

# FIBRASHOP

## PRE-ISSUANCE VERIFICATION LETTER

### LOW CARBON BUILDINGS CRITERIA OF THE CLIMATE BONDS STANDARD

**Type of engagement:** Assurance Engagement

**Period engagement was carried out:** September 13, 2021

**Approved verifier:** Sustainalytics

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### Scope and Objectives

CI Banco, S.A. Institución de Banca Múltiple, fiduciary of the Irrevocable Trust Number 00854 (“FibraShop” or the “Company”) has engaged Sustainalytics to review and verify that FibraShop’s green bond meets the requirements under the Low Carbon Buildings criteria of the Climate Bonds Standard.

FibraShop is a real estate investment trust headquartered in Mexico City, Mexico, that specializes in developing commercial spaces such as shopping centers. As of June 2021, the Company had a portfolio of 18 properties divided into three categories including fashion malls, power centers and a community center.

FibraShop’s sustainability strategy focuses on six key environmental areas: (i) energy; (ii) water; (iii) waste; (iv) emissions and climate change; (v) biodiversity; and (vi) sustainable spaces. The Company has strengthened its commitment to sustainability through publishing its Sustainability Program Report outlining its short-term objectives under FibraShop’s broader ESG Strategy.

Net proceeds of the green bond will be used to finance and/or refinance the development of La Perla Shopping Center in Jalisco, Mexico with the aim to incorporate environmentally beneficial attributes. The property is intended to be EDGE-Certified in accordance with the Climate Bonds Certification criteria.

### Climate Bonds Standard Criteria

Pre-issuance requirements under Version 3.0<sup>1</sup>:

- Low Carbon Buildings<sup>2</sup>
  - Commercial Buildings

### Issuing Entity’s Responsibility

FibraShop was responsible for providing information and documents relating to:

- The details concerning the selection process for the Nominated Project
- The details of the Nominated Project
- The management systems for internal processes and controls for Nominated Project, including: tracking of proceeds, managing unallocated proceeds and earmarking funds to Nominated Project
- The details of commitments for reporting prior to issuance, including: investment areas, management of unallocated proceeds and frequency of periodic Assurance Engagements

### Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of FibraShop’s green bond, issued to finance the Nominated Project and provided

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<sup>1</sup> Climate Bonds Standard, Climate Bonds Standard Version 3.0. See more, at: [https://www.climatebonds.net/files/files/Climate%20Bonds\\_Standard\\_Version%203\\_0\\_December%202017.pdf](https://www.climatebonds.net/files/files/Climate%20Bonds_Standard_Version%203_0_December%202017.pdf)

<sup>2</sup> Climate Bonds Standard, Low Carbon Buildings Criteria under the Climate Bonds Standard. See more, at: <https://www.climatebonds.net/standard/buildings>

an independent opinion informing FibraShop as to the conformance of the green bond with the Pre-Issuance requirements and Low Carbon Buildings criteria of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by FibraShop. Sustainalytics is not responsible if any aspect of the Nominated Projects referred to in this opinion including estimates, findings, opinions, or conclusions are incorrect. Thus, Sustainalytics shall not be held liable if any of the information or data provided by FibraShop's management and used as a basis for this assessment were not correct or complete.

Sustainalytics makes all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the bond.

#### **Verifier's Responsibility**

The work undertaken as part of this engagement included conversations with relevant FibraShop employees and review of relevant documentation to confirm the green bond's conformance with the Climate Bonds Certification Pre-Issuance Requirements, which include:

- Conformance of FibraShop's green bond with the Climate Bonds Standard Version 3.0;
- Conformance with the Low Carbon Buildings Technical Criteria;
- Conformance with the Internal Processes & Controls requirements;
- Conformance with Reporting Prior to Issuance requirements

#### **Basis of the Opinion**

Sustainalytics conducted the verification in accordance with the Climate Bonds Standard Version 3.0 and with the International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Information.

Sustainalytics planned and performed the verification by obtaining evidence and other information and explanations that Sustainalytics considers necessary to give limited assurance that FibraShop's green bond meets the requirements of the Climate Bonds Standard. Upon reviewing evidence and other information, Sustainalytics is of the opinion that FibraShop will ensure compliance with Climate Bonds Standards requirements.

#### **Conclusion**

FibraShop intends to invest in the development of La Perla shopping center in Jalisco, Mexico, in accordance with the EDGE certification standard. Based on the limited assurance procedures conducted of FibraShop's green bond under the Low Carbon Buildings criteria of the Climate Bonds Standard, nothing has come to Sustainalytics' attention that causes us to believe that, in all material aspects, FibraShop's green bond is not in conformance with the Low Carbon Buildings of the Climate Bonds Standard's Pre-Issuance Requirements.

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## Schedule 1: Detailed Overview of Nominated Project

### 1. Low Carbon Buildings

FibraShop intends to finance and/or refinance the development of La Perla shopping center in Guadalajara, Jalisco, Mexico. The shopping center has a total constructed area 115,800.00 m<sup>2</sup> and initial investment was made by the Company in 2016.

Some of the measures that will be implemented to achieve an EDGE certified asset in accordance with the Low Carbon Buildings (Commercial Buildings) criteria for a 10-year bond include:

- Rainwater system with the capacity to reuse rainwater
- Climate mitigation through conservation and reforestation activities
- Due diligence and compliance with the Equator Principles.

## Schedule 2A: Pre-Issuance General Requirements

Sustainalytics has conducted this verification using the following Pre-Issuance Requirements under Climate Bonds Standard Version 3.0:

<p>1. Use of Proceeds</p>	<p>1.1 The Issuer shall document the Nominated Projects &amp; Assets which are proposed to be associated with the Bond and which have been assessed as likely to be Eligible Projects &amp; Assets. The Issuer shall establish a list of Nominated Projects &amp; Assets which can be kept up-to-date during the term of the Bond.</p> <p>1.2 The expected Net Proceeds of the Bond shall be no greater than the Issuer’s total investment exposure to the proposed Nominated Projects &amp; Assets, or the relevant proportion of the total Market Value of the proposed Nominated Projects &amp; Assets which are owned or funded by the Issuer.</p> <p>1.3 Nominated Projects &amp; Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds) unless it is demonstrated by the Issuer that:</p> <p>1.3.1 distinct portions of the Nominated Projects &amp; Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds , green loans or other labelled instruments; or,</p> <p>1.3.2 the existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument.</p>
<p>2. Process for Evaluation and Selection of Projects &amp; Assets</p>	<p>2.1 The Issuer shall establish, document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects &amp; Assets. The decision-making process shall include, without limitation:</p> <p>2.1.1 A statement on the climate-related objectives of the Bond;</p> <p>2.1.2 How the climate-related objectives of the Bond are positioned within the context of the Issuer’s overarching objectives, strategy, policy and/or processes relating to environmental sustainability;</p> <p>2.1.3 The Issuer’s rationale for issuing the Bond;</p> <p>2.1.4 A process to determine whether the Nominated Projects &amp; Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard.</p> <p><i>Note to 2.1: A wide variety of climate-related objectives are possible. These can vary from increasing the installed capacity of low carbon assets, such as solar power facilities, to having a specific objective focused on the operations or indirect effects of the projects &amp; assets, such as emissions reductions.</i></p> <p><i>The climate-related objectives of the Bond, as stated by the Issuer, have implications for the reporting requirements under the Climate Bonds Standard. See Clauses 2.3, 5.2, 5.8, 6.1.1 and 8.4.</i></p> <p>2.2 The Issuer should include under Clause 2.1 further aspects of the decision-making process, including:</p>

	<p>2.2.1 related eligibility criteria, including, if applicable, exclusion criteria or any other process, applied to identify and manage potentially material environmental, social or governance risks associated with the Nominated Projects &amp; Assets;</p> <p>2.2.2 any green standards or certifications referenced in the selection of Nominated Projects &amp; Assets.</p> <p>2.3 The Issuer shall assess that all proposed Nominated Projects &amp; Assets to be associated with the Bond meet the documented objectives as stated under Clause 2.1.1 and are likely to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard.</p>
<p>3. Management of Proceeds</p>	<p>3.1 The systems, policies and processes to be used for management of the Net Proceeds shall be documented by the Issuer and disclosed to the Verifier, and shall include arrangements for the following activities:</p> <p>3.1.1 Tracking of proceeds: The Net Proceeds of the Bond can be credited to a sub-account, moved to a sub-portfolio, or otherwise tracked by the Issuer in an appropriate manner and documented.</p> <p>3.1.2 Managing unallocated proceeds: The balance of unallocated Net Proceeds can be managed as per the requirements in Clause 7.3.</p> <p>3.1.3 Earmarking funds to Nominated Projects &amp; Assets: An earmarking process can be used to manage and account for funding to the Nominated Projects &amp; Assets and enables estimation of the share of the Net Proceeds being used for financing and refinancing.</p>
<p>4. Reporting</p>	<p>4.1 The Issuer shall prepare a Green Bond Framework and make it publicly available prior to Issuance or at the time of Issuance. The Green Bond Framework shall include, without limitation:</p> <p>4.1.1 Confirmation that the Bonds issued under the Green Bond Framework are aligned with the Climate Bonds Standard. This may include statements of alignment with other applicable standards, such as the EU Green Bond Standard, the ASEAN Green Bond Standard, Chinese domestic regulations, Japanese Green Bond Guidelines, etc.;</p> <p>4.1.2 A summary of the expected use of proceeds, as defined under Clause 1.1, and the expected contribution of the relevant sectors or sub-sectors to the rapid transition required to achieve the goals of the Paris Climate Agreement;</p> <p>4.1.3 A description of the decision-making process, as defined under Clause 2.1, with particular reference to the requirements in Clause 2.1.2;</p> <p>4.1.4 Information on the methodology and assumptions to be used for: confirming, where required by relevant Sector Eligibility Criteria, the characteristics or performance of Nominated Projects &amp; Assets required to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard; and any other additional impact metrics that the issuer will define.</p> <p>4.1.5 A summary of the approach to the management of unallocated Net Proceeds in accordance with Clause 3.1;</p> <p>4.1.6 The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding;</p> <p>4.1.7 The list of proposed Nominated Projects &amp; Assets associated with the Bond and the investment areas, as provided in Clause 9.1, into which the Nominated Projects &amp; Assets fall. Where there are limits on the amount of detail that can be made available about specific Nominated Projects &amp; Assets, information shall be presented on the investment areas which the Nominated Projects &amp; Assets fall into, as provided in</p>

	<p>Clause 9.1, and the Issuer shall provide an explanation of why detail on Nominated Projects &amp; Assets is limited;</p> <p>4.1.8 Where a proportion of the Net Proceeds are used for refinancing, an estimate of the share of the Net Proceeds used for financing and refinancing, and the relevant Nominated Projects &amp; Assets or investment areas which may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects &amp; Assets.</p> <p><i>Note: Issuers are encouraged to disclose as much information as possible with respect to Nominated Projects &amp; Assets. However, in many cases it is not possible for the Issuer to disclose detailed information about specific projects &amp; assets prior to the issuance of the Bond. This limitation may be due to confidentiality arrangements with owners of projects &amp; assets, the dynamic nature of the project portfolio, competitive considerations, or other legal provisions which limit the disclosure of detailed information.</i></p> <p>4.2 The Issuer shall include in the Disclosure Documentation:</p> <p>4.2.1 The investment areas, as provided in Clause 9.1, into which the Nominated Projects &amp; Assets fall;</p> <p>4.2.2 The intended types of temporary investment instruments for the management of unallocated Net Proceeds in accordance with Clause 7.3;</p> <p>4.2.3 The Verifier engaged by the Issuer for the mandatory verification engagements;</p> <p>4.2.4 The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding, including the location of the published documents;</p> <p>4.2.5 The Climate Bonds Initiative Disclaimer provided in the Certification Agreement.</p> <p><i>Note to 4.2.4: Issuers are encouraged to provide their Update Reports through existing reporting channels for the bond markets, such as the Electronic Municipal Market Access (EMMA) website for the US Municipality sector.</i></p>
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## Schedule 2B: Conformance to the Pre-Issuance Requirements

Details of FibraShop’s internal processes and controls as per the Pre-Issuance Requirements are provided below:

Procedure Performed	Factual Findings	Error or Exceptions Identified
1. Use of Proceeds	<p>1.1 FibraShop has developed a list of proposed Nominated Projects &amp; Assets which comply with the Low Carbon Buildings sector criteria of the Climate Bonds Standard. FibraShop intends to keep this list updated with all the financed projects that fall within the scope of FibraShop’s green bond program and Framework. The proposed Nominated Projects and Assets include expenditure related to the development of La Perla shopping center in Jalisco, Mexico.</p> <p>1.2 FibraShop’s management confirms that the net proceeds of the future bond will not be greater than the total investment exposure to the proposed Nominated Projects &amp; Assets.</p> <p>1.3 FibraShop’s management confirms that the Nominated Projects &amp; Assets will not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instrument, green bonds, green loans or other labelled instruments unless it is demonstrated by FibraShop that distinct portions of the Nominated Projects &amp; Assets are being funded by different instruments or that the existing instrument is being refinanced via another labelled instrument.</p>	None
2. Process for Evaluation and Selection of Projects & Assets	<p>2.1.1. The FSHOP Green Bond Framework states that the intention of the green bond is to support the development of shopping center real estate in Jalisco, Mexico which has defined beneficial environmental attributes.</p> <p>2.1.2. FibraShop’s environmental objectives are summarized in the FSHOP Green Bond Framework.</p> <p>2.1.3. FibraShop’s rationale for issuing green bonds is consistent with its sustainability strategy and will further the Company’s action on its key environmental priorities.</p> <p>2.1.4. The FSHOP Green Bond Framework includes a process for project evaluation and selection in which its Sustainability Committee (the “Committee”) will be responsible for assessing and selecting projects to be financed as well as setting the appropriate key performance indicators to measure the impact of projects. The Committee is comprised of the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Sustainability Manager as well as an independent member.</p> <p>2.2.1. FibraShop has sufficient measures in place to manage and mitigate environmental and social risks that are commonly associated with the eligible category.</p>	None

	<p>2.2.2. The FSHOP Green Bond Framework references the EDGE Certification standard for the selection of Nominated Projects &amp; Assets.</p> <p>2.2.3. FibraShop’s Sustainability Committee will verify that all proposed Nominated Projects &amp; Assets conform to the Climate Bonds Taxonomy and Low Carbon Buildings sector criteria.</p>	
<p>3. Management of Proceeds</p>	<p>3.1.1 The FSHOP Green Bond Framework outlines a process by which proceeds will be tracked.</p> <p>3.1.2 Issuer will manage unallocated net proceeds by holding in cash or cash equivalents, temporary investment instruments or used to repay corporate debt.</p> <p>3.1.3 The FSHOP Green Bond Framework details the process FibraShop will use to allocate and manage green bonds proceeds. This will enable the estimation of the share of the Net Proceeds being used for financing and refinancing.</p>	<p>None</p>
<p>Reporting Prior to Issuance</p>	<p>4.1.1. Bonds issued under the FSHOP Green Bond Framework are intended to align with the Climate Bonds Standard.</p> <p>4.1.2. The FSHOP Green Bond Framework indicates that green bond proceeds will be used, as defined under Clause 1.1, and the expected contribution of the relevant sectors or sub-sectors to the rapid transition required to achieve the goals of the Paris Climate Agreement.</p> <p>4.1.3. The FSHOP Green Bond Framework provides detail on its decision-making process, in which the Committee will ensure net proceeds are applied to the eligible project.</p> <p>4.1.4. FibraShop’s Nominated Projects &amp; Assets will conform with the Low Carbon Buildings sector criteria. FibraShop may report on the following impact metrics: GHG emissions savings, water savings, energy efficiency metrics and green certifications achieved.</p> <p>4.1.5. FibraShop will manage unallocated net proceeds in accordance with Clause 3.1</p> <p>4.1.6. FibraShop will report on an annual basis, a limited assurance report of the allocation of the Green Bond proceeds provided by a CBI-certified partner to obtain post-issuance verification to reaffirm conformance with the Climate Bonds Standard.</p> <p>4.1.7. FibraShop’s Nominated Projects &amp; Assets fall under Low Carbon Buildings sector criteria. FibraShop will report on the investment areas which the Nominated Projects &amp; Assets fall into by providing investors with both allocation and impact reporting quarterly and annually. This will include details on the project, amounts allocated as well as relevant certifications.</p> <p>4.1.8. FibraShop will provide more details regarding the amount used for financing and refinancing in its sustainability reporting</p> <p>4.2.1. FibraShop’s Nominated Projects &amp; Assets will conform with the Low Carbon Buildings sector criteria.</p> <p>4.2.2. The intended types of temporary investment instruments for the management of unallocated Net Proceeds are in accordance with Clause 7.3 of the Climate Bonds Standard.</p>	<p>None</p>

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	<p>4.2.3. No third-party verifier has been appointed yet to conduct the Post-Issuance assurance exercise. Post-issuance will be carried out 12 months after issuance. However, conducting periodic Assurance Engagements over the term of the bond is at the discretion of the bond issuer, as per CBI guidelines.</p> <p>4.2.4. FibraShop will on at least an annual basis prepare a report to update investors on the allocation and impact of the net proceeds of the Green Bonds to Eligible Assets. Both allocation report and non-financial impact report will be made publicly available on the Company's website.</p> <p>4.2.5. Sustainalytics notes that under the terms of its certification, FibraShop must include the CBI Disclaimer provided in the Certification Agreement in disclosure documentation.</p>	
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