

Second-Party Opinion

Community Preservation Corporation

Sustainability Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Sustainability Bond Framework is credible and impactful, and aligns with the Sustainability Bond Guidelines 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers Energy Retrofitting and Affordable housing projects to have positive environmental or social impacts and to advance various UN Sustainable Development Goals, in particular Goals 7, 9, 10, and 11.



PROJECT EVALUATION / SELECTION All projects must comply with CPC's existing loans approvals process. Additionally, compliance with the green and/or social criteria will be determined as part of the Issuer's loan due diligence process prior to closing. Sustainalytics considers this to be in line with market practice.



MANAGEMENT OF PROCEEDS CPC intends to fully allocate the proceeds of its sustainability bond at time of issuance to refinance an identified portfolio of construction loans. In this context, no commitments for ongoing management are required. Sustainalytics considers this to be in line with market practice.



REPORTING CPC has identified and disclosed the breakdown of project types that will be refinanced by the proceeds of the sustainability bond. CPC also intends to provide annually disclosures related to the Sustainability Bond Sustainalytics considers this to be in line with market practice, and additionally notes that CPC has a demonstrated record of financing impactful projects and reporting where feasible on the overall impacts of its portfolio.

Evaluation date	October 2019
Issuer Location	New York City, United States

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Introduction

The Community Preservation Corporation (“CPC” or the “Issuer”) is a non-profit Community Development Financial Institution that provides capital solutions for investing in multifamily, affordable, and sustainable housing. Established in 1974, CPC helps finance affordable and work-force housing by providing services such as construction and permanent lending, servicing and asset management and equity investing. CPC is headquartered in New York City, NY and has six regional offices across New York State including in the Hudson Valley, Albany, Syracuse, Rochester, and Buffalo and has helped finance the creation or preservation of 196,000 housing units.

CPC has developed the CPC Sustainability Bond Framework (the “Framework”) under which it intends to issue one or multiple sustainability bonds and use the proceeds to refinance, in whole or in part, CPC’s construction portfolio which finances the construction, rehabilitation, and energy retrofitting of multifamily affordable housing. The Framework defines eligibility criteria in two areas:

1. Energy Retrofitting
2. Affordable Housing

CPC engaged Sustainalytics to review the CPC Sustainability Bond Framework, dated November 2019, and provide a second-party opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2018 (SBG).¹ This Framework has been provided to Sustainalytics for their review, and is excerpted in Appendix 1 of this document.

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

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

¹ The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the CPC Sustainability Bond Framework

Summary

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

- Use of Proceeds:
 - The Use of Proceeds categories – affordable housing and energy-efficient buildings – are recognized as impactful by the GBP and SBP.
 - The Framework has defined as eligible for inclusion under the green criterion projects which aim to achieve a minimum of 15% energy savings. Sustainalytics views positively the establishment of a quantitative threshold, and considers the selected threshold to be in line with market expectations.
 - The portfolio of eligible sustainable projects consists of buildings that qualify under the following CPC programs: Green Physical Needs Assessment (GPNA)/Energy Audit, High-Efficiency Systems,² Onsite Renewable Energy, Sustainability Certification,³ or an internal CPC Sustainability Assessment. Meeting at least one of these criteria is considered by CPC, based on their experience, to be indicative of achieving the targeted 15% energy savings. Sustainalytics encourages ongoing monitoring at the project level to ensure that this target is being met.
 - The Framework considers eligible Affordable Housing projects to be those where over half of the units in the development are affordable to a family or individual earning 80% of Area Median Income (AMI).⁴ Sustainalytics views positively this category and the threshold established.
- Project Evaluation and Selection:
 - All loans financed under the Framework must comply with CPC's existing policies and procedures for risk management and prudent underwriting.
 - Eligibility for inclusion of a loan in the sustainability bond portfolio will be confirmed after loan approval as part of CPC's due diligence process. This may include verification of certifications, surveys, and assessments.
 - Sustainalytics considers these project selection approaches to be in line with market practice.
- Management of Proceeds:
 - CPC will manage the proceeds of the bond in line with existing policies for capital management, governed by CPC's Capital Allocation and Investment Committee and Charter.⁵
 - The funds raised under this Framework will be used for exclusively refinancing eligible projects, with immediate allocation of proceeds to refinance eligible loans. Considering this, there is no need to disclose temporary management instruments.
 - Sustainalytics finds this to be in line with market practice.
- Reporting:
 - As the proceeds of its sustainability bond will be used exclusively to refinance the existing portfolio, within its Framework, CPC has provided information on the current portfolio of project, which includes \$274 million in energy retrofitting loans and \$84 million in affordable housing loans.⁶ This portfolio is included in Appendix 2, below. Additionally, CPC will provide an annual

² High-efficiency Heating Systems are specific upgrades to building HVAC systems, including boilers and furnaces as well as air- or ground-source heat pumps. For furnaces and boilers, an efficiency rating of 90% or higher must be achieved. Sustainalytics notes that these technologies may include fossil-fuel powered appliances; while the intention of the projects is to promote the adoption of high-efficiency models of these devices, the ongoing use of fossil fuels, in particular for new appliances which may have long lifespans, may not have overall positive environmental impacts. While this does not make-up a majority share of the portfolio, Sustainalytics nevertheless identifies this use of proceeds as a minor limitation.

³ Sustainability certifications include LEED, Enterprise Green Communities, EnergySTAR, and NYSERDA Multifamily Performance Program (MPP), Passive House, and Net Zero Energy. Sustainalytics has assessed and views positively the robustness and credibility of these certifications, while taking no stance on the actual quantitative performance outcomes that result from their achievement.

⁴ This threshold is aligned with that of the US Department of Housing and Urban Development (HUD)

⁵ This document has been provided to Sustainalytics for review

⁶ These commitments include both outstanding amounts and amounts committed but not yet advanced.

allocation report, on its website. s, Sustainalytics considers this to be in line with market expectations for allocation reporting.

- While CPC has not made any specific commitments to report impact metrics related to the projects financed by the proceeds of the sustainability bond, beyond its existing reporting,⁷ it will provide annual disclosures of relevant information associated with the Sustainability Bond. Sustainalytics encourages the reporting of aggregated impact metrics where feasible, while noting CPC's demonstrated record of financing environmentally and/or socially beneficial projects.

Alignment with Sustainability Bond Guidelines 2018

Sustainalytics has determined that the CPC's Sustainability Bond Framework aligns to the four core components of the Green Bond Principles 2018 and Social Bond Principles 2018. For detailed information please refer to Appendix 3: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Performance of the Issuer

Contribution of Framework to Issuer's sustainability strategy

CPC's mission is to transform underserved neighborhoods into thriving and vibrant communities. Its business model is based on providing capital solutions that help create and preserve affordable housing, primarily in New York City and New York State. Since its establishment, CPC has helped finance over 193,000 units of affordable and work force housing and 7,000 units of energy efficient housing.⁸

The view that affordable housing is crucial to vibrant communities is the cornerstone of CPC's approach, and is directly descended from the Company's background as an institution committed to revitalizing housing in New York State neighborhoods which are facing disinvestment and a loss of livable rental units. As the largest Community Development Financial Institution (CDFI) devoted solely to affordable multifamily housing, CPC's overall objectives are highly aligned with the focus of its sustainability bond.

CPC'S approach has been that a commitment to environmental sustainability is a strong complement to their core mission to revitalize communities and provide affordable housing options. CPC believes that promoting energy and water conservation measures helps improve the financial and physical quality of the buildings thereby ensuring the long-term economic stability of multifamily properties and the communities in which it operates. This perspective has been put into action through a variety of initiatives, including:

- An Underwriting Efficiency guide to provide lenders, public partners and owners with a resource to finance energy and water efficiency measures as part of a first mortgage.⁹ This initiative is intended to provide both a guide for CPC's own activities, but also to serve in a thought leadership role in encouraging other actors in the space to incorporate sustainability concerns into their financing.
- The development of an online software application called "CPC VeriFi" that calculates potential utility savings and helps owners explore financing options for multifamily building upgrades.¹⁰
- Acting as a financing partner to the New York State Energy Research and Development Authority (NYSERDA) and is a member of its Carbon Neutral Buildings Roadmap Technical Advisory Group, working together to help bring a number of affordable housing units to near net-zero energy use by 2050.

In addition to the aforementioned approaches to its financing, CPC has further demonstrated its emphasis on environmental sustainability through actions within its own operations, having committed to eliminating 100% of its emission from electricity use through the purchase of Renewable Energy Certificates.⁸ In this context, CPC's environmental considerations make it well-positioned to carry out the green aspects of its sustainability bond.

Overall, Sustainalytics is of the opinion that the sustainability bond is aligned with and complementary to the business objectives of CPC, and that the Issuer is well-suited to issue sustainability bonds.

⁷ <http://community.com/our-impact/>

⁸ Information shared by CPC with Sustainalytics through confidential documents.

⁹ CPC, "Underwriting Efficiency" (April 2017) at: http://community.com/wp-content/uploads/2017/05/CPC_Underwriting_Efficiency_Handbook_Full_Interactive_FINAL.pdf

¹⁰ CPC, CPC VeriFi, <http://community.com/cpcverifi/>

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

Sustainalytics recognizes that proceeds from CPC's Sustainable Bond will be directed towards affordable and energy efficient housing which will generate positive environmental and social impacts. However, as is the case with any construction and development projects, there may be risks associated with such projects, of both social and environmental nature. With regards to environmental risks, these may include air/water/soil pollution from infrastructure development. Major social risks which could be associated with financing under the Framework include those related to worker health and safety and exacerbating existing inequalities within communities it operates in.

Sustainalytics is of the opinion that the above risks are adequately mitigated by both CPC actions and policies, as well as the regulatory environment in which these projects are located. In particular, we highlight the following:

- CPC has a dedicated in-house sustainability team, charged with assessing environmental issues related to its projects. A formal process, with internal signoff, is required for projects to be classified as environmentally sustainable. Sustainalytics views this internal expertise and procedure as ensuring that environmental benefits are prioritized and issues addressed.
- CPC has aligned its financing of energy retrofits with credible government initiatives, in particular those of NYSERDA.¹¹ Sustainalytics views these partnerships as indicative of CPC's commitment to ongoing progress on environmental issues.
- CPC's affordable housing initiatives are often delivered in cooperation with government agencies, and in particular the New York City Department of Housing Preservation and Development (HPD) and New York State Department of Homes and Community Renewal (HCR). Sustainalytics considers this cooperation with regulatory authorities as supporting responsible development and important for addressing stakeholder concerns.
- In terms of workplace health and safety, while recognizing that this is beyond the scope of CPC's oversight, Sustainalytics notes that the laws and regulations of the USA and the State of New York provide stringent oversight of construction activities.

Overall, Sustainalytics is of the opinion that the common environmental and social risks associated with affordable housing and energy efficient buildings projects are mitigated, and that CPC is therefore well-positioned to deliver positive impacts from its sustainability bonds.

Section 3: Impact of Use of Proceeds

The two use of proceeds categories are recognized as impactful by the GBP or SBP. Sustainalytics highlights the impact that the use of proceeds will have in the local context.

Importance of access to affordable financing for low income, very low and extremely low income households in the U.S.

The supply of affordable housing in United States is inadequate especially for the lowest-income households.¹² According to the National Low Income Housing Coalition there is a shortage of over 7 million affordable and available rental homes for extremely low-income¹³ renter households in the U.S. and that 48 percent of these extremely low-income renter households belong to the senior or disabled population.¹⁴ Only 20 percent of households eligible for housing assistance in the United States actually received it and it is estimated that about 8.3 million renter households with low incomes in the United States end up paying over 50 percent of their income for housing costs, making them severely housing cost burdened.¹⁵ The shortage of affordable homes is likely to intensify in the coming years with the reduction in the US Department of Housing and Urban Development's budget¹⁶ and the private market providing too few homes affordable to the

¹¹ NYSERDA, the New York State Energy Research and Development Authority is the sponsor of RetrofitNY and is investing in programmes that have targeted net-zero emissions.

¹² The case for More, not Less, Urban Institute: https://www.urban.org/sites/default/files/publication/95616/case_for_more_not_less.pdf

¹³ National Low Income Housing Coalition defines extremely low-income households as households with income at or below the Poverty Guideline or 30% of Area Median Income, whichever is higher.

¹⁴ The Gap, A shortage of affordable homes, National Low Income Housing Coalition: https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2019.pdf

¹⁵ The case for More, not Less, Urban Institute: https://www.urban.org/sites/default/files/publication/95616/case_for_more_not_less.pdf

¹⁶ President Trump Proposes Drastic Cuts to Affordable Housing Programs, National Low Income Housing Coalition: <https://nlihc.org/resource/president-trump-proposes-drastic-cuts-affordable-housing-programs>

lowest-income renters. Having access to affordable and decent housing is of critical importance to one's well being and there is strong evidence that lack of it is known to increase crime, educational under-achievement, poor health, and lead to communal tensions.¹⁷ Therefore, Sustainalytics believes that investments by CPC in affordable housing projects in the United States will have overall strong positive social impacts.

Importance of energy efficient buildings in achieving New York City and New York State's climate goals

Buildings use large quantities of energy for heating, cooling, lighting and other needs. It is estimated that the residential sector alone, which includes single-family homes and multi-family housing, accounts for about 37% of United States' electricity consumption.¹⁸ Together, the commercial and residential building sector is the fourth largest GHG emitting sector in the United States.¹⁹ New York City has implemented ambitious climate targets, aiming for an 80% reduction in GHG emissions by 2050; to achieve these goals it is critical that new buildings are made to be resource efficient and older ones are upgraded with energy and water efficient retrofits. Sustainalytics is of the opinion that CPC's push in financing energy efficient homes will help the State and the City of New York work towards their climate target.

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 sustainability bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Energy Retrofitting	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	9. Industry, Innovation and Infrastructure	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
Affordable Housing	10. Reduced Inequalities	10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard
	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

¹⁷ Social impact of poor housing, ECOTEC, at: <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.476.9406&rep=rep1&type=pdf>

¹⁸ United States Environmental Protection Agency, "Electricity Customers", (accessed on October 2019), at: <https://www.epa.gov/energy/electricity-customers#industrial>

¹⁹ United States Environmental Protection Agency, "Sources of Greenhouse Gas Emissions", (accessed on October 2019), at: <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

Conclusion

CPC has developed the Sustainability Bond Framework under which it will issue Sustainability Bonds to refinance loans for energy retrofitting and affordable housing projects, primarily in New York State. Specifically, CPC will finance upgrades that aim to improve energy performance by a minimum of 15% as well as financing multifamily housing projects that consist of over 50% units that are affordable to those making 80% of the Area Median Income.

The two use of proceeds categories specified in the Framework are aligned with those of the Green Bond Principles 2018 or the Social Bond Principles 2018; CPC has described the internal processes and qualification criteria which will be used to determine if loans are eligible for inclusion within the Bond; the Framework states that full allocation of the proceeds will occur at the time of issuance; and the information on the breakdown of allocations has been provided. No commitments for impact reporting have been made, however Sustainalytics notes CPC's demonstrated record of financing environmentally and/or socially beneficial projects. Sustainalytics is further of the opinion that the initiatives described by the Framework will advance the UN Sustainable Development Goals, in particular Goals 7, 9, 10, and 11.

Based on the above, Sustainalytics considers the CPC Sustainability Bond Framework to be robust, credible and transparent, and in alignment with the four core components of the ICMA's Sustainability Bond Guidelines 2018.

Appendices

Appendix 1: CPC Sustainability Bond Framework

CPC had provided to Sustainalytics for their review the CPC Sustainability Bond Framework, dated November 2019, which describes how the Sustainability Bond aligns with the core components of the Green and Social Bond Principles 2018. This document is excerpted below.

Use of Proceeds

CPC's construction portfolio is comprised of loans which fund the construction, rehabilitation, and energy retrofitting of multifamily affordable housing.

Projects defined as "affordable" are those where CPC has provided financing for the rehabilitation or development of multifamily housing where more than 51% of units in the property(ies) are affordable to a family or individual earning an Area Median Income (AMI) of at or below 80%. Projects defined as "sustainable" are those where CPC has provided financing for energy retrofitting of multifamily housing, spanning various programs across the state, all of which have specific standards that aim to achieve at a minimum 15% in energy savings.

The portfolio is comprised of \$505 million in commitments to finance 121 projects with \$311 million currently outstanding. Of the \$505 million portfolio, \$358 million in commitments and \$234 million in outstanding balance (76%) has characteristics that meet one or both of the Social and Green Project criteria. Of the \$358 million in commitments and \$234 million in outstandings, \$173 million meets the Green project definition and \$61 million meets the Social project definition. \$102 million of the total meet both project definitions. An additional \$124 million (65%) of the Social and Green Project loans are still to be advanced.

Process for Project Evaluation and Selection

CPC's construction loan approval process is structured to ensure all loans conform with CPC's policies and procedures, risk management parameters, and prudent underwriting analyses and principles. Such policies include requirements for energy retrofitting loans.

After a loan is approved, due diligence is conducted prior to closing to ensure all policies and procedures are met. Due diligence for energy retrofitting and affordable housing loans are reviewed to ensure proper certification, surveys, and assessments have been conducted. To meet CPC's affordability project requirements, a loan's property(ies) must include more than 51% of units affordable to an AMI at or below 80%, based on the Department of Housing and Urban Development's (HUD) parameters for affordability.

CPC works with its public partners to pair its private financing with public subsidy and/or tax credit equity to ensure affordable projects are financially viable. The subsidy and equity typically requires that rents conform to underwritten affordability levels as mandated by a Regulatory Agreement to ensure long-term affordability is maintained at the property.

CPC has partnered with public and private agencies to provide the financing to affordable housing projects for over three decades. Partners include the following:

- New York City housing agencies, including:
 - New York City Department of Housing Preservation and Development (HPD)
 - New York City Housing Development Corporation (HDC)

- New York State housing agencies or programs, including:
 - New York State Homes and Community Renewal (HCR)
 - State of New York Mortgage Agency (SONYMA)
- Federal Agencies or programs, including
 - Federal Housing Administration (FHA)
 - U.S. Department of Housing and Urban Development (HUD)
- Government Sponsored Entities and programs (GSEs):
 - Freddie Mac, via its Targeted Affordable Housing program
 - Fannie Mae, via its Affordable Housing Preservation program

CPC funds its construction loans primarily through its credit facility, which stipulates that CPC must maintain a portfolio of loans to properties where more than 51% of the total housing units financed are affordable to families or individuals earning at or below 80% AMI. Also, the credit facility and CPC’s internal policies and procedures prohibit financing units over 200% AMI. Over the facility’s six-year history, CPC has met both covenants.

To meet CPC’s sustainability definition, the project must meet at least one of the criteria below:

CPC Measure	Description	Examples
Green Physical Needs Assessment (GPNA) or Energy Audit	A 3rd party GPNA or energy report has been used to develop the financed scope	Green Physical Needs Assessment (GPNA), Energy Audit, Energy Model
High-Efficiency System	The financed scope specifies a high-efficiency heating and cooling system	Boilers and furnaces with efficiency ratings of 90%+, heat pumps (air / ground)
Renewable Energy Onsite	Renewable energy is generated and used onsite	Solar photovoltaic (PV) panels, solar thermal systems, wind power
Sustainability Certification	The project is designed to a Sustainability Certification standard	1) Enterprise Green Communities (EGC) 2) NYSERDA Multifamily Performance Program (MPP) 3) Energy Star 4) LEED for Homes 5) Passive House (PHIUS / PHI) 6) Net Zero Energy (NZE)
CPC Assessment	CPC completed a sustainability assessment and recommendations are included in financed scope	Assessment is completed internally by CPC staff and report is issued

The above criteria – used internally to assess the bona fides of a sustainability project – consistently result in a minimum energy savings of 15% per project.

Management of Proceeds

CPC can put the proceeds of a Sustainability Bond raise to work today.

Due to the flexibility of CPC’s other financing lines, the proceeds can be used to refinance a portion of CPC’s construction portfolio debt on Day One.

On Day One, the bonds will provide CPC with additional capital and a reduction in the overall cost of capital.

Reporting

CPC intends to fully allocate the net proceeds of the Sustainability Bond at time of issuance to refinance the floating-rate debt that finances its sustainable and affordable projects. CPC will publish its Sustainability Portfolio allocation annually on its website with other disclosures made in association with the Sustainability Bond issuance.

Appendix 2: Eligible Construction Loan Portfolio

CPC has disclosed its current portfolio of eligible green and social projects:

CPC Measure	Commitment (millions)	% of Total	Current o/s (millions)	% of Total	Unadvanced (millions)	% of Total
Green Physical Needs Assessment (GPNA) or Energy Audit	\$146	29%	\$75	24%	\$71	37%
High-Efficiency System	\$35	7%	\$22	7%	\$13	7%
Renewable Energy Onsite	\$13	3%	\$12	4%	\$0.8	0%
Sustainability Certification	\$76	15%	\$60	19%	\$16	9%
CPC Assessment	\$4	1%	\$5	1%	\$0.1	0%
Energy Retrofitting Loans	\$274	54%	\$173	56%	\$101	53%
Affordable Housing	\$84	17%	\$61	20%	\$23	12%
Affordable Housing Loans	\$84	17%	\$61	20%	\$23	12%
TOTAL	\$358	71%	\$234	76%	\$124	65%

Appendix 3: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Community Preservation Corporation
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	CPC Sustainability Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	November 13, 2019
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 and SBPs:

- | | |
|--|--|
| <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 <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 category for the use of proceeds are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers Energy Retrofitting and Affordable housing projects to have positive environmental or social impacts and to advance various UN Sustainable Development Goals, in particular Goals 7, 9, 10, and 11.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" 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:

Use of proceeds categories as per SBP:

- | | |
|--|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

All projects must comply with CPC's existing loans approvals process. Additionally, compliance with the green and/or social criteria will be determined as part of the Issuer's loan due diligence process prior to closing. Sustainalytics considers this to be in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green 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 Sustainability 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*):

CPC intends to fully allocate the proceeds of its sustainability bond at time of issuance to refinance an identified portfolio of construction loans. In this context, no commitments for ongoing management are required. Sustainalytics considers this to be in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability 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>): Full allocation at time of issuance |

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):

CPC has identified and disclosed the breakdown of project types that will be refinanced by the proceeds of the sustainability bond. CPC also intends to provide annually disclosures related to the Sustainability Bond Sustainalytics considers this to be in line with market practice, and additionally notes that CPC has a demonstrated record of financing impactful projects and reporting where feasible on the overall impacts of its portfolio.

Use of proceeds 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 (<i>please specify</i>): |

Information reported:

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

Frequency:

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

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

Information reported (expected or ex-post):

- | | |
|--|---|
| <input type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Number of beneficiaries |
| <input checked="" type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Qualifying measure |

Means of Disclosure

- | | |
|---|--|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input checked="" type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Annual, to website |
| <input type="checkbox"/> 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.)

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 REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. Second Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second Party Opinion. The institution should be independent from the issuer’s adviser for its Sustainability 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 Principles. In particular, it can include an assessment of the issuer’s overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social 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 sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially 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 Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability 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, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability 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 and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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