

SECOND PARTY OPINION SUSTAINABLE DEVELOPMENT GOALS (SDG) BOND

- ▶ **Vinte**
- ▶ **Ciudad de México, México.**
- ▶ **Noviembre, 2020.**



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▶ **Verification details**

TYPE OF ENGAGEMENT: SECOND PARTY OPINION
 PERIOD ENGAGEMENT WAS CARRIED OUT: NOVEMBER 2020.
 APPROVED VERIFIER: PACIFIC CORPORATE SUSTAINABILITY – PACIFIC CREDIT RATING GROUP
 PRE-ISSUANCE ENGAGEMENT LEADER: SANDRA CARRILLO SCARRILLO@PCSLATAM.COM.



VINTE SUSTAINABLE DEVELOPMENT GOALS (SDG) BOND

1. Introduction

Vinte Viviendas Integrales ("Vinte") is a vertically integrated Mexican real estate company with presence throughout the value chain of the housing business, from land acquisition, obtaining authorizations and feasibility, to urbanization, design, construction and commercialization of homes, as well as the generation of life in community. With over 17 years in operation, Vinte develops sustainable housing projects under the integral communities concept that offers its residents a higher quality of life. Infrastructure, roads, educational facilities, shopping centers, and recreational areas are strategically distributed and harmoniously integrated within the existing urban fabric, while also providing connectivity services, sustainable housing technology, and community development.

Vinte has developed a **Sustainable Development Goals Bond Framework** (SDG) in accordance with United Nations SDG Standards for Bonds. Such standards help to align environmental and social impact projects with the SDGs and their respective outcomes, making it possible for proceeds to be directed to finance or refinance development projects of sustainable communities, existing or future, built by Vinte in Mexico, that are focused on contributing to the following SDGs:

- SDG 4: Quality Education.
- SDG 5: Gender Equality
- SDG 6: Clean Water and Sanitation.
- SDG 7: Affordable and clean energy.
- SDG 8: Decent work and economic growth.
- SDG 10: Reduced inequalities.
- SDG 11: Sustainable cities and communities.
- SDG'S 12: Responsible consumption and production.

PCS has evaluated Vinte SDG Bond Framework, in its alignment with the Green Bond Principles, Social Bond Principles and the Sustainability Bond Guidelines of International Capital Market Association (ICMA) and the SDG Impact Standards for Bonds. In addition, it has assessed the transparency of the company SDG Bond Framework to track the progress on the SDGs.

As part of this commitment, PCS conducted interviews with company leaders to understand the sustainability impact of their business processes and the planned use of revenue, as well as revenue management and reporting of the SDG Bond Framework.

This document contains the opinion of PCS on the SDG Bond Framework and should be read joint with that framework.

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2. Verification scope

The report is aligned with the following standards, Green Bond Principles, Social Bond Principles, the Sustainability Bond Guidelines by the International Capital Market Association (ICMA) and the SDG Impact Standards for Bonds. The external review developed by PCS involves a comprehensive assessment of environmental aspects and compliance with international standards directly related to the specific characteristics of the project to be certified.

The following principles have been included in the assessment:

- The use of resources.
- Project selection and evaluation.
- Resource management.
- Reporting.

In order to meet the requirements of the SDG Impact Standards for Bonds standard, it was revised the compliance with the following components in relation to the contribution to SDG'S:

- Strategic intent and setting impact targets.
- Impact measurement and management.
- Transparency and comparability.
- Context and Governance.

3. Performed Procedures

Procedures undertaken for this verification included interviews with key staff and reviews of internal and public documents have been carried on the following aspects:

1. PCS's review included an examination of the relevant procedures, policies, and processes, as well as verification of the data provided by the issuer.
2. The issuer provided an overview over the project nominated and the relevant processes and documentation regarding the proceeds (e.g. use of proceeds, management of proceeds) to PCS.
3. Revision of the SDG Bond Framework, including existing processes, systems and controls for bond income management.
4. Review of the assets it intends to associate with the Sustainability Bonds and its compliance with the pre-issuance eligibility requirements set out in the Green Bond Principles, Social Bond Principles, the Sustainability Bond Guidelines by the International Capital Market Association (ICMA) and the SDG Impact Standards for Bonds.

This document contains the opinion of Pacific Corporate Sustainability Latam (the verifier). It should be noted that this document does not express any conclusions on the execution of the bond outside the scope described.

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4. PCS's Opinion on Vinte SDG Framework

PCS is of the opinion that Vinte creates a significant impact on SDG'S through innovative solutions that consequently benefit stakeholders and the environment.

Specific elements of the Framework that demonstrate alignment with SDG Impact Standards for Bonds include:

- **Strategic Intent and Impact Goal Setting:** Vinte has defined the impact of the "VINTE 20X SDG" emission on eight SDGs, stating its contribution to solutions towards achieving the SDGs 11, 6, 7, 12, and its efforts to benefit stakeholders in relation to the SDGs 4, 5, 8 and 10. Vinte has demonstrated that the impact intentions on SDGs are aligned with the company's comprehensive business plan and policies and start from the current performance and are evident in the SDG Bond Framework and Sustainability Reports, as well as a high alignment with Mexico's Sustainable Development agenda.
- **Impact Measurement and Management:** Vinte is a pioneer in sustainability bond issuance in the real estate market in Latin America. Being the fourth issuance of a Sustainability Bond in the last 3 years and the first one related to the SDGs, Vinte has consolidated a highly trained team to manage the SDGs Bond Program, as well as the appropriate resources and management systems. The company has incorporated eligibility criteria for its Sustainability Bond issuances that have been aligned to specific and realistic SDG targets. Vinte conducts ex ante assessments prior to the execution of each project, including due diligence processes for future expected impacts as a result of its performance around prioritized SDGs.
- **Transparency and Comparability:** The SDG Bond Framework details impact intentions on SDGs, strategic impact objectives, impact management practices, governance and eligibility criteria. Vinte uses the Sustainability Report as a management tool, stakeholder transparency, consistency and comparability in its issuance performance information.
- **Context and Governance:** Vinte's governance processes provide the right context to promote the impact on SDGs, highlighting the formation of a high-level Sustainability Committee, which ensures that there is an alignment between issuances and the business model, as well as the sustainability policy and commitment included in the SDG Bond Framework.

As Vinte's fourth Sustainability Bond, there is also a satisfactory performance on the Sustainability Bond Guidelines by ICMA, highlighting the following:

- **Selection Criteria:** Vinte's net sustainability bond resources will be used to finance or refinance development projects of sustainable communities, existing or future, built by Vinte in Mexico.
- **Fund Management:** The net resources of the Issue will be monitored through an internal process according to which the balance of such resources and their use will be reported on an annual basis.
- **Report:** Vinte will publish on an annual basis, on its website (<http://www.vinte.com/>), a Sustainability Bond Report. Where possible, the Sustainability Bond Report will include qualitative and quantitative environmental and social performance KPI's of eligible projects. As an authorized verifier by the Climate Bonds Initiative, PCS ensures that the results of the report are of the highest quality and reflect an impartial process of reviewing current guidelines.

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5. Sustainability Strategy of the Issuer

According to PCS' independent Environmental, Social, and Governance (ESG) research, Vinte has strong environmental and social management linked to the management of the SDGS Bond Program.

- Environmental performance:** Vinte has made a commitment to the protection of the environment and the fulfillment of environmental obligations reflected in its "Environment Policy and Social Responsibility", in order to minimize the social and environmental impacts of real estate projects. Vinte applies the best practices in the industry with an environmental protection vision and efficient use of natural resources through its comprehensive environmental management program. In 2020, 3,916 units were EDGE Certified with 32% energy efficiency, 41% water efficiency, 68% material efficiency and 0.61 savings in annual CO₂/unit (ton) emissions. This represents a total saving of 2,408 tons of CO₂ per year, and 212,760 m³ in water savings per year. It should be noted that through these efficiencies Vinte contributes to the development of an economy with low greenhouse gas (GHG) emissions and resilient to climate change.
- Social Performance:** Vinte establishes in its Environment and Responsibility policy and in the guidelines of its Sustainability Committee its purpose of raising the quality of life of people, promoting integral housing developments, provide them with high quality technology, equipment and amenities that promote the development of community life. This purpose is reflected in the procedures for the use of funds from the SDG Bond Framework, which focuses as a population on low- to middle-income individuals or families (consolidated household income) that is under-released in financial services and only has access to mortgage financing through government entities, such as the National Housing Fund Institute (Infonavit) and the Housing fund of the Institute of Security and Social Services of State Workers (Fovissste). In 2003, Vinte was the first to provide houses for low-income families equipped with internet access and a computer by including the corresponding equipment within housing finance, thus driving the reduction of technological gaps in Mexico.
- Governance performance:** The organization has at the level of executive management a Sustainability Committee that addresses sustainability and social issues. It has policies relevant to investment activities that consider environmental and social impacts and exclude certain investment activities based on the identification of Environmental and Social Risks and communicate externally the progress towards its social and environmental objectives.

6. Impact of the Sustainable Development Goals Bond

The SDG Bond Framework establishes a clear alignment between eligible categories to make a significant contribution to the SDGs. It should be noted that Vinte has set 26 SDGs goals that are realistic and start from the current performance and impact demonstrated in the SDG Bond Framework and Sustainability Reports.

The following are the most relevant impacts on each prioritized SDG:

- SDG 4**

Within the SDG Bond Framework, Vinte includes the construction and donation of quality schools according to the population demand. The company has built 754 school classrooms for 28 donated schools. It is important to mention that Vinte conducted a validation study on a sample of the donated schools, which scored the highest academic performance in her region, this study was developed by PwC.

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- **SDG 5**

Vinte promotes the inclusion and development of women in the construction sector. At the end of 2019, 43% of Vinte's administrative employees were women, of whom 59% were in leadership positions. The percentage of female workers on a fixed-time construction contract increased by 3% between 2018 and 2019. Vinte will continue to promote the equitable inclusion of women in a predominant male sector.

- **SDG 6**

As part of its Sustainable Housing Model, Vinte provides its communities with water treatment infrastructure, as well as for recharging aquifers through wells and lagoons that allow at least 80% rainwater to be recovered. Vinte has built 9 treatment plants and 323 rainwater collection systems supporting natural aquifers. Also, Vinte's EDGE certified homes achieve savings of 212,760 m³/year of total water.

- **SDG 7**

All Vinte communities have access to modern public energy services. Access to energy through natural gas has been eliminated in hybrid housing and alternative energy technologies have been included. These houses obtained EDGE Advanced Certification which requires a reduction in energy use of 40%, having obtained 57%. Vinte is a pioneer as the first homebuilder to receive the EDGE certification by the IFC in 2012. As of the writing of this report, 3992 Vinte homes have been EDGE certified.

- **SDG 8**

Vinte promotes inclusive and sustainable economic growth by providing access to decent employment. The company complies with the labor obligations of all its workers. In 2019, the company employed 2447 employees, 61% construction workers and 39% administrative staff. As of December 31, 2019, 100% of the company's construction workers were affiliated with various labor unions in Mexico. Relations between the Company and these unions are cordial, the Company has never experienced a labor strike, nor any relevant such conflicts that direct or significantly causes delays related to an employment matter. During 2019, 36 training courses and workshops were held for Vinte staff and collaborators, with a total of 2,368 employee participations.

- **SDG 10**

Vinte's target population are individuals or families with low to high middle incomes (consolidated household income). Most of this target population is neglected in financial services and only has access to mortgage financing through government entities such as Infonavit and Fovissste. According to the socioeconomic classification AMAI (Mexican Association of Market Research and Public Opinion), these target population levels are defined from "A" to "E", where level A is the highest and the E is the lowest. Vinte's household population ranges from C+ to D, which accounts for 83% of the Mexican population (AMAI source).

- **SDG 11**

Throughout its history, Vinte has increased the benefits to its customers, with the aim of increasingly improving the quality of life of people, has built and donated 72 km of roads and road infrastructure, built and donated 7 medical clinics, in the Vinte communities, families have access to safe spaces, inclusive and with recreational green areas for women and children, the elderly and people with disabilities. During 2020, Vinte has built more than 43,442 m² of green areas (equipped parks), planted 740 trees and invested \$33.3 million in road infrastructure and \$192 million in sustainable urbanization and urbanization development (roads, underground installation, water, wastewater, PTAR, schools, health, etc.).

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- **SDG 12**

Vinte seeks to reduce ecological footprint through efficient management of natural resources, its houses "Hybrid, Zero Gas", generated efficiencies of 57% in energy, 37% in water, 63% in materials, 1.31 savings in CO2 annual emissions/unit (ton). Vinte's homes are built using sustainable materials, being a pioneer as the first homebuilder to receive the EDGE certification by the IFC in 2012. As of the writing of this report, 3992 Vinte homes have been EDGE certified with 67% efficiency in the use of sustainable materials. Vinte establishes environmental requirements for the development of community projects that include the use of certain sustainable building materials; the inclusion of efficient lighting equipment (LEDs), efficient toilets, efficient irrigation machines and sinks, efficient step heater and insulating snout or efficient thermal system; the construction of infrastructure for water treatment, as well as for the recharging of aquifers through wells and lagoons that recover at least 80% of the rain water.

7. Conclusion

Vinte has developed a SDG Bond Framework aligned with the SDG Impact Standards for Bonds to finance or refinance development projects of sustainable communities, existing or future, built by Vinte in Mexico to provide solutions to achieve SDGs 11, 6, 7, 12 and to benefit stakeholders in line with SDGs 4, 5, 8 and 10.

PCS considers Vinte's SDGs Bond Framework is credible and transparent and aligned with 2018 Sustainability Bond Guidelines by ICMA and SDG Impact Standards by UN. PCS also believes that it transparently links projects and eligibility criteria to SDGs and commits Vinte to transparently report on social and environmental impact metrics, and to contribute towards SDGs throughout the term of the bond.

8. Independence and Quality Control

PCS's commitment to impartiality and quality assurance is established in its policies, procedures and management structure, including information management in accordance with the International Standard on Assurance Engagements (ISAE 3000) established by the International Auditing and Assurance Board (IAASB) of the International Federation of Accountants (IFAC).

PCS nor any member of the verifier team is involved in any way in the issuance or management of Vinte Sustainability Bonds. PCS has applied internal procedures to confirm that there are no conflicts of interest for this verification commitment.

Annex A: SDG IMPACT STANDARDS FOR BONDS COMPLIANCE REQUIREMENTS

Pre-Issuance certification check list

Standard	Item	Clause	Results	Compliance
STRATEGIC INTENT AND IMPACT GOAL SETTING	1	1.1	Vinte has defined the impact of the "Vinte 20X SDG" broadcast on eight Sustainable Development Goals (SDG). Vinte's business model has proven to contribute solutions to achieve SDGS 11, 6, 7, 12 while SDGS 4, 5, 8 and 10 are geared towards benefiting stakeholders.	Meets
		1.2	Vinte has demonstrated that impact intentions on SDGS are realistic and start from the current performance and impact demonstrated in the SDG Bond Framework and Sustainability Reports. The business model aligns with the company's strategic objectives, which has led to a clear identification of the interest groups that will benefit are individuals or families with low to high incomes (consolidated household income). According to the socioeconomic classification AMAI (Mexican Association of Market Research and Public Opinion), these target population levels are defined from "A" to "E", where level A is the highest and the E is the lowest. Vinte's household population ranges from C+ to D, which accounts for 83% of the Mexican population (AMAI source).	Meets
		1.3	Vinte's issuance is highly aligned with Mexico's Sustainable Development agenda, as well as the prioritization of SDGS established by the Mexican Chamber of the Construction Industry (CMIC).	Meets
		1.4	Vinte's SDG Bond Framework has incorporated an analysis regarding risk management in the business and its Sustainable value chain.	Meets
		1.5	Vinte SDG Bond Framework has defined internal processes to periodically review the intentions and strategies linked to SDGS, based on evidence and monitoring of results.	Meets
		1.6	Vinte's issuance, and its intention to impact the SDGs, is aligned with the company's comprehensive business plan and policies.	Meets
IMPACT MEASUREMENT	2	2.1	Vinte is a pioneer in Sustainability Bond issuance in the real estate sector in Latin America. Being the third Sustainable issue in the last 3 years, it has consolidated a highly trained	Meets

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AND MANAGEMENT			team to manage the SDG'S Bond Program, as well as the appropriated resources and management systems.	
		2.2	The SDG Bond Framework demonstrates an effective process for identifying and monitoring stakeholders most impacted by the issuance.	Meets
		2.3	The SDG Bond Framework details the information management system, incorporating mechanisms for the collection, verification of the quality of information, matters related to ethics, and use of data and publication.	Meets
		2.4	The SDG Bond Framework includes team training to incorporate learned lessons, periodic feedback, and improvements to the impact management of the SDG Bonds program.	Meets
	3	3.1	Vinte has incorporated eligibility criteria for its Sustainability Bond issuances. The process of adapting to the SDG Standards has made alignment with specific goals and Sustainable Development KPIs more tangible.	Meets
		3.2	Vinte conducts ex ante evaluations prior to the execution of each project, including due diligence processes for future expected impacts as a result of its performance. It has also developed a baseline on the impacts that currently generates on prioritized SDG's.	Meets
		3.3	Vinte has successfully met eligibility criteria around sustainability based on previous certifications labeled.	Meets
		3.4	Vinte has carried out a credible baseline around prioritized SDGs, based on the impact of its business model, as well as achievable emission targets.	Meets
		3.5	Vinte has defined achievable targets for each of the prioritized SDS, for which it has been based on measuring its current performance and available evidence.	Meets
		3.6	Vinte has incorporated a periodic review process of the prioritized SDGs, based on its information management system and the appointment of a person for periodic review of KPIs.	Meets
	4	4.1	Vinte's SDG Bond Program's ex-post impact management processes systematically measure, monitor and evaluate the performance of the actual impact of the issue.	Meets
		4.2	As mentioned in the Reporting section of the Framework of Reference, the ex-post impact of Vinte's SDP Bond Program	Meets

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			has and follows a predefined process for taking appropriate action when the management system indicates that the expected impact on issuance is no longer expected.	
		4.3	Activities that are reassigned or eliminated for not contributing to the purpose of impact of the issuance will continue to be included as a reference in the reports to promote the integrity and transparency of the issuance.	Meets
		4.4	As mentioned in the SDG Bond Framework, Vinte will be held accountable for the immediate and sustained impacts on stakeholders if there was a change in any originally planned strategy or activities.	Meets
TRANSPARENCY AND COMPARABILITY	5	5.1	The SDG Bond Framework details the impact intentions on SDGs, strategic impact objectives, impact management practices, governance, and eligibility criteria.	Meets
		5.2	Vinte publishes annually a Sustainability Report which demonstrates its comprehensive performance and includes the results of each sustainability bond issue.	Meets
		5.3	Vinte uses the Sustainability Report as a management tool, stakeholder transparency, consistency and comparability in issuance performance information.	Meets
CONTEXT AND GOVERNANCE	6	6.1	The Issuer's governance processes provide the right context to promote the impact on SDGs, highlighting the formation of a high-level Sustainability Committee, which ensures that there is a alignment between issuances and the business model, as well as the policy and commitment to sustainability that is included in the SDG Bond Framework.	Meets
		6.2	The Sustainability Committee is the governing body involved in decision-making and has effective oversight of Vinte's practices and Sustainability Bond issuances.	Meets

Annex B: External Verification Form

Section 1. Basic Information

VINTE SUSTAINABLE DEVELOPMENT GOALS (SDG) BOND

Issuer name: Vinte Viviendas Integrales, S.A.B. de C. V. (“Vinte”)

Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable: SDGs Bond Framework

Independent External Review provider’s name: Pacific Corporate Sustainability

Completion date of this form: November 02, 2020.

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 the 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 INDEPENDENT EXTERNAL REVIEW PROVIDER

- | | |
|--|---|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

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

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

PCS is of the opinion that the Vinte’s SDG Bond Framework creates a significant impact on the Sustainable Development Goals (SDG’S) through innovative solutions that consequently benefit stakeholders and the environment.

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): Eligible projects use of proceeds are align with 2018 Sustainable and Social Bond Guidelines by ICMA in the category of affordable housing and affordable basic infrastructure projects and eco-friendly buildings that meet regionally, nationally or internationally recognized standards or certifications.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |

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- Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs
- Other (please specify):

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- Affordable basic infrastructure
- Affordable housing
- Food security and sustainable food systems
- Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBPs
- Access to essential services
- Employment generation / programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises
- Socioeconomic advancement and empowerment
- Other (please specify):

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

Target populations:

- Living below the poverty line
- People with disabilities
- Undereducated
- Unemployed
- Aging populations and vulnerable youth
- Excluded and/or marginalised populations and /or communities
- Migrants and /or displaced persons
- Underserved, owing to a lack of quality access to essential goSDG's and services
- Women and/or sexual and gender minorities
- Other vulnerable groups, including as a result of natural disasters
- Other (please specify): Individuos o familias con ingresos bajos a medios altos¹

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable): The selection process for eligible projects will be led by the Territorial Reserve Acquisition Analysis Committee ("CAART"), composed of members of Vinte's executive team, as well as the operations, finance and land acquisition teams (Inputs for Operation). Vinte has a comprehensive and multifaceted risk management framework that considers the social, environmental and economic risks related to the projects financed by the SDG bond. In addition, the Committee is responsible for effective supervision so that business practices throughout the organization and in asset management of the SDG'S Bond Program are consistent with the Sustainable Development Goals.

Evaluation and selection

- Credentials on the issuer's social and green objectives
- Documented process to determine that projects fit within defined categories

¹ De acuerdo con la clasificación socioeconómica AMAI (Asociación Mexicana de Investigación de Mercado y Opinión Pública), estos niveles de población objetivo se definen de "A" a "E", donde el nivel A es el más alto y el E el más bajo. La población de hogares de Vinte varía de C+ al D, que representa el 83% de la población mexicana (fuente AMAI).

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- | | |
|---|---|
| <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 checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|---|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS**Overall comment on section (if applicable):**

Management of proceeds is in line with market practices and involves that the Net Resources of the Issuance will be monitored through an internal process according to which the balance of such resources and their use will be reported on a quarterly basis. CAART shall be responsible for the administration of resources and the preparation of the reports identified in the SDG Bond Framework.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|--|---|
| <input checked="" 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 checked="" 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): Vinte will publish on an annual basis, on its website (<http://www.vinte.com/>), a Sustainability Bond Report. When possible, the Sustainability Bond Report will include qualitative and quantitative environmental and social performance indicators of eligible projects.

Use of proceeds reporting:

- | | |
|--|--|
| <input checked="" 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 (<i>please specify</i>): | |

Impact reporting:

- | | |
|---|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
|---|--|

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- | | |
|---|--|
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |
| Frequency: | |
| <input type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |
| Information reported (expected or ex-post): | |
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input checked="" type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |
| <input checked="" type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (please specify): number of houses built within each segment, residents living in the built community (average), water treatment plants built and their capacity schools built, equipped parks built, roads built (kms), medical facilities; percentage of homeowners financing mortgages through entities, such as Infonavit and Fovissste vs banks. |

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 type="checkbox"/> Other (please specify): |
| <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.)

<http://www.vinte.com/>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|---|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Sustainalytics

Date of publication:

29.08.2018

• **Annex C: References**

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PCS has the objective of integrating sustainability standards into business strategies, based on global trends with potential investors and society. PCS belongs to Pacific Credit Rating Group (PCR), the only rating group with a real and direct international presence in Latin America, with 27 years of experience providing quality service in the region.

The PCR Group is a signatory member of the Principles of Responsible Investment promoted by the United Nations, being the only Latin American rating group that is part of the Financial Rating Agencies Initiative at a global level. It has also been recognized as a supporting institution for the Financial Initiative of the United Nations Environment Program (UNEP FI) to promote sustainable finance.

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