

Second-Party Opinion

Citicore Power, Inc. Green Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Citicore Power, Inc. Green Financing Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2021, the Green Loan Principles 2021 and the ASEAN Green Bond Standards 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy, Environmentally Sustainable Management of Living Natural Resources and Land Use, and Sustainable Water and Wastewater Management – are aligned with those recognized by the Green Bond Principles, the Green Loan Principles and the ASEAN Green Bond Standards. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 7 and 15.



PROJECT EVALUATION / SELECTION Citicore Power, Inc.'s Sustainability Financing Committee, chaired by the CEO, is responsible for evaluating and selecting projects in line with the Framework's eligibility criteria. Citicore's internal process of assessing, identifying and mitigating environmental and social risks is applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Citicore's Treasury team will be responsible for the allocation and tracking of proceeds internally using a green finance register. Citicore intends to allocate net proceeds to eligible projects within three years of issuance. Pending full allocation, net proceeds may be used for the payment of outstanding debts¹ or will be temporarily invested in cash, cash equivalents or other liquid instruments in accordance with Citicore's liquidity management policy. This is in line with market practice.



REPORTING Citicore intends to report on the allocation of proceeds on its website annually until full allocation. Allocation reporting may include the total amount of proceeds allocated to eligible green projects with a breakdown of allocation by project sub-category, allocation by geography, the share of financing versus refinancing and the balance of unallocated proceeds. In addition, Citicore is committed to reporting on relevant impact metrics such as GHG emissions. Sustainalytics views the allocation and impact reporting as aligned with market practice.

Evaluation date September 22, 2022

Issuer Location Manila, Philippines

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Alignment with the ASEAN Green Bond Standards

The ASEAN Green Bond Standards provide guidance to issuers and more specifically what issuers should do to issue credible green bonds in Southeast Asia. Sustainalytics is of the opinion that the green project categories under the Framework align with the ASEAN Green Bond Standards.

¹ Citicore will exclude any debt refinancing that is associated with carbon-intensive activities or activities that are otherwise negatively impactful.

Introduction

Citicore Power, Inc. (“Citicore” or the “Group”) is a renewable energy and water solutions company established in 2015 and headquartered in Manila, the Philippines. The Group develops, operates and manages solar energy projects, hydropower plants and biomass plantations across the Philippines, and engages in water utility and distribution and retail energy services.

Citicore has developed the Citicore Power, Inc. Green Financing Framework dated September 2022 (the “Framework”), under which all Citicore Group entities,² including but not limited to Citicore, CREC, CREIT, CBC, CSWC and Citicore Energy Solutions, Inc., may issue green bonds and loans and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to contribute to the expansion of renewables, improved forest conservation, and facilitate sustainable water and wastewater management. The Framework defines eligibility criteria in three areas:

1. Renewable Energy
2. Environmentally Sustainable Management of Living Natural Resources and Land Use
3. Sustainable Water and Wastewater Management

Citicore engaged Sustainalytics to review the Citicore Power, Inc. Green Financing Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP),³ the Green Loan Principles 2021 (GLP)⁴ and the ASEAN Green Bond Standards (ASEAN GBS).⁵ This Framework has been published in a separate document.⁶

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁷ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, the Green Loan Principles 2021, as administered by LMA, APLMA and LSTA and the ASEAN Green Bond Standards 2018 as administered by ACMF;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Citicore’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Citicore representatives have confirmed that: (1) they understand it is the sole responsibility of Citicore to ensure that the information provided is complete, accurate or 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.

² All Citicore Group entities are either wholly owned subsidiaries of the Group or the Group will have operational control over the issuing entities. Citicore Group will be responsible for ensuring compliance with the Framework criteria for all issuances .

³ ICMA, “Green Bond Principles”, (2021), at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

⁴ The Green 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/>

⁵ ACMF, “ASEAN Green Bond Standards”, (2018), at: <https://www.theacmf.org/initiatives/sustainable-finance/asean-green-bond-standards>.

⁶ Citicore Power, “Citicore Power, Inc. Green Financing Framework”, (2022), at: <https://www.citicorepower.com.ph/>

⁷ 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 least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Citicore.

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. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Citicore is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond and loan proceeds towards eligible activities.

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 Citicore has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Citicore Power, Inc. Green Financing Framework

Sustainalytics is of the opinion that the Citicore Power, Inc. Green Financing Framework is credible and impactful and aligns with the four core components of the GBP, GLP and the ASEAN GBS. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Environmentally Sustainable Management of Living Natural Resources and Land Use, and Sustainable Water and Wastewater Management – are aligned with those recognized by the GBP, GLP and the ASEAN GBS. Sustainalytics considers that the expenditures under the eligible categories are expected to contribute to the expansion of renewables, improve forest conservation and facilitate sustainable water management.
 - Citicore has defined a look-back period of three years for refinancing activities, which Sustainalytics considers to be in line with market practice.
 - Under the Renewable Energy category, Citicore may finance or refinance the development and acquisition of solar energy, offshore wind hydropower projects and battery storage systems connected to renewables.
 - Citicore has communicated to Sustainalytics that solar projects financed under the Framework may include agrivoltaics, the integration of solar PV panel systems and crop production. Sustainalytics notes that while agrivoltaics can have expected benefits linked to the use of clean energy and optimized land use, the application of synthetic fertilizers and pesticides to crops is associated with significant GHG emissions, air and water pollution, and impact on biodiversity. The Group has confirmed to Sustainalytics that financing associated with crop production will exclude the manufacture, purchase or distribution of inorganic, synthetic fertilizers and pesticides. Additionally, Citicore has confirmed that for projects related to crop production where synthetic fertilizer is used, the Group will target the reduction of use of such fertilizers, with the intention to phase out their use gradually. Sustainalytics further encourages the issuer to implement actions in the short-term for the reduction and phase out of synthetic fertilizers. In addition, the Group has confirmed to Sustainalytics the exclusion of projects that support dairy and industrial-scale livestock production.
 - Hydropower projects under the Framework will be limited to those in operation after 2020 meeting one of the following criteria: i) run-of-river without artificial reservoir or low storage capacity; ii) power density greater than 10 W/m²; or iii) life cycle carbon

- intensity below 50 gCO₂e/kWh. Furthermore, for all hydropower projects financed under the Framework, an environmental and social risk assessment will be conducted. Only projects with no significant risks, controversies or expected negative impacts will be financed. This is in line with market practice.
- Under the Environmentally Sustainable Management of Living Natural Resources and Land Use category, Citicore may finance or refinance expenditures related to reforestation, afforestation, acquisition of land or land use access rights, purchase of equipment and related resources for the ongoing establishment, maintenance and management of forestry projects, or the certification of sustainable forestry projects
 - Reforestation and afforestation projects will be limited to the use of native and endemic tree species that are well adapted to site conditions and have a sustainable management plan in place, certified to credible third-party certification standards such as the Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC). Additionally, supporting equipment that may be purchased include tractors and tractor trailers, canter trucks, augers, biodegradable sacks, rakes and knapsack sprayers. Citicore has confirmed to Sustainalytics that any trucks and heavy-duty vehicles considered under the Framework will be limited to vehicles with zero direct emissions or heavy trucks at or below the threshold of 25 gCO₂/tkm. This is in line with market practice.
 - Regarding forest conservation and certification, Citicore may purchase forest concessions on existing natural forests that are either unmanaged or currently being logged. The Group has confirmed to Sustainalytics that the concessions will undergo certification from credible third-party standards including FSC or PEFC. Within these forest concessions, the Group may invest in a broad range of activities, such as the prevention of landslides and soil erosion and the protection of wildlife diversity through surveying and mapping efforts to establish a biodiversity database and adopt measures to prevent the spread of invasive plant species. This may include training employees or local communities to implement early detection strategies and assess the level of response required to contain, eradicate or mitigate the spread of invasive species, with a preference placed on the use of organic pesticides and herbicides. Citicore has confirmed to Sustainalytics that financing of biodiversity conservation measures will exclude the control of mammalian invasive species. Sustainalytics considers Citicore's financing of forest conservation and management activities to be in line with market practice.
 - Under the Sustainable Water and Wastewater Management category, Citicore may finance or refinance the construction, installation, expansion and maintenance of clean or drinking water and wastewater treatment facilities, as well as water distribution facilities for surface water and seawater desalination plants.
 - Examples of infrastructure and technologies that may be financed include pumping stations, drinking water treatment plants, distribution pipelines, data loggers and leak detection equipment. Citicore has confirmed to Sustainalytics that wastewater treatment facilities will exclude the treatment of wastewater from fossil fuel operations.
 - To support the construction and installation of the infrastructure and technologies, the Group may also finance service vehicles, including heavy trucks and utility vehicles, and have confirmed to Sustainalytics that these vehicles will either have zero direct emissions or an emissions threshold at or below 25 gCO₂/tkm.
 - Additionally, the Framework specifies that the seawater desalination facilities will be limited to those powered by renewable energy or have an average carbon intensity of electricity consumption at or below 100 gCO₂e/kWh. Citicore has confirmed to Sustainalytics that these facilities will have an appropriate waste management plan in place for brine disposal at the time of project commencement.
 - Sustainalytics considers Citicore's financing of projects and infrastructure under the Sustainable Water and Wastewater Management category to be in line with market practice.
 - The Framework provides exclusionary criteria prohibiting the use of proceeds to finance projects or expenditures associated with the exploration and production of fossil fuels, weapons

and defence, mining, gambling activities and establishments, alcohol, tobacco, child and forced labour and the destruction of critical habitats. Sustainalytics views the exclusion of these activities as strengthening the Framework.

- Project Evaluation and Selection:
 - Citicore’s Board of Directors will establish a Sustainability Financing Committee (the “Committee”), which will be responsible for the identification and selection of eligible green bonds and loans under this Framework. The Committee will be chaired by the CEO and will include the CFO as the deputy chairperson, as well as the Executive Vice President, Head of Sustainability and Head of Legal and Regulatory. Sustainalytics considers this to be aligned with market practice.
 - Citicore undertakes environmental and social risk assessments for all allocation decisions made under the Framework. Prior to the screening of eligible projects by the Committee, Citicore’s Corporate Finance Team, along with the dedicated working group, will conduct a detailed technical due diligence process that will include environmental and social assessments of prospective project sites, which is in line with the Group’s Site Selection Policy.
 - Sustainalytics considers these environmental and social risk management systems to be adequate. For additional details, see Section 2.
- Management of Proceeds:
 - Citicore’s Treasury team will be responsible for the allocation and tracking of the proceeds using an internal tracking mechanism. Citicore will establish a green financing register to track and monitor the net proceeds.
 - The Group intends to achieve full allocation of an amount equal to the net proceeds to eligible assets within three years of issuance.
 - Pending full allocation, unallocated proceeds may be used to repay outstanding debts that are not connected with carbon-intensive or otherwise harmful activities, or temporarily invested in cash, cash equivalents and short-term instruments in accordance with Citicore’s internal liquidity management policy.
 - Based on the use of an internal tracking system and the disclosure on the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Citicore will report on the allocation of proceeds annually on the Group’s website. Allocation reporting may include the following information: the total amount of proceeds allocated to eligible green projects with a breakdown of allocation by project sub-category, allocation by geography, the share of financing versus refinancing and the balance of unallocated proceeds.
 - In addition, the Group is committed to reporting on relevant impact metrics, which may include GHG emissions avoided (measured in tCO₂e), installed renewable energy capacity (measured in MW), the total surface area of forest established (measured in hectares) and daily water extraction (measured in mL/day). Please refer to Appendix 2 for more details.
 - Based on the frequency and accessibility of allocation and impact reporting, Sustainalytics considers this to be in line with market practice.

Alignment with ASEAN Green Bond Standards 2018

The ASEAN Green Bond Standards 2018 provide guidance to issuers and communicate more specifically about what issuers should do to issue credible green bonds in ASEAN countries. Sustainalytics is of the opinion that the Framework aligns with the four core components of the ASEAN GBS. For detailed information, please refer to Appendix 1: Alignment with ASEAN Green Bond Standards 2018.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2021

Sustainalytics has determined that the Citicore Power, Inc. Green Financing Framework aligns with the four core components of the GBP and GLP. For detailed information, please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Citicore

Contribution of Framework to Citicore Power, Inc.'s sustainability efforts

Sustainalytics is of the opinion that as a developer and operator of renewable energy projects, including solar and hydropower, and distributor of water utility services, Citicore demonstrates a commitment to sustainability and supporting positive environmental outcomes.

In line with its business ambition and through the expansion of its renewable energy capacity, Citicore aims to build capacity to generate 1,500 MW of renewable energy over the next five years.⁸ The Group has an installed generating capacity of 241 MW and has more than 600 MW of renewable energy projects at the development stages.⁹ The Group currently operates 10 solar facilities across the Philippines which contribute to the reduction of approximately 231,720 tonnes of CO₂ annually.

Sustainalytics acknowledges Citicore's plans to use the proceeds to finance solar and hydropower generation projects, sustainable forestry and sustainable water management activities, and is of the opinion that the Citicore Power, Inc. Green Financing Framework is aligned with Citicore's overall sustainability initiatives and will further the Group's action on its key environmental priorities. Nevertheless, Sustainalytics encourages Citicore to establish quantified, time-bound targets for its other business objectives and to publicly disclose its targets and report on its progress towards them.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the bonds and loans issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects could include issues related to land use and loss of biodiversity resulting from large-scale infrastructure development, waste generation, occupational health and safety, and business ethics.

Sustainalytics is of the opinion that Citicore is able to manage and mitigate potential risks through implementation of the following:

- Citicore has adopted an Environmental Management System (EMS) to minimize environmental, health and safety risks at the project sites. As part of the EMS requirements, Citicore conducts an assessment for all new projects to identify and mitigate potentially harmful environmental impacts.¹⁰ Citicore's Site Selection Policy ensures that project sites do not overlap with existing tenurial instruments, protected areas and ancestral domains. Additionally, permits must be obtained from the Philippines Department of Environment and Natural Resources pertaining to project sites not inhabited by Indigenous people or by endangered, threatened or rare species of animals, as identified by the International Union for Conservation of Nature. For solar and hydropower project sites, Citicore employs a detailed technical due diligence process to identify the risks associated with each site location.
- Under the EMS requirements, Citicore ensures the implementation of solid and hazardous waste management through reduction, reuse and recycling methods throughout the supply chain processes.¹¹
- Regarding occupational health and safety risks, Citicore has adopted the Quality, Environment, Safety and Health Policy to ensure safe and healthy working conditions, prevent injuries and avoid ill health among employees.¹² The Group's Integrated Management System identifies health and safety hazards and outlines control measures to maximize safety and reduce risks among workers and stakeholders.
- Sustainalytics has identified business ethics to be a risk that the issuer may be exposed to. In order to mitigate such risks, Citicore has established the Code of Business Conduct and Ethics¹³ to serve as a guide for all employees to conduct business in an ethical manner, including a zero-tolerance policy on any act of bribery and corruption. The code provides guidance to employees to recognize, mitigate and manage ethical issues and provides a mechanism to report any illegal or unethical conduct.

⁸ Citicore, "Our Business", at: <https://citicorepower.com.ph/our-businesses/power/>

⁹ Ibid.

¹⁰ Citicore, "Environmental Management System", at: <https://www.citicorepower.com.ph/sustainability/environmental/our-commitment/>

¹¹ Citicore, "Health and safety", at: <https://www.citicorepower.com.ph/sustainability/communities/health-and-safety/>

¹² Ibid.

¹³ Citicore, "Code of Business Conduct and Ethics", at: <https://creit.com.ph/assets/Pdf/CPI-Code-of-Business-Conduct-pdf>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Citicore has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All three use of proceeds categories are aligned with those recognized by the GBP, GLP and the ASEAN GBS. Sustainalytics has focused on renewable energy below where the impact is specifically relevant in the local context.

Impact of renewable energy projects in Philippines

The Philippines ratified the Paris Agreement in March 2017, and its associated Nationally Determined Contribution specifies the country’s intention to reduce its GHG emissions by 75% relative to its business-as-usual scenario by 2030.¹⁴ To achieve this climate target, the Philippines needs to significantly decarbonize its energy sector to shift away from its heavy reliance on fossil fuels. Currently, the Philippines derives approximately 66% of its energy from fossil fuels, and its power generation mix is met through coal (47%), natural gas (22%), renewable energy including hydro, geothermal, wind and solar (24%) and oil-based sources (6.2%) with a total installed capacity of 23 GW.¹⁵ Due to this, more than half of the Philippines’ GHG emissions come from the energy sector. In order to decarbonize the country’s energy mix and meet future energy needs, the Philippines has set up a target of developing an additional 20 GW of renewable energy capacity by 2040.¹⁶

Sustainalytics considers that Citicore’s renewable energy projects are aligned with the efforts and policies of the Philippines government and will help contribute to the country’s efforts to decarbonize its economy and achieve its Paris Climate Agreement targets.

Alignment with/contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The bonds and loans issued under the Citicore Power, Inc. Green Financing Framework are expected to advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.1. By 2030, increase substantially the share of renewable energy in the global energy mix
Environmentally Sustainable Management of Living Natural Resources and Land Use	15. Life on Land	15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

¹⁴ Government of the Philippines, “Intended Nationally Determined Contributions”, (2015), at: <https://www4.unfccc.int/sites/submissions/INDC/Published%20Documents/Philippines/1/Philippines%20-%20Final%20INDC%20submission.pdf>

¹⁵ ITA, “Philippines Energy Market”, (2020), at: <https://www.trade.gov/market-intelligence/philippines-energy-market#:~:text=The%20current%20energy%20mix%20is,current%20energy%20capacity%20at%2023GW>

¹⁶ Ibid.

Conclusion

Citicore Power, Inc. has developed the Citicore Power, Inc. Green Financing Framework, under which all Citicore Group entities, including but not limited to Citicore, CREC, CREIT, CBC, CSWC, Citicore Energy Solutions, Inc., may issue green bonds and loans and use the proceeds to finance or refinance expenditures that are expected to contribute to the expansion of renewables, improve forest conservation, and facilitate sustainable water and wastewater management. Sustainalytics expects the projects funded by the green bond and loan proceeds to provide positive environmental impacts in the Philippines.

The Citicore Power, Inc. Green Financing Framework outlines a process by which proceeds will be tracked, allocated and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of Citicore and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 6, 7 and 15. Additionally, Sustainalytics is of the opinion that Citicore has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that the Citicore Group entities are well positioned to issue green bonds and loans, and that the Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021, Green Loan Principles 2021 and the ASEAN Green Bond Standards 2018.

Appendices

Appendix 1: Alignment to the ASEAN Green Bond Standards 2018 (ASEAN GBS)

ASEAN GBS Criteria	Alignment with the	
	ASEAN GBS	Sustainalytics' comments on alignment with the ASEAN GBS
Eligibility	Yes	The ASEAN GBS requires that issuers must be in or that the proceeds be directed to assets in an ASEAN country. Citicore qualifies given that Citicore intends to finance projects in the Philippines.
Use of Proceeds	Yes	The ASEAN GBS offers specific clarification that fossil fuel power generation projects are excluded. Citicore has confirmed this exclusion criteria under the Framework.
Process for Project Evaluation and Selection	Yes	The ASEAN GBS specifies information that must be clearly communicated to investors before issuance regarding project selection. Citicore's Sustainability Financing Committee, chaired by the Chief Executive officer and comprised of senior members from various departments is responsible for reviewing, selecting and validating eligible assets under the Framework.
Management of Proceeds	Yes	The ASEAN GBS mandates that proceeds must be appropriately tracked and that temporary investments be disclosed. Within the Framework, Citicore disclosed that it will track and monitor the use of proceeds using its internal green financing register. Unallocated proceeds held in cash, cash equivalents and short-term instruments in accordance with Citicore's internal liquidity management policy
Reporting	Yes	The ASEAN GBS requires annual reporting on the allocation of funds and the expected impacts. Citicore confirms that it will provide an annual allocation report until full allocation and report on the impact of the use of proceeds.
Annual Review	Yes	The ASEAN GBS encourages, but does not require, annual reviews. As of 2022, Citicore may engage third-party verifiers to provide an annual review.

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

Section 1. Basic Information

Issuer name:	Citicore Power, Inc.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Citicore Power, Inc. Green Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	September 22, 2022

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 GBP:

- | | |
|------------------------------------------------------------|----------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---------------------------------------------------------------------------------|----------------------------------------|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

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

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

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Renewable Energy, Environmentally Sustainable Management of Living Natural Resources and Land Uses and Sustainable Water and Wastewater

Management – are aligned with those recognized by the Green Bond Principles, the Green Loan Principles and the ASEAN Green Bond Standards. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 7 and 15.

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 checked="" 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 checked="" 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 type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (<i>please specify</i>): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Citicore Power, Inc.’s (“Citicore”) Sustainability Financing Committee chaired by Chief Executive Officer is responsible for evaluating and selecting projects in line with the Framework’s eligibility criteria. Citicore’s internal process of assessing, identifying and mitigating environmental and social risks is applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process in line with market practice.

Evaluation and selection

- | | |
|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Credentials on the issuer’s environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
- In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Citicore's Treasury team will be responsible for the allocation and tracking of the proceeds internally using a green finance register. Citicore intends to allocate net proceeds to eligible projects within three years of issuance. Citicore has established a three-year look-back period for refinancing activities. Pending full allocation, net proceeds may be used for the payment of outstanding debts¹⁷ or will be temporarily invested in cash, cash equivalents or other instruments in accordance with Citicore's liquidity management policy. This is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

Citicore intends to report on the allocation of proceeds on its website annually until full allocation. Allocation reporting may include total amount of proceeds allocated to eligible green projects with a breakdown of allocation by project sub-category, allocation by geography, share of financing versus refinancing, and the balance of unallocated proceeds. In addition, Citicore is committed to reporting on relevant impact metrics such as GHG emissions. Sustainalytics views the allocation and impact reporting as aligned with market practice.

¹⁷ Citicore will exclude any debt refinance that is associated with carbon intensive activities or activities that are otherwise negatively impactful.

Use of proceeds reporting:

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

Information reported:

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

Frequency:

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

Impact reporting:

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

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
- Decrease in water use Other ESG indicators (please specify): Installed capacity in MW , Annual GHG emissions avoided (in tonnes of carbondioxide avoided per project), Total surface area of forest established (hectares), Water extraction (in million litres per day) , Number of new water service connections, Population covered by water supply, Non – revenue Water (NRW)

Frequency

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

Means of Disclosure

- Information published in financial report Information published in sustainability report
- Information published in ad hoc documents Other (please specify): Information will be published on the website
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

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

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

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|----------------------------------------------------------------------|----------------------------------------|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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