support its workforce by providing additional health benefits and social protections to its employees.

As it relates to the environmental impacts of its construction projects, CADU's Environmental Policy (*Spanish: Política de Medio Ambiente*)¹⁴ sets standards for environmental protection and aims to maximize the efficient use of resources. The policy mandates that the Company upholds and goes beyond national environmental legislation to protect the environment and to advance and support environmental protection by working with suppliers, communities and commercial partners to foster sustainable daily practices. The Company has shared with Sustainalytics its Procedures Manual to Obtaining Work Permits and Environmental Impact Assessment (*Spanish: "Manual de procedimientos en obtención de permisos de obra y en materia de impacto Ambiental"*)¹⁵ which outlines CADU's methodology and procedures to obtain construction licenses which includes performing environmental assessments both pre- and post-construction.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that CADU has sufficient measures in place and is well positioned to manage and mitigate environmental and social risks that are commonly associated with the eligible category.

⁹ CADU, "Reporte de Sustentabilidad 2018", at: <https://caduinmobiliaria.com/wp-content/uploads/2020/01/Cadu-Reporte-Sustentabilidad-2018.pdf>.

¹⁰ CADU, "Comunidades", at: <https://caduinmobiliaria.com/sustentabilidad/responsabilidad-social/comunidades/>.

¹¹ The Neighborhood Promoters Programme is a programme supported by the Institute of the National Housing Fund for Workers (Acronym in Spanish: "INFONAVIT"), which seeks to improve the quality of life of neighborhoods through supporting community-oriented events, provide legal advice, empower communities and improve their relationship with local authorities. At:

https://portalmx.infonavit.org.mx/wps/portal/infonavit.web/proveedores-externos/para-tu-casa/proveedores-promotores-vecinales!ut/p/z1/04_Sj9CPykssy0xPLMnMz0vMAfj08zizdwNDDycTQz93L0MjAwC_Z1CAkKNlzNPMz0wwkpiAJKG-AAjgZA_VFgJUyWBgbuTgZAEyw8LAWc3Vw9XS19jI3cQw2hCvCY4aUfIZ6TnwR0briTfmRIRGJ-ebp-QW6EQZZptilAYW5dgA!!/dz/d5/L2dBISEvZ0FBIS9nQSEh/.

¹² The "Plan de Seguridad y Salud" has been shared with Sustainalytics for review.

¹³ CADU, "Nuestros Valores", at: <https://caduinmobiliaria.com/sustentabilidad/responsabilidad-social/>.

¹⁴ CADU, "Política de Medio Ambiente", (2019), at: <https://caduinmobiliaria.com/wp-content/uploads/2019/12/Política-de-medio-ambiente-CADU-.pdf>.

¹⁵ The "Manual de procedimientos en obtención de permisos de obra y en materia de impacto Ambiental" has been shared with Sustainalytics for review.

Section 3: Impact of Use of Proceeds

The use of proceeds category, green buildings, is aligned with those recognized by the GBP 2018. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Impact of low-carbon residential buildings in Mexico

Mexico has seen a consistent growth in its urbanization rate with 80.7% of its population living in urban areas in 2020, with this figure growing at a rate of 1.59% per year.¹⁶ Despite seeing continued economic growth, cities in Mexico have not fully capitalized on the benefits of agglomeration due to uncoordinated development that has been characterized as “distant, dispersed, and disconnected” with negative environmental impacts such as poor building design and increased congestion.¹⁷ With an expected continued growth in urbanization, Mexico stands to benefit from improved urban planning that takes into account environmental considerations to minimize negative impacts and reduce costs for households by building more resource-efficient homes and neighborhoods. Mexico’s residential sector currently accounts for about 16% of total energy use, 26% of total electricity use,¹⁸ and almost 5% of CO₂ emissions.¹⁹ As a signatory of the Paris Agreement, Mexico has committed under its Intended Nationally Determined Contribution (INDC) to reduce its GHG emissions by 50%, relative to 2000 levels, by 2050. In order to tackle emissions from the built environment, specifically from the residential sector, Mexico has developed multiple projects such as ECO CASA, to incentivize developers to build more sustainable housing, and the Federal Government has developed financing mechanisms for both developers and home buyers.²⁰

ECO CASA is a green housing program which brings together developers and banks to provide construction loans and mortgages to incentivize the construction of low-emission affordable housing.²¹ Mexico’s National Housing Commission (*Spanish acronym: CONAVI*) has estimated that a poorly designed home in a hot climate can consume an additional 1,000 kWh per year, which results in an additional 600 kg of CO₂ emissions.²² As part of its sustainability strategy, CADU has been building homes with ECO CASA certification for many years, and between 2013 and 2018 the Company built approximately 18,000 ECO CASA homes.²³ Furthermore, ECO CASA has been recognized for its potential to lower energy consumption and electricity costs, cut GHG emissions and strengthen government policies and initiatives.²⁴

Given this context, Sustainalytics is of the view that CADU’s development of homes that comply with ECO CASA certification will have both positive environmental and social impacts and will advance Mexico’s goals to (i) lower GHG emissions from the residential sector, (ii) promote energy efficiency, (iii) advance water stewardship, and (iv) build sustainable cities and integrated communities.

Alignment with/contribution to SDGs

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 goal and target:

| Use of Proceeds Category | SDG | SDG target |
|--------------------------|--|--|
| Green Buildings | 11. Sustainable Cities and Communities | 11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning. |

¹⁶ CIA “World Fact Book: Mexico”, at: <https://www.cia.gov/library/publications/the-world-factbook/geos/mx.html>.

¹⁷ The World Bank, “Mexico Urbanization review: Managing Spatial growth for productive and livable cities in Mexico”, at: <http://documents.worldbank.org/curated/en/704561472205857840/Mexico-urbanization-review-managing-spatial-growth-for-productive-and-livable-cities-in-Mexico>.

¹⁸ UNFCCC, “ECO CASA| Mexico”, at: <https://unfccc.int/climate-action/momentum-for-change/financing-for-climate-friendly/mexico-financing-sustainable-housing>.

¹⁹ EU, “ECO CASA and Mexico’s Green for All Housing Recovery”, at: <https://europa.eu/capacity4dev/public-environment-climate/blog/ecocasa-and-mexico-s-green-all-housing-recovery>.

²⁰ Government of Mexico, “Intended Nationally Determined Contribution”, 2014, at: https://www.gob.mx/cms/uploads/attachment/file/162973/2015_indc_ing.pdf.

²¹ IDB, “Mexico Energy Efficiency Program, Par II”, at: <pubdocs.worldbank.org/en/417401531492337569/1756-XCTFMX053A-Mexico-Project-Document.pdf>.

²² IDB, “Mexico Energy Efficiency Program, Par II”, at: <pubdocs.worldbank.org/en/417401531492337569/1756-XCTFMX053A-Mexico-Project-Document.pdf>.

²³ CADU, “Reporte de Sustentabilidad 2018”, at: <https://caduinmobiliaria.com/wp-content/uploads/2020/01/Cadu-Reporte-Sustentabilidad-2018.pdf>.

²⁴ UNFCCC, “ECO CASA – Low Carbon Housing Mexico”, at: https://unfccc.int/files/secretariat/momentum_for_change/application/pdf/mexico_ecocasa2.pdf.

Conclusion

Corpovael S.A.B. de C.V. (“CADU”) has developed the CADU Green Bond Framework under which it will issue green bonds and the use of proceeds to finance and/or refinance, in whole or in part, housing projects that incorporate energy and water efficiency measures. Sustainalytics considers that the projects funded by the green bond proceeds will provide positive environmental impacts.

The CADU Green Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the CADU Green Bond Framework is aligned with the overall sustainability strategy of the company and that the green use of proceed category will contribute to the advancement of the UN Sustainable Development Goal 11. Additionally, Sustainalytics is of the opinion that CADU has sufficient measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

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



Appendices

Appendix 1: Comparison of green building certification schemes

| | ECOCASA | EDGE²⁵ |
|---|--|---|
| Background | ECOCASA seeks to incorporate technologies to improve water and energy efficiency in residential homes. | EDGE (or “Excellence in Design for Greater Efficiencies”) is a green building standard and certification system developed by the International Finance Corporation and applicable in 140 countries. |
| Certification Levels | Level I Level II Level III | Certified/ non-certified |
| Areas of Assessment: Environmental Project Management | Overall assessment is based on quantitative model that does not account for management. | Management is part of the Core Framework of EDGE ²⁶ |
| Areas of Assessment: Environmental Performance of the Building | <p>1. DEEVi (Energy-Efficient Housing Design) is a tool used to measure electricity and gas consumption taking into consideration the location and home design. The calculation accounts for temperature, humidity, house occupation, internal heat gain, internal humidity gain, air quality and ventilation. The tool determines an energy consumption rate by surface square meter to make data comparable.</p> <p>2. SAAVi (Water housing saving simulation) is a tool that estimates water consumption per resident (liters per person, per day) based on home water devices (toilets, faucets, shower, washing machine, laundry room). This information is validated by a government the National Commission of Water (CONAGUA).</p> <p>3. The Overall Performance Index (iDG) uses the data provided by DEEVi and SAAVi and takes into consideration climatic conditions, water availability in different regions and type of housing to determine a final evaluation scale from A (most efficient) to G (least efficient).</p> | <p>1. Climatic Conditions of the Location Monthly average wet and dry bulb temperature; Monthly average outdoor wind velocity; Monthly average outdoor humidity, Solar radiation intensity; Annual average rainfall; Carbon dioxide intensity of the electricity grid; Average cost of energy (by fuel type) and water.</p> <p>2. Building Type and Occupant Use Homes: for both apartments and houses (assumptions for area and occupancy are based on income categories); Hotels: for both hotels and resorts (assumptions for area, occupancy and the type of support services are based on the star rating of the property); Offices: assumptions are based on occupancy density and hours of use; Hospitals: assumptions are based on the type of hospital (e.g., nursing home, private or public hospital, clinic or diagnostic center); Retail: assumptions are based on the type of retail building (e.g., department store, mall, supermarket, light industry or warehouse); Education: assumptions are based on the type of educational facility (e.g., pre-school, university or sports facility), as well as occupancy density and hours of use.</p> <p>3. Design and Specifications Thermal properties of the building envelope; Window to Wall Ratio; Building Orientation</p> <p>4. Calculation of the End Use Demand Overall energy demand in buildings; heating ventilation and air conditioning demand; virtual energy for comfort, energy demand for hot</p> |

²⁵ Website available at: <https://www.edgebuildings.com/marketing/edge/>

²⁶ EDGE Methodology Report available at: <https://www.edgebuildings.com/wp-content/uploads/2018/10/181018-EDGE-Methodology-Version-2.pdf>

| | | |
|-----------------------------------|---|---|
| | | water requirements; lighting energy demand; water demand in buildings; estimations on rainwater harvesting or recycled water onsite; embodied energy in building materials. |
| Requirements | To achieve certification residential buildings should achieve a minimum energy and water savings of 20% compared to the baseline of the region (D or E) | To achieve the EDGE standard, a building must demonstrate a minimum 20% reduction in operational energy consumption, water use and embodied energy in materials as compared to typical local practices. |
| Performance Display |  |  |
| Accreditation | All residential buildings need to be registered at the Unique Housing Registry (RUV). | As of May 2019, accreditation for the EDGE certification was provided by 637 independent EDGE experts worldwide. |
| Qualitative Considerations | Developed with the backing of the PassivHaus institute specifically for use in the Mexican context. Endorsed by government regulations. | Strong assurance of overall quality due to the EDGE's development under the IFC umbrella. |

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

| | |
|--|---------------------------|
| Issuer name: | Corpovael S.A.B. de C.V. |
| Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i> | CADU Green Bond Framework |
| Review provider's name: | Sustainalytics |
| Completion date of this form: | March 20, 2020 |
| Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i> | |

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 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

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 category for the use of proceeds Green buildings, is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts by promoting the development of energy efficient homes in Mexico and advance the UN Sustainable Development Goals, specifically SDG 11: Sustainable Cities and Communities.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input 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 checked="" 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*):

CADU has established a Sustainability Committee that will oversee project selection, and verification of compliance with the Framework's criteria. Current membership of the Sustainability Committee consists of two Company executives and two independent members with sustainability expertise. Sustainalytics considers CADU's internal process in project selection 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 checked="" 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 checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

The Sustainability Committee will be responsible for tracking milestones and reporting on the balance and allocations on a quarterly and annual basis. Bond proceeds will be placed in a separate bank account. CADU's processes for management of proceeds 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 type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input checked="" type="checkbox"/> Other (<i>please specify</i>): Use of separate account for holding proceeds |

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*):

CADU will provide quarterly and annual reports on the use of proceeds on its website and until full allocation. In addition, CADU is committed to reporting on relevant impact metrics that have been identified in the Framework. Sustainalytics views CADU's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
 On a project portfolio basis
- Linkage to individual bond(s)
 Other (please specify):

Information reported:

- Allocated amounts
 Green Bond financed share of total investment
- Other (please specify):

Frequency:

- Annual
 Semi-annual
- Other (please specify): Quarterly

Impact reporting:

- Project-by-project
 On a project portfolio basis
- Linkage to individual bond(s)
 Other (please specify):

Frequency:

- Annual
 Semi-annual
- Other (please specify): Quarterly

Information reported (expected or ex-post):

- GHG Emissions / Savings
 Energy Savings
- Decrease in water use
 Other ESG indicators (please specify): Number of houses built with ECO CASA or any other green certification; projects' locations; iDG rating; percentage of projects with green certification; number of rescued species.

Means of Disclosure

- Information published in financial report
 Information published in sustainability report
- Information published in ad hoc documents
 Other (please specify): Information disclosed in a Green Bond Report on the Company's website

- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

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.)

Reports will be made available on the Company's website: <https://caduinmobiliaria.com/>.

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd 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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