

Second-Party Opinion
Grupo Vasconia S.A.B.
Sustainability-Linked Financing Framework



Evaluation Summary

Sustainability-Linked Instruments

Sustainability-Linked Bond Principles 2020, Sustainability-Linked Loan Principles 2022

Sustainalytics is of the opinion that the Grupo Vasconia S.A.B. Sustainability-Linked Financing Framework aligns with the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2022.

Overview of KPIs and SPTs:

KPI	Strength of the KPI	SPT	Ambitiousness of the SPT
KPI 1: Carbon intensity of all aluminium-based products per tonne of aluminium processed (tCO ₂ e/t)	Very Strong	SPT 1.1: Achieve a carbon intensity of 2.36 tCO ₂ e/t by 2023	Ambitious
		SPT 1.2: Achieve a carbon intensity of 2.08 tCO ₂ e/t by 2024	Ambitious
KPI 2: Percentage of scrap aluminium in the total aluminium inputs processed by Almeda	Strong	SPT 2.1: Increase the percentage of scrap in the total aluminium inputs processed to 78% by 2023	Highly Ambitious
		SPT 2.2: Increase the percentage of scrap in the total aluminium inputs processed to 79% by 2024	Highly Ambitious

Evaluation Date	June 27, 2022
Issuer/Borrower	Mexico City, Mexico
Location	Mexico

The SPTs contribute to the following SDGs:



Climate Transition Finance Handbook

Sustainalytics has evaluated Grupo Vasconia S.A.B.'s transition governance, strategy, decarbonization targets, and intentions to report on transition progress and finds them to be aligned with the recommendations of the Climate Transition Finance Handbook 2020. Vasconia has a sustainability strategy that outlines commitments, goals and actions on climate transition and decarbonization, and directly addresses the environmental impacts of its core business. In addition, Vasconia commits to disclose investments relevant to its transition strategy and the climate-related outcomes of its implementation.

Table of Contents

Scope of Work and Limitations	3
Introduction	4
Sustainalytics' Opinion	6
Section 1: Sustainalytics' Opinion on the Alignment of the Framework with Relevant Market Standards	6
Alignment with the Sustainability-Linked Principles	6
Alignment with the Climate Transition Finance Handbook 2020	11
Section 2: Assessment of Vasconia's Sustainability Strategy	12
Section 3: Impact of the SPTs	13
Conclusion	14
Appendix 1: Sustainability-Linked Financing - External Review Form	15
Disclaimer	20
About Sustainalytics, a Morningstar Company	21

Scope of Work and Limitations

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent¹ opinion on the alignment of the Grupo Vasconia S.A.B. Sustainability-Linked Financing Framework (the "Framework") with current market standards. As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2022;^{2,3}
- The credibility and anticipated positive impacts of the SPTs;
- The issuer's sustainability strategy, performance and sustainability risk management; and
- The alignment with the recommendations of the Climate Transition Finance (CTF) Handbook 2020.⁴

As part of this engagement, Sustainalytics held conversations with various members of Grupo Vasconia's management team to understand the sustainability impact of their business processes and the core components of the Framework. Vasconia representatives have confirmed that:

- (1) They understand it is the sole responsibility of Grupo Vasconia to ensure that the information provided is complete, accurate and up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information. This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Vasconia.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. The Second-Party Opinion is valid (i) for issuances made aligned with the respective Framework for which the opinion was written, and (ii) for a period of twenty-four (24) months for linked-instrument issuances from the evaluation date stated herein or, for linked-instruments, until one of the following occurs (1) A material change to the external benchmarks⁵ against which targets were set; (2) A material corporate action (such as material M&A or change in business activity) which has a bearing on the achievement of the SPTs or the materiality of the KPI.

For sustainability-linked instruments, the Second-Party Opinion:

- addresses the anticipated SPTs of KPIs but does not measure the KPIs' performance. The measurement and reporting of the KPIs is the responsibility of the issuer.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Grupo Vasconia has made available to Sustainalytics for the purpose of this Second-Party Opinion.

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¹ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

² The Sustainability-Linked Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>.

³ The Sustainability-Linked Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association, and are available at: <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/>.

⁴ The Climate Transition Finance Handbook is administered by the International Capital Market Association and is available at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Climate-Transition-Finance-Handbook-December-2020-091220.pdf>.

⁵ Benchmarks refers to science-based benchmarks.

Introduction

Grupo Vasconia S.A.B. (“Vasconia” or the “Group”) is a Mexican aluminium industrial group with two separate divisions: the industrial product division, Almexa Aluminio (“Almexa”) and the consumer product division, Grupo Vasconia Brands (“VB”). Almexa produces flat aluminium and supplies to industries, such as automotive, HVAC, electrical, construction, pharmaceutical, food and household goods and accounts for 50.5% of Vasconia’s total sales. VB manufactures aluminium kitchen and houseware products and accounts for 49.5% of the Group’s total sales.

Vasconia has developed the Grupo Vasconia S.A.B. Sustainability-Linked Financing Framework (the “Framework”) under which it intends to issue sustainability-linked bonds and loans. Vasconia engaged Sustainalytics to review the Framework, dated June 2022, and provide a Second-Party Opinion on the Framework’s alignment with market expectations, including the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2022, and the recommendations of the Climate Transition Finance Handbook 2020.^{6,7} The Framework will be published in a separate document.⁸

The financial characteristics of the sustainability-linked instruments will be tied to the achievement of the sustainability performance targets (SPTs) for two KPIs: (i) Carbon intensity of all aluminium-based products per tonne of aluminium processed (tCO₂e/t), and (ii) Percentage of scrap aluminium in the total aluminium inputs processed by Almexa.

The KPIs and SPTs defined by Vasconia are described in Tables 1 and 2 below.

Table 1: KPI Definitions

KPI	Definition
KPI 1: Carbon intensity of all aluminium-based products per tonne of aluminium processed (tCO ₂ e/t)	<p>This KPI represents the GHG emissions intensity from the processing of all aluminium-based products (scope 1 and 2 GHG emissions) and from the production of the aluminium inputs used (scope 3 GHG emissions). It is calculated by dividing the absolute scope 1, 2 and 3 GHG emissions in tCO₂e for a given year by the quantity of all aluminium processed in tonnes.</p> <p>Vasconia calculates its carbon intensity KPI as the weighted average carbon intensities for aluminium-based products at its two divisions, VB and Almexa. The weights are calculated based on the share of aluminium processed by each division in the Group’s total aluminium processed.⁹ VB and Almexa determine the GHG emissions used to calculate their respective carbon intensities for all aluminium products processed based on the GHG Protocol Standards.¹⁰</p>
KPI 2: Percentage of scrap aluminium in the total aluminium inputs processed by Almexa	<p>KPI 2 is defined as the percentage of scrap aluminium used in the total aluminium inputs processed by Almexa.</p> <p>The KPI is calculated by dividing the the scrap aluminium used as an input by the sum of all aluminium inputs processed by Almexa. Scrap aluminium includes post-consumer scrap, generated at the end-of-life phase of finished goods, and post-industrial scrap (pre-consumer) generated downstream from operations of the Group. This methodology aligns with the calculation methodology defined by the Global Reporting Initiative (GRI).¹¹</p>

⁶ The Sustainability-Linked Bond Principles 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/>

⁷ The Sustainability-Linked Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/> ; <https://www.lsta.org/content/social-loan-principles-slp/>

⁸ The Grupo Vasconia S.A.B. Sustainability-Linked Financing Framework is available on Vasconia’s website at: <https://www.grupovasconia.com/reportes-asg/>

⁹ 100% of aluminium used by VB comes from Almexa.

¹⁰ The Greenhouse Gas Protocol, “A Corporate Accounting and Reporting Standard”, at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

¹¹ GRI, “GRI 301: Materials”, (2016), at: <https://www.globalreporting.org/standards/media/1008/gri-301-materials-2016.pdf>

Table 2: SPTs and Past Performance

KPI	2019	2020	2021 (baseline)	2023 (SPT)	2024 (SPT)
KPI 1: Carbon intensity of all aluminium-based products per tonne of aluminium processed (tCO ₂ e/t)	12.68	10.93	3.06	2.36	2.08
KPI 2: Percentage of scrap aluminium in the total aluminium inputs processed by Almexa	28%	35%	45%	78%	79%

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Alignment of the Framework with Relevant Market Standards

Alignment with the Sustainability-Linked Principles

Sustainalytics is of the opinion that the Grupo Vasconia S.A.B. Sustainability-Linked Financing Framework aligns with the five core components of the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2022. For detailed information, please refer to Appendix 1: Sustainability-Linked Financing - External Review Form. Sustainalytics highlights the following elements of the Grupo Vasconia S.A.B. Sustainability-Linked Financing Framework:



Selection of Key Performance Indicators (KPIs)

Relevance and Materiality of KPIs

In its assessment of materiality and relevance, Sustainalytics considers: i) whether an indicator speaks to a material impact of the issuer's business on environment or social issues, and ii) to what portion of impact the KPI is applicable.

Sustainalytics considers KPI 1, Carbon intensity of all aluminium-based products per tonne of aluminium processed (tCO₂e/t), to be material and relevant based on:

- As a carbon-intensive industry, the aluminium sector contributes more than 1.1 billion tonnes of CO₂e to annual global GHG emissions, which accounts for approximately 2% of global anthropogenic emissions.¹² Electricity consumption and direct emissions from the processing of aluminium respectively account for 60% and 25-30% of the industry's emissions.¹³ Scope 3 emissions for manufacturers of value-added aluminium products account for a significant proportion of their total emissions because of the energy needed to produce primary aluminium, which is a key raw material for the Group. Therefore, the decarbonization of the aluminium sector is important for the transition towards a low-carbon economy.
- Vasconia identified "Operational Eco-Efficiency" and "Climate Strategy" as material issues in its 2021 materiality analysis, with a focus on inputs and outputs of operations in terms of emissions, energy, water consumption and waste generation.
- KPI 1 covers the Group's scope 1 and 2 GHG emissions and Almeda's scope 3 GHG emissions. With regards to scope 1 GHG emissions, Vasconia has only measured GHG emissions derived from the use of natural gas, which amounted to 35,911 tCO₂e in 2021, accounting for 33% of the total GHG emissions reported by the Group. Considering the absence of additional sources of relevant scope 1 GHG emissions, Sustainalytics estimates, based on industry research, that Vasconia's primary source of scope 1 GHG emissions is from the use of natural gas in the production process. With regards to scope 3 GHG emissions, KPI 1 includes the CO₂e content of all aluminium inputs for Vasconia, which cover 100% of the input weight for Almeda and 82% for VB.¹⁴ Based on the above, Sustainalytics considers KPI 1's scope of applicability to be high.

Sustainalytics considers KPI 2, Percentage of scrap aluminium in the total aluminium inputs processed by Almeda, to be material and relevant based on the following:

- Recycled aluminium requires 95% less energy to repurpose and reuse relative to the production of new aluminium and therefore has the potential to contribute towards decarbonizing the aluminium sector.

¹² World Economic Forum, "Aluminium for Climate: Exploring pathways to decarbonize the aluminium industry", (2020), https://www3.weforum.org/docs/WEF_Aluminium_for_Climate_2020.pdf?msclkid=857443cca95111ec8e50ffd69f6813b1

¹³ Ibid.

¹⁴ VB sources 100% of its aluminium from Almeda, and the emissions content from aluminium sourcing of Almeda as captured in the KPI account for approximately 40% of VB's own scope 3 emissions.

Additionally, in 2021, Vasconia conducted a materiality assessment in which “Operational Eco-Efficiency” and “Circularity: Product Stewardship” were identified as material topics for the Group.

- In terms of applicability, this KPI covers 100% of Almexa’s aluminium inputs. On this basis, Sustainalytics considers the applicability of the KPI to Vasconia’s overall raw material inputs as high.

KPI Characteristics

In its assessment of the KPI characteristics, Sustainalytics considers: i) whether a clear and consistent methodology is used, ii) whether the issuer follows an externally recognized definition, iii) whether the KPIs are a direct measure of the performance of the issuer on the material environmental or social issue, and iv) if applicable, whether the methodology can be benchmarked to an external contextual benchmark.¹⁵

KPI 1: Sustainalytics considers Vasconia’s definition and methodology to calculate KPI 1 by estimating the proportional carbon intensities of aluminium-based production at both Almexa and VB to be clear and consistently applied across the years under observation. In addition, the Issuer has communicated to Sustainalytics that the methodology used to calculate the numerator of KPI 1, the scope 1, 2 and 3 GHG emissions from the processing of aluminium-based products, follows the recommendations of the GHG Protocol Standard and is consistent with the definitions provided by the Global Reporting Initiative.¹⁶ Sustainalytics notes the exclusion of the scope 1 GHG emissions generated by transportation using trucks owned by the Group, which are negligible, according to Vasconia. Sustainalytics considers KPI 1 to be a direct measure of the performance of the Group on a material environmental issue given that the KPI measures the Group’s overall GHG emissions.

External benchmarks for the aluminum sector, including the Transition Pathway Initiative’s (TPI) sectoral decarbonization pathway, measure the GHG emissions from primary aluminum production (refining and smelting processes) and recycling.¹⁷ Sustainalytics notes that KPI 1 includes the scope 3 GHG emissions from aluminium inputs used in Vasconia’s products, which account for >90% of the Group’s total GHG emissions and are equivalent to the scope 1 and 2 GHG emissions of aluminium producers. Therefore, even though Vasconia is not considered to be an aluminium producer by the TPI as its activities do not include the processes of aluminium production and recycling, Sustainalytics considers KPI 1 to be comparable to the relevant external contextual benchmark as the KPI’s boundary include a wider range of activities than are typically considered.

KPI 2: KPI 2 measures the share of scrap aluminium used as a proportion of the total aluminium processed by Almexa. Sustainalytics considers Vasconia’s definition and methodology to calculate progress against KPI 2 to be clear and consistently applied, and reported on by the Group historically. Additionally, the methodology used is aligned with the approach used by the GRI. KPI 2 relates to raw material inputs used by Vasconia for its manufacturing processes and is therefore, a direct measure of the Group’s sustainability performance. Sustainalytics notes that there is no external benchmark available to enable comparison against.

Overall Assessment

Sustainalytics considers KPI 1, Carbon intensity of all aluminium-based products per tonne of aluminium processed (tCO₂e/t), to be very strong given that the KPI (i) is a direct measure of Vasconia’s performance on a material environmental issue, (ii) has a high scope of applicability, (iii) follows a clear and consistent methodology, and (iv) lends itself to be compared against an external GHG emissions reduction trajectory.

Sustainalytics considers KPI 2, Percentage of scrap aluminium in the total aluminium inputs processed by Almexa, to be strong based on the assessment that the KPI (i) is a direct measure of Vasconia’s performance on a material environmental issue, (ii) has a high scope of applicability, and (iii) follows a clear and consistent methodology.

KPI	Strength of KPI			
	Not Aligned	Adequate	Strong	Very strong
KPI 1: Carbon intensity of all aluminium-based products per tonne of aluminium processed (tCO₂e/t)	Not Aligned	Adequate	Strong	Very strong
KPI 2: Percentage of scrap aluminium in the total aluminium inputs processed by Almexa	Not Aligned	Adequate	Strong	Very strong

¹⁵ External contextual benchmarks provide guidance on the alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

¹⁶ GRI, “GRI 305: Emissions”, (2016), at: <https://www.globalreporting.org/standards/media/1012/gri-305-emissions-2016.pdf?msclkid=c94ee08fa95e11ec9f7201fd642c7105>

¹⁷ Carbon Performance Assessment of aluminium producers: note on methodology, (2019), at: <https://www.transitionpathwayinitiative.org/publications/32.pdf?type=Publication>



Calibration of Sustainability Performance Targets (SPTs)

Alignment with the Group's Sustainability Strategy

Vasconia has set the following SPTs for its KPIs:

- SPT 1.1: Achieve a carbon intensity of 2.36 tCO₂e/t by 2023
- SPT 1.2: Achieve a carbon intensity of 2.08 tCO₂e/t by 2024
- Additionally, the Group has set a long-term target (outside of the scope of SPTs 1.1 and 1.2) of reducing its carbon intensity to 1.41 tCO₂e/t by 2027, achieving an average compound reduction of 12% per year between 2021 and 2027.
- SPT 2.1: Increase the percentage of scrap in the total aluminium inputs processed to 78% by 2023
- SPT 2.2: Increase the percentage of scrap in the total aluminium inputs processed to 79% by 2024
- Additionally, the Group has set a long-term target (outside of the scope of SPTs 2.1 and 2.2) of increasing the percentage of scrap in the total aluminium inputs processed to 83% by 2027, achieving an average compound increase of 11% per year between 2021 and 2027.

Sustainalytics considers the SPTs to be aligned with Vasconia's sustainability strategy.

Vasconia has identified 21 material issues that are most relevant to the Group's businesses, among which operational eco-efficiency, environmental policy and management systems, and circularity and product stewardship are considered as the top-3 environmental material issues.

In order to address operational eco-efficiency, Vasconia has committed to reduce its carbon emissions through promoting management systems, reducing the consumption of natural resources, and promoting high energy efficiency in the Group's operations and supply chain. From 2019 to 2020, the Group achieved 13.81% reduction in carbon intensity. Vasconia's SPT 1 addresses the Group's commitment and aligns with the Group's sustainability strategy.

Regarding SPT 2, Vasconia's strategy of product stewardship focuses on increasing the use of scrap and the procurement of low-carbon aluminium slabs that come from smelters powered by renewable energy sources. Vasconia has committed to increasing the percentage of scrap used to produce aluminium to 79% and further aims to maintain existing circularity, as 100% of Vasconia Brands' aluminium comes from Almexa and 100% of Vasconia Brands' aluminium scrap is recycled back to Almexa.¹⁸

Strategy to Achieve the SPTs

Vasconia intends to achieve the SPTs through the following strategy:

SPT 1: (1.1) Achieve a carbon intensity of 2.36 tCO₂e/t by 2023, and (1.2) Achieve a carbon intensity of 2.08 tCO₂e/t by 2024

- To reach the carbon intensity goal, Vasconia intends to implement multiple key strategies such as investments in new melting furnaces, renewable energy procurement and green sourcing.
- Vasconia intends to reduce its scope 1 emissions mainly by investments in new melting furnaces. Specifically, Almexa will invest in applying new technology of melting furnaces in Veracruz to improve energy use efficiency and monitoring the efficiency of combustion of burns to take advantage of total calorific power. In addition, VB plans to replace natural gas burns with infrared burns to eliminate natural gas consumption.
- Vasconia aims to reduce its scope 2 GHG emissions by investing in on-site solar power generation, implementation of power purchase agreements and energy efficiency measures, such as deploying electric forklifts, LED lighting, cooling systems automation and new technologies in melting furnaces.

¹⁸ The Grupo Vasconia S.A.B. Sustainability-Linked Financing Framework is available on Grupo Vasconia S.A.B.'s website at: <https://www.grupovasconia.com/reportes-asg/>

- Vasconia plans to reduce its scope 3 emissions by implementing and reinforcing its green sourcing strategy. Almexa is committed to sourcing primary aluminium based on low-carbon aluminium slabs from suppliers using renewable energy sources. Moreover, Almexa intends to increase the percentage of scrap in aluminium input, enhance new facilities' capacity to process scrap, continue to incorporate scrap in production process and expand its scrap supply base.

SPT 2: (2.1) Increase the percentage of scrap in the total aluminium inputs processed to 78% by 2023, and (2.2) Increase the percentage of scrap in the total aluminium inputs processed to 79% by 2024

- To achieve SPT 2, the Group intends to increase the proportion of recycled aluminium inputs with lower CO₂ content by leveraging enhanced technologies. In line with this strategy, in 2022, the Group opened a new factory in Veracruz that is designed to substantially increase scrap aluminium usage in the production process. The plant makes use of furnaces that are specialized in recycling, allowing Almexa to increase the scrap usage in its aluminium input mix in comparison with the two existing plants in Mexico City. These existing plants will continue to use the same shares of scrap as in the past, but the new plant will operate primarily using scrap. The actions to achieve SPT 2 are aligned with the Group's Green Products Initiative in its sustainability strategy.

Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of the SPTs, Sustainalytics considers (i) whether the SPTs go beyond a business-as-usual trajectory, ii) how the SPTs compare to targets set by peers, iii) and how the SPTs compare with science.¹⁹

SPT 1: (1.1) Achieve a carbon intensity of 2.36 tCO₂e/t by 2023, and (1.2) Achieve a carbon intensity of 2.08 tCO₂e/t by 2024

Vasconia has set the baseline for SPT 1 at 2021, which is the most recent comparable data available.

Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance and peer analysis.

- Between 2019 and 2021, Vasconia demonstrated an average annual reduction of approximately 38% in its GHG emissions intensity. To achieve SPTs 1.1 and 1.2, Vasconia must achieve an average annual reduction of approximately 11% in its GHG emissions intensity between the baseline year and 2023 and 2024 respectively. Sustainalytics considers this reduction as aligned with historical performance given that Vasconia achieved a strong year-on-year reduction of 72% in 2021 compared to 2020, which results in a high-level baseline.
- Sustainalytics analyzed the performance of six of Vasconia's industry peers, which includes a set of companies involved in value-added aluminium production. Based on this analysis, Sustainalytics is of the opinion that SPT 1 is above similar targets set by peers.

SPT 2: (2.1) Increase the percentage of scrap in the total aluminium inputs processed to 78% by 2023, and (2.2) Increase the percentage of scrap in the total aluminium inputs processed to 79% by 2024

Vasconia has set the baseline for SPT 2 at 2021, which is the most recent comparable data available.

Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance and peer analysis.

- Between 2019 and 2021, Vasconia demonstrated an average annual increase of approximately 9% in the percentage of scrap in the total aluminium inputs processed. To achieve SPTs 2.1 and 2.2, Vasconia must achieve an average annual increase of 16.5% and 11.3% between the baseline year and 2023 and 2024 respectively. Sustainalytics considers this increase to be above historical performance.
- Among a sample of Vasconia's peer group, which comprised value-added aluminium producers in the North American region, only one peer in the sample had set targets that were indirectly comparable with SPT 2. While noting the insufficiency of comparable targets in the sample, Sustainalytics recognizes the potential of SPT 2 to create positive environmental impact in the aluminium processing industry and considers it to be above the equivalent targets set by the Group's peers.

¹⁹ We refer here to contextual benchmarks that indicate alignment of targets with ecosystem boundaries.

Overall Assessment

Sustainalytics considers the SPTs to align with Vasconia’s sustainability strategy. Sustainalytics considers SPT 1 to be ambitious given that it aligns with past performance and market best practice.

Sustainalytics considers Vasconia’s SPT 2 to be highly ambitious given that it presents a material improvement compared to its historical performance and is above peer performance.

SPT	Ambitiousness of SPT			
SPT 1.1: Achieve a carbon intensity of 2.36 tCO ₂ e/t by 2023	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 1.2 Achieve a carbon intensity of 2.08 tCO ₂ e/t by 2024	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 2.1: Increase the percentage of scrap in the total aluminium inputs processed to 78% by 2023	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 2.2 Increase the percentage of scrap in the total aluminium inputs processed to 79% by 2024	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious



Bond and/or Loan Characteristics

Vasconia has disclosed that it will link the financial characteristics of any security issued or debt raised under the Framework to the achievement of the SPTs. The financial characteristics may include a one-time 25 bps step-up over the existing coupon rate, as applicable, if: (i) any of the KPIs does not reach the respective SPTs on the relevant target observation date, (ii) the Group fails to provide the KPI performance report within 120 days following year end of 2024, or (iii) any of the KPIs cannot be calculated.

Specific details on the financial characteristics selected for each financial instrument will be specified in the Group’s respective bond or loan documentation. Sustainalytics does not opine on the adequacy of the penalty imposed for not achieving the set SPTs.

Reporting



Grupo Vasconia commits to report on an annual basis on its performance of the KPIs in a sustainability report published on its website. The report will also include a third-party validation report outlining performance against SPTs, its impact on instruments’ financial characteristics, the performance impacts related to sustainability, as well as any information enabling investors to monitor the level of ambition of the SPTs. The reporting commitments are aligned with market expectations.



Verification

Vasconia commits to have an external verifier provide limited assurance from an independent and external auditor for the assessment of annual performance of each KPI and achievement of the respective SPTs on the target observation date. The Group is additionally committed to obtaining, on a best-effort basis, a reasonable assurance for the assessment. This is in line with market expectations.

Alignment with the Climate Transition Finance Handbook 2020

Sustainalytics has assessed Vasconia’s alignment with the recommendations of the Climate Transition Finance Handbook and considers the Group’s transition strategy to be aligned. Sustainalytics highlights the following key elements of the assessment:

Key Elements	ICMA Recommendation	Sustainalytics’ Assessment	
Issuer’s climate transition strategy and governance	<ul style="list-style-type: none"> - Transition strategy to address climate-related risks and contribute to alignment with the goals of the Paris Agreement - Relevant interim targets towards long-term goal - Governance of transition strategy 	<ul style="list-style-type: none"> - Vasconia’s sustainability strategy sets out climate transition and decarbonization commitments and actions focused on changing suppliers to procure aluminium from smelters that use renewable energy, investing in renewable energy, the implementation of energy efficiency measures and increasing the use of recycled aluminium. - The Group has set a long-term goal of climate change mitigation initiatives and is currently aligned with the Transition Pathway Initiative for the aluminium industry to keep global temperature rise to well below 2°C. For a detailed assessment of Vasconia’s sustainability strategy, refer to Section 2. - In 2019, the Group’s newly appointed management team started developing a sustainability strategy. In 2021, Vasconia established a Sustainability Committee comprised of the CEOs of Almeda and Vasconia Brands, the CFO, along with other senior managers and ESG specialists. The Committee is responsible for defining and maintaining the Group’s sustainability strategy. The responsibilities of the Sustainability Committee also include ensuring investments to reach emissions goals, managing the risks of the Group’s projects and actions and their impact on the environment and community, and reporting on the progress of the Group’s ESG performance. In addition, a member of the board of directors is tasked with overseeing the implementation of the sustainability strategy. Vasconia has a defined governance structure to develop and oversee the Group’s sustainability roadmap with specific milestones in 2025 and 2030, including the performance and achievement of climate transition goals. 	Aligned
Business model environmental materiality	<ul style="list-style-type: none"> - Transition trajectory should be relevant to the environmentally-material parts of the issuer’s business model 	<ul style="list-style-type: none"> - With the core business in aluminium processing, Vasconia is an energy- and carbon-intensive company. Therefore, the decarbonization of its operations and value chain, as embedded in its sustainability strategy, is directly relevant to the environmentally material aspects of the Group’s business model. 	Aligned
Climate transition strategy to be science based, including targets and pathways	<ul style="list-style-type: none"> - Transition strategy should reference science-based targets and transition pathways 	<ul style="list-style-type: none"> - Through the SPT, Vasconia is setting a short- and medium-term emissions reduction target for its scope 1, 2 and 3 emissions, aligned with the TPI’s Below 2 Degrees scenario for the aluminium sector. - The Group has set a long-term goal of reaching, by 2050, at least a 2°C scenario of carbon intensity aligned with the TPI benchmark for the aluminium industry. 	Aligned
Implementation transparency	<ul style="list-style-type: none"> - Disclosure of capex and opex plans - Intended climate-related outcomes and impacts from expenditures 	<ul style="list-style-type: none"> - Vasconia is committed to disclose annually capex or any other trackable expense related to investments for achieving its sustainability strategy and environmental impacts, such as capex in energy efficiency and green energy. Moreover, Vasconia intends to report on the management of expenses related to ESG strategy on a quarterly basis in its financial reports. 	Aligned

		<p>- In addition, Vasconia commits to report annually on the climate-related outcomes of its strategy implementation, including performance on relevant KPIs as defined in the Framework, volume of aluminium processed, CO₂ emissions and green energy production.</p>	
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Section 2: Assessment of Vasconia’s Sustainability Strategy

Credibility of Vasconia’s Climate Transition Strategy

Sustainalytics recognizes that proceeds from issuances under the Framework would be for general corporate purpose use, which includes support of the Group’s initiatives for transitioning towards low-carbon operations. Within this context, Sustainalytics has assessed Vasconia’s climate transition strategy below:

Emission-Reduction Targets

The ICMA Climate Transition Finance Handbook recommends issuers to develop a climate transition strategy that includes short, medium and long-term emission reduction targets aligned with the Paris Agreement. Vasconia has set short and medium-term targets to reduce its GHG emissions intensity from 3.06 to 2.08 tCO₂e/t of aluminium processed by 2024, and further to achieve a GHG emissions intensity of 1.41 tCO₂e/t of aluminium processed by 2027.²⁰ The Group has disclosed that its sustainability strategy along with long-term targets will be reviewed in 2025 with a new materiality assessment. Sustainalytics considers the set targets to have a positive impact on Vasconia’s transition towards low-carbon operations.

Decarbonization Pathway and Implementation Plan

Vasconia’s climate transition strategy and decarbonization pathway are based on three pillars: energy efficiency, renewable energy and green sourcing. Regarding energy efficiency, the Group has been investing in upgrading its machinery and operating facilities. Vasconia plans to adopt automation processes in 2022 which are expected to reduce the operating time of cooling towers by 33%.²¹ The Group has also started to deploy LED lighting and high efficiency furnaces, and retrofitting existing ones to reduce its natural gas consumption and GHG emissions. Additionally, Vasconia is planning to invest in in-situ solar energy self-generation projects and implement power purchase agreements from 2023 to 2026.²² As for green sourcing, Vasconia has committed to have 83% of aluminium inputs as recycled aluminium scrap. Currently, recycled aluminium accounts for 66% of Almeda’s raw material and 80% of VB’s aluminium inputs, and the remainder of the primary aluminium consumed is sourced from green smelters.²³

Sustainalytics considers Vasconia’s climate transition strategy as credible and believes that it will support the Group to achieve its short, medium and long-term decarbonization targets.

Vasconia’s Environmental and Social Risk Management

Sustainalytics recognizes that Vasconia’s defined targets are impactful, but acknowledges that achieving the SPTs bears environmental and social risks related to emissions, waste and effluents, occupational health and safety, community relations and supply chain.

Sustainalytics comments below on Vasconia’s ability to mitigate such potential risks.

- Vasconia has in place Environmental and Social Management System (ESMS) under each of its divisions, environmental and social risks are identified and evaluated under the ESMS.²⁴ To address environmental risks related to air emissions, waste and effluents, Vasconia has obtained certifications which recognize its effort on environmental management, including the Industria Limpia (Clean Industry) certificate granted by the Federal Office for Environmental Protection in Mexico. Vasconia has also obtained the zero waste certification for minimizing its impact on the environment through resources conservation and responsible production and consumption of materials, packaging and products. Vasconia has in place EHS and quality teams that oversee the Group’s adoption of good environmental practices and compliance with applicable environmental laws.²⁵

²⁰ Grupo Vasconia S.A.B. Sustainability-Linked Financing Framework, at: <https://www.grupovasconia.com/reportes-asg/>

²¹ Grupo Vasconia S.A.B., “Sustainability Report 2021”, at: <https://www.grupovasconia.com/reportes-asg/>

²² Ibid.

²³ Ibid.

²⁴ Vasconia has shared with Sustainalytics, for its review, additional documentation pertaining to its risk mitigation practices.

²⁵ Grupo Vasconia S.A.B. Sustainability-Linked Financing Framework, at: <https://www.grupovasconia.com/reportes-asg/>

- Vasconia has developed a Safety, Health and Environmental Policy to prevent and mitigate occupational health and safety risks. The policy establishes safety and hygiene procedures, measures and requirements for employees and contractors and sets forth an emergency care plan. Vasconia also provides safety training to its workers. Additionally, the Group has installed safety devices on presses, riveters, drills and other equipment used in operations, and aluminium powder concentration sensors to guarantee operator safety.²⁶
- The Group's Code of Ethics addresses interpersonal and community relations focusing on conflicts of interest, confidentiality, conduct with clients, relations with competitors and social responsibility.
- Vasconia requires its suppliers to not be involved in illegal practices, such as money laundering and to remain in compliance with environmental and social obligations.²⁷

Based on the above, Sustainalytics considers that Vasconia has adequate management programmes and policies to mitigate risks that could arise in achieving the SPTs. Sustainalytics encourages Vasconia to further establish publicly available risk management policies.

Section 3: Impact of the SPTs

The Importance of reducing the emissions intensity of aluminium in the transition towards a low-carbon economy

Aluminium has the potential to be one of the key drivers of the global transition towards a low-carbon, circular economy. Aluminium can be recycled multiple times without affecting the metal's original properties:²⁸ an impressive 75% of the 1.5 billion tonnes of aluminium ever produced globally continue to be in use today.²⁹ Moreover, aluminium recycling requires a minimal 5% of the total energy that is used for the production of primary aluminium.³⁰ Aluminium use is projected to grow in the future, partly driven by the growing need to promote its use to replace plastic, wood, steel and copper, thus reducing emissions in these emissions-intensive sectors.³¹

An increased share of secondary aluminium in aluminium production has significant potential for reducing energy intensity of the industry.³² According to the International Energy Agency (IEA), the combined share of aluminium produced from new³³ and old³⁴ scrap should reach 40% by 2030 to be in line with achieving net zero by 2050.³⁵ The IEA also highlights the industry's need to reduce the emissions intensity of both primary and secondary aluminium production by 1.2% to achieve the same goal.³⁶

North America has the world's highest recycling input rate, with 57% of the metal produced in the region originating from scrap.³⁷ Between 1991 and 2016, the carbon footprint of primary aluminium production in the region declined by 49%, while the carbon footprint of recycled aluminium declined by 60%. In addition, the energy required to produce primary and recycled aluminium reduced by 27% and 49% respectively in the same period.³⁸ Therefore, the transition to circularity in the aluminium industry by increasing the recycling input rate is expected to play an important role in controlling global emissions and contributing towards achieving the climate targets set under the Paris Agreement.³⁹

Based on the above context, Sustainalytics expects Vasconia's efforts in increasing the share of recycled aluminium and reducing the carbon emissions intensity of its operations to contribute towards the decarbonization of the aluminium industry and more broadly to meeting global climate goals.

²⁶ Grupo Vasconia S.A.B., "Sustainability Report 2021", at: <https://www.grupovasconia.com/reportes-asg/>

²⁷ Grupo Vasconia S.A.B., "Code of Ethics", at: <https://www.grupovasconia.com/wp-content/uploads/Codigo-de-etica.pdf>

²⁸ European Aluminium, "Circular Aluminium Action Plan", at: <https://www.european-aluminium.eu/policy-areas/recycling-circular-economy/>

²⁹ World Aluminium, "Aluminium Recycling", at: https://www.world-aluminium.org/media/filer_public/2020/10/20/wa_factsheet_final.pdf

³⁰ ScienceDirect, "Aluminium Scrap", at: <https://www.sciencedirect.com/topics/engineering/aluminium-scrap#:~:text=The%20process%20of%20aluminium%20recycling,needed%20to%20produce%20new%20aluminium.>

³¹ European Aluminium, "Circular Aluminium Action Plan", at: <https://www.european-aluminium.eu/policy-areas/recycling-circular-economy/>

³² International Energy Agency, "Aluminium", at: <https://www.iea.org/reports/aluminium>

³³ New scrap refers to scrap arising from the various production stages of aluminium products before the aluminium product is sold to the final user. For more information: https://www.aluminium.org/sites/default/files/GAG_Terms_and_Definitions_-Edition_2009-01_-March_2009.pdf

³⁴ Old scrap refers to scrap arising from products after use. For more information: https://www.aluminium.org/sites/default/files/GAG_Terms_and_Definitions_-Edition_2009-01_-March_2009.pdf

³⁵ International Energy Agency, "Aluminium", at: <https://www.iea.org/reports/aluminium>

³⁶ Ibid.

³⁷ The International Aluminium Institute, "Aluminium Recycling", at: https://international-aluminium.org/wp-content/uploads/2021/01/wa_factsheet_final.pdf

³⁸ The Aluminum Association, "The Environmental Footprint of Semi-Fabricated Aluminium Products in North America", at: https://www.aluminum.org/sites/default/files/2022-01/2022_Semi-Fab_LCA_Report.pdf

³⁹ European Aluminium, "Vision 2050", at: https://www.european-aluminium.eu/media/2545/sample_vision-2050-low-carbon-strategy_20190401.pdf

Alignment with/contribution to SDGs

The Sustainable Development Goals were adopted by the United Nations General Assembly in September 2015 and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Grupo Vasconia S.A.B. Sustainability-Linked Financing Framework are expected to help advance the following SDGs and targets:

KPI	SDG	SDG Target
Carbon intensity (tCO ₂ e/t aluminium processed)	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
Percentage of scrap in total aluminium inputs processed (%)	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Conclusion

Vasconia has developed the Grupo Vasconia S.A.B. Sustainability-Linked Financing Framework under which it may issue sustainability-linked bonds and loans.

Vasconia intends to issue sustainability-linked instruments tying the coupon margin to the achievement of the following SPTs:

- (1) SPT 1: (1.1) Achieve a carbon intensity of 2.36 tCO₂e/t by 2023, and (1.2) Achieve a carbon intensity of 2.08 tCO₂e/t by 2024;
- (2) SPT 2: (2.1) Increase the percentage of scrap in the total aluminium inputs processed to 78% by 2023, and (2.2) Increase the percentage of scrap in the total aluminium inputs processed to 79% by 2024

Sustainalytics considers KPI 1, Carbon intensity of all aluminium-based products per tonne of aluminium processed (tCO₂e/t), to be very strong based on its scope of applicability, materiality, clear and consistent methodology used, the direct linkage to the Group's material issues and the ability to be compared with an external contextual benchmark. Sustainalytics considers KPI 2, Percentage of scrap aluminium in the total aluminium inputs processed by Almeda, to be strong based on its scope of applicability, materiality, clear and consistent methodology used and the direct linkage to the Group's material issues. Additionally, Sustainalytics considers SPT 1 to be ambitious and SPT 2 to be highly ambitious, based on Vasconia's past performance and peer performance.

Sustainalytics is of the opinion that the Grupo Vasconia S.A.B Sustainability-Linked Financing Framework is aligned with the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2022. Sustainalytics has also assessed Vasconia's alignment with the recommendations of the Climate Transition Finance Handbook and considers the Group's overall transition strategy to be aligned. Furthermore, Sustainalytics considers Vasconia's reporting and verification commitments to be aligned with market expectations.

Appendix 1: Sustainability-Linked Financing - External Review Form

Section 1. Basic Information

Issuer name: Grupo Vasconia S.A.B.

Sustainability-Linked Bond ISIN: Not known at time of publication

Independent External Review provider's name for second party opinion pre-issuance (sections 2 & 3): Sustainalytics

Completion date of second party opinion pre-issuance: June 27, 2022

Independent External Review provider's name for post-issuance verification (section 4): N/A

Completion date of post issuance verification: N/A

At the launch of the bond, the structure is:

- a step-up structure a variable redemption structure

Section 2. Pre-Issuance Review

2-1 SCOPE OF REVIEW

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

The review:

- assessed all the following elements (complete review) only some of them (partial review):
- | | |
|--|--|
| <input checked="" type="checkbox"/> Selection of Key Performance Indicators (KPIs) | <input checked="" type="checkbox"/> Bond characteristics (acknowledgment of) |
| <input checked="" type="checkbox"/> Calibration of Sustainability Performance Targets (SPTs) | <input checked="" type="checkbox"/> Reporting |
| <input checked="" type="checkbox"/> Verification | |
- and confirmed their alignment with the SLBP.

2-2 ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- | | |
|--|---|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Scoring/Rating |

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

2-3 EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Vasconia intends to issue sustainability-linked instruments tying the coupon margin to the achievements of the following SPTs:

- (1) SPT 1: Reach a carbon intensity (tCO₂e/t aluminium processed) of 2.08 by 2024;
- (2) SPT 2: Increase the percentage of scrap in total aluminium inputs processed to 79% by 2024.

Sustainalytics considers the KPI 1, carbon intensity (tCO₂e/t aluminium processed), to be very strong based on the clear definition and methodology, direct linkage to the Group’s material issues, and alignment with the TPI’s Below 2 Degrees scenario; and KPI 2, percentage of scrap in total aluminium inputs processed (%), to be strong based on its materiality, relevance, scope of applicability and adequacy to external benchmarking. Additionally, Sustainalytics considers SPT 1 to be ambitious and SPT 2 to be highly ambitious, based on Vasconia’s past performance, peer performance and alignment with science-based targets.

Sustainalytics is of the opinion that the Grupo Vasconia Sustainability-Linked Financing Framework is aligned with the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2022. Sustainalytics has also assessed Vasconia’s alignment with the recommendations of the Climate Transition Finance Handbook and considers the Company’s overall transition strategy to be aligned. Based on the above, Sustainalytics is confident that Vasconia is well-positioned to issue sustainability-linked bonds and loans.

Section 3. Detailed pre-issuance 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.

3-1 SELECTION OF KEY PERFORMANCE INDICATORS (KPIs)

Overall comment on the section (if applicable):

Sustainalytics considers KPI 1, Carbon intensity of all aluminium-based products per tonne of aluminium processed (tCO₂e/t), to be very strong given that the KPI (i) is a direct measure of Vasconia’s performance on a material environmental issue, (ii) has a high scope of applicability, (iii) follows a clear and consistent methodology, and (iv) lends itself to be compared against an external GHG emissions reduction trajectory.

Sustainalytics considers KPI 2, Percentage of scrap aluminium in the total aluminium inputs processed by Almeda, to be strong based on the assessment that the KPI (i) is a direct measure of Vasconia’s performance on a material environmental issue, (ii) has a high scope of applicability, and (iii) follows a clear and consistent methodology.

List of selected KPIs:

- Carbon intensity of all aluminium-based products per tonne of aluminium processed (tCO₂e/t)
- Percentage of scrap aluminium in the total aluminium inputs processed by Almeda

Definition, Scope, and parameters

- | | | | |
|-------------------------------------|--|-------------------------------------|-------------------------------|
| <input checked="" type="checkbox"/> | Clear definition of each selected KPIs | <input checked="" type="checkbox"/> | Clear calculation methodology |
| <input type="checkbox"/> | Other (please specify): | | |

Relevance, robustness, and reliability of the selected KPIs

- | | | | |
|-------------------------------------|--|-------------------------------------|---|
| <input checked="" type="checkbox"/> | Credentials that the selected KPIs are relevant, core and material to the issuer’s sustainability and business strategy. | <input checked="" type="checkbox"/> | Evidence that the KPIs are externally verifiable |
| <input checked="" type="checkbox"/> | Credentials that the KPIs are measurable or quantifiable on a consistent methodological basis | <input checked="" type="checkbox"/> | Evidence that the KPIs can be benchmarked |
| | | <input checked="" type="checkbox"/> | Other (please specify): Sustainalytics notes that there is no external benchmark available for comparison against performance on KPI 2. |

3-2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

Overall comment on the section (if applicable):

Sustainalytics considers the SPTs to align with Vasconia’s sustainability strategy. Sustainalytics considers SPT 1 to be ambitious given that it aligns with past performance and market best practice.

Sustainalytics considers Vasconia’s SPT 2 to be highly ambitious given that it presents a material improvement compared to its historical performance and is above peer performance.

Rationale and level of ambition

- | | |
|--|---|
| <input checked="" type="checkbox"/> Evidence that the SPTs represent a material improvement | <input checked="" type="checkbox"/> Credentials on the relevance and reliability of selected benchmarks and baselines |
| <input checked="" type="checkbox"/> Evidence that SPTs are consistent with the issuer’s sustainability and business strategy | <input checked="" type="checkbox"/> Credentials that the SPTs are determined on a predefined timeline |
| | <input type="checkbox"/> Other (please specify): |

Benchmarking approach

- | | |
|--|--|
| <input checked="" type="checkbox"/> Issuer own performance | <input checked="" type="checkbox"/> Issuer’s peers |
| <input type="checkbox"/> reference to the science | <input type="checkbox"/> Other (please specify) |

Additional disclosure

- | | |
|--|---|
| <input type="checkbox"/> potential recalculations or adjustments description | <input checked="" type="checkbox"/> issuer’s strategy to achieve description |
| <input type="checkbox"/> identification of key factors that may affect the achievement of the SPTs | <input checked="" type="checkbox"/> Other (please specify): Comparison with business-as-usual, international standards and peers. |

3-3 BOND CHARACTERISTICS

Overall comment on the section (if applicable):

Vasconia has disclosed that it will link the financial characteristics of any security issued or debt raised under the Framework to the achievement of the SPTs. The financial characteristics may include a one-time 25 bps step-up over the existing coupon rate, as applicable, if: (i) any of the KPIs does not reach the respective SPTs on the relevant target observation date, (ii) the Group fails to provide the KPI performance report within 120 days following year end of 2024, or (iii) any of the KPIs cannot be calculated.

Specific details on the financial characteristics selected for each financial instrument will be specified in the Group’s respective bond or loan documentation. Sustainalytics does not opine on the adequacy of the penalty imposed for not achieving the set SPTs.

Financial impact:

- variation of the coupon
- Other (please specify):

Structural characteristic:

- Other (please specify):

3-4 REPORTING

Overall comment on the section (if applicable):

Grupo Vasconia commits to report on an annual basis on its performance of the KPIs in a sustainability report published on its website. The report will also include a third-party validation report outlining performance against SPTs, its impact on instruments' financial characteristics, the performance impacts related to sustainability, as well as any information enabling investors to monitor the level of ambition of the SPTs. The reporting commitments are aligned with market expectations.

Information reported:

- | | |
|--|---|
| <input checked="" type="checkbox"/> performance of the selected KPIs | <input checked="" type="checkbox"/> verification assurance report |
| <input checked="" type="checkbox"/> level of ambition of the SPTs | <input type="checkbox"/> Other (please specify): |

Frequency:

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

Means of Disclosure

- | | |
|--|--|
| <input type="checkbox"/> Information published in financial report | <input checked="" type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Information published in the annual sustainability report will be publicly available on the Company's website. |
| <input checked="" type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): KPI performance and progress towards achieving their SPTs will be verified by an independent third party. | |

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

Level of Assurance on Reporting

- | | |
|---|--|
| <input checked="" type="checkbox"/> limited assurance | <input type="checkbox"/> reasonable assurance |
| | <input checked="" type="checkbox"/> Other (please specify): The Company is committed to achieving, in its best effort, a reasonable assurance. |

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

<https://www.grupovasconia.com/reportes-asg/>

Section 4. Post-issuance verification

Overall comment on the section (if applicable):

Information reported:

- | | |
|--|--|
| <input type="checkbox"/> limited assurance | <input type="checkbox"/> reasonable assurance |
| | <input type="checkbox"/> Other (please specify): |

Frequency:

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

Material change:

- | | |
|---|--|
| <input type="checkbox"/> Perimeter | <input type="checkbox"/> KPI methodology |
| <input type="checkbox"/> SPTs calibration | |

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These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 25 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 800 staff members, including more than 300 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

Or contact us contact@sustainalytics.com

