

# GACM GREEN BOND ANNUAL COMPLIANCE REVIEW

**December 8, 2017**

**Type of engagement:** Annual Compliance Review

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## Introduction

In September 2016, the Mexico City Airport Trust (MEXCAT) issued a green bond aimed at funding certain environmentally beneficial projects associated with the design, construction, development, and operation of the Mexico City International Airport (Spanish acronym 'NAICM') in accordance with the NAICM Green Bond Framework adopted by Grupo Aeroportuario de la Ciudad de México, S.A. de C.V. (GACM), the NAICM sponsor. In September 2017, MEXCAT engaged Sustainalytics to review all the projects funded through the issued green bond, and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Green Bond Framework.

## Compliance Evaluation Criteria

Sustainalytics evaluated GACM's list of projects for compliance with the Use of Proceeds criteria outlined in the Green Bond Framework.

Given the fact that the projects are currently under construction, Sustainalytics is unable to determine compliance on reporting of Key Performance Indicators (KPIs) outlined in the Green Bond Framework.

Table 1 lists the Use of Proceeds and Reporting criteria.

**Table 1: Use of Proceeds and Reporting Criteria**

Use of Proceeds Criteria	Possible Key Performance Indicators (KPI)
1. Sustainable Buildings	List of eligible buildings that received third party verified green building certification; LEED Scorecards
2. Renewable Energy	Capacity generated; Reduction of GHGs
3. Energy Efficiency	Reduction in energy consumption
4. Water and Wastewater Management	Water saved / reduced / treated
5. Pollution Prevention and Control	Amount of waste diverted
6. Conservation and Biodiversity	Qualitative descriptions of projects, initiatives and commitments; Area of land replanted

## Issuing Entity's Responsibility

GACM is responsible for providing accurate information and documentation related to the details of the project that has been funded, including description of projects, estimated and realized costs of projects, and project impact.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of GACM’s Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from GACM employees and review of documentation to confirm the conformance with the Green Bond Framework.

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

## Exceptions

All projects aligned with the Use of Proceeds criteria.

Reporting on KPIs is unattainable as projects are in construction. Thus, reporting on KPIs is deemed an exception.

## Conclusion

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the allocation of over USD 5.76 BN from MEXCAT’s Green Bonds, issued to fund eligible green projects, is not in conformance with the Use of Proceeds outlined in the NAICM Green Bond Framework.







## Detailed Findings

**Table 2: Detailed Findings**

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
<b>Use of Proceeds Criteria</b>	Verification of projects funded by the green bond issued in 2016 and 2017 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Green Bond Framework and above in Table 1.	As of September 2017, 8.35% of the net proceeds from the Green Bonds have been allocated to eligible green categories.	None
<b>Reporting Criteria</b>	Verification of projects funded by the green bond issued in 2016 and 2017 to determine if impact of projects was reported in line with the KPIs outlined in the Green Bond Framework and above in Table 1.	Given that the Project is still in the initial construction stage, there would not be information available, aside of the initial calculation of the tons of CO2 avoided due to the installation of solar panels for the lightning of the perimeter fence. The relevant data was included in the 2 <sup>nd</sup> . Report, which was published at the end of March.	Reporting on KPIs is deemed an exception.

## Appendix 1: GACM Use of Proceeds Summary (as of September 2017)

Description	Amount USD
Net Proceeds from Green Bonds	\$5,764,394,697

Allocated Amount to each Eligible Category (USD)						
Category	1	2	3	4	5	6
USD	 Sustainable Buildings	 Renewable Energy	 Energy Efficiency	 Water and Waste Water Management	 Pollution Prevention and Control	 Conservation and Biodiversity
Disburse Amount	\$440,177,611.95	\$420,133.53	\$13,264.49	\$18,158,316.49	\$856,394.79	\$21,702,135.10
<b>Total</b>	<b>\$481,327,856.35</b>					

Description	Amount
Amount Available for Allocation	5,283,066,841

Note: Values are shown in dollars. The exchange rate used from MXN to USD is the applicable rate at the time for each disbursement being paid.

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