




















# 2023 GREEN BOND PROGRESS REPORT

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# CFSL Green Bond Progress Report 2023

## About This Report

This report is the second Green Bond Progress report being published to provide data on the non-financial aspects of the CFSL Green Bond launched in 2022. The executive summary features a dashboard of main results for the year 2023. It provides a summary of the context, followed by details on the improvements.

The reporting period is from January 2023 to December 2023. This report is to be read in conjunction with the CFSL Green Bond Framework as a reference document.

## Executive Summary

### Green Bond Issuance

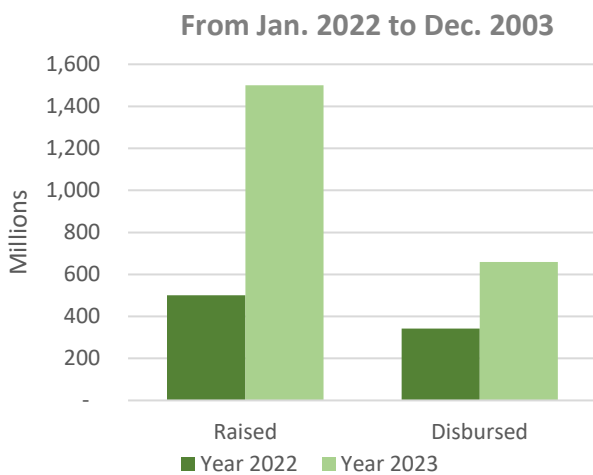


Figure 1: Green Bond Issuance amount in MUR

### Portfolio Distribution of 462 Vehicles

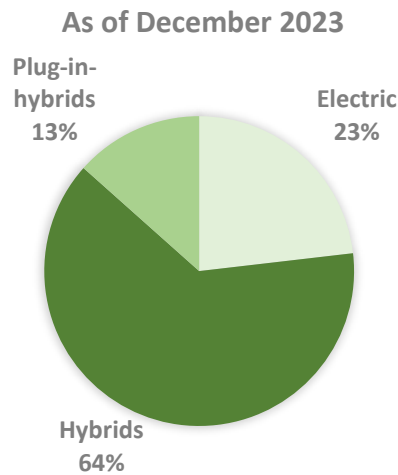


Figure 2: Portfolio distribution of 462 vehicles

In 2022, MUR 500 million worth of Green Bonds were issued by CFSL, of which MUR 342 million were disbursed and used to finance eligible green vehicles under the clean transportation category as per CFSL Green Bond Framework (**For more details, see 2022 GREEN BOND PROGRESS REPORT**).

For 2023, additional funding of MUR1.5 billion was raised. An amount of MUR659 million of the Green Bonds was disbursed for the period of January 2023 to December 2023 by CFSL for 462 vehicles and 1 renewable technology asset. The proceeds from the Green Bonds were also used for the repayment of the 2022 matured bonds of MUR 500M. The portfolio distribution of the clean vehicles is as per Figure 2.

## Key Environmental Performance Indicators

Table 1 Summary of data from January 2023 to December 2023. Calculated and verified by Dynamia Associates and Developers (“Dynamia”) based on data sourced from CFSL.

Project Category per CFSL Green Bond Framework	GHG emissions avoided (KgCO <sub>2</sub> e) per year	Carbon intensity of the bond (KgCO <sub>2</sub> e/Rs) using disbursement	# of projects sold per category
RENEWABLE ENERGY	16,341.40	0	1
ENERGY EFFICIENCY	N/A	N/A	N/A
CLEAN TRANSPORTATION	608,871.10	0.00090	462
GREEN BUILDINGS	N/A	N/A	N/A
SUSTAINABLE AGRICULTURE	N/A	N/A	N/A

Table 1 represents the GHG avoided in CO<sub>2</sub>e and the Carbon Intensity of the Green Bond. The carbon emissions are calculated only for the stage of use of the funded projects. The carbon intensity serves as a key indicator in lease approval decisions. Please refer to the glossary of terms on page 4, and the calculation methodology on page 14 for further explanations.

## Key Facts

Table 2 is the summary of Key Facts, including Partners.

Green Bond framework applied	Green bond financed under the Financial Services Commission Guidelines.
Independent External Reviewer	Deloitte Advisory Services Ltd
Green Bond Framework and Sustainability Consultant	Dynamia Associates and Developers
Maturity	13 months from issuance date
Reporting frequency	Annual reporting
Reporting approach	Portfolio based
Date of publication of Green Bond Progress Report	March 2024



## Glossary of Terms

**Adaptation:** Refers to adjustments in ecological, social or economic systems in response to actual or expected climatic stimuli and their effects. It refers to changes in processes, practices and structures to moderate potential damages or to benefit from opportunities associated with climate change.

**Avoided emissions:** 'avoided' release of emissions in comparison to a reference scenario or baseline.

**Carbon Dioxide Equivalent (CO<sub>2e</sub>):** A metric measure used to compare the emissions from various greenhouse gases based upon their global warming potential (GWP).

**Carbon Dioxide per kilometre (CO<sub>2</sub>/km) Unit:** This notation is often used to express the amount of carbon dioxide (CO<sub>2</sub>) released into the atmosphere for each kilometre travelled, particularly in the context of vehicles or transportation.

**Carbon Intensity:** The emission rate of a given pollutant relative to the intensity of a specific activity. In this report, it is the ratio of emissions produced to MUR spent in the Green Bond.

**Electric Vehicle (EV):** An EV is a vehicle that can be powered by an electric motor that draws electricity from a battery and is capable of being charged from an external source.

**Emissions:** The release of a substance (usually a gas when referring to the subject of climate change) into the atmosphere.

**Emission Factor (EF):** A unique value for scaling emissions to activity data in terms of a standard rate of emissions per unit of activity (e.g., grams of carbon dioxide emitted per barrel of fossil fuel consumed, or per pound of product produced).

**Energy Efficiency:** Using less energy to provide the same service.

**Green Bonds:** Green Bonds are fixed-income instruments with proceeds earmarked exclusively for new and existing projects that have environmental benefits. Countries and jurisdictions develop their own set of guidelines for green bond issuance, many of which align with the Green Bond Principles (GBP) developed under the auspices of the International Capital Markets Association (ICMA).

**Green Bond Principle (GBP):** The Green Bond Principles (GBP) seek to support issuers in financing environmentally sound and sustainable projects that foster a net-zero emissions economy and protect the environment.

**Green Climate Fund:** a critical element of the historic Paris Agreement is the world's largest climate fund, mandated to support developing countries raise and realize their Nationally Determined Contributions (NDC) ambitions towards low-emissions, climate-resilient pathways.

**Greenhouse Gas (GHG):** Any gas that absorbs infrared radiation in the atmosphere, including, carbon dioxide, methane, nitrous oxide, chlorofluorocarbons, hydrochlorofluorocarbons, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride.

**Hybrid Vehicle:** Hybrid electric vehicles are powered by an internal combustion engine and one or more electric motors, which uses energy stored in batteries. A hybrid electric vehicle cannot be plugged in to charge the battery. Instead, the battery is charged through regenerative braking and by the internal combustion engine.

**Investment Period:** The interval between the bond's issuance and its maturity date. Otherwise known as the bond tenor.

**Mitigation:** A human intervention to reduce the human impact on the climate system; it includes strategies to reduce greenhouse gas sources and emissions and enhancing greenhouse gas sinks.

**Plug-in-hybrid Vehicle (PHEVs):** PHEVs are a combination of gasoline and electric vehicles, so they have a battery, an electric motor, a gasoline tank, and an internal combustion engine.

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**The Intergovernmental Panel on Climate Change (IPCC):** is an intergovernmental body of the United Nations responsible for advancing knowledge on human-induced climate change. It was created to provide policymakers with regular scientific assessments on climate change, its implications and potential future risks, as well as to put forward adaptation and mitigation options.

**UN Sustainable Development Goals:** The Sustainable Development Goals or Global Goals are a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The SDGs were set up in 2015 by the United Nations General Assembly and are intended to be achieved by 2030.





## Introduction

Cim Financial Services Limited (CFSL) is a multinational financial services group (the 'Group') listed on the Official Market of the Stock Exchange of Mauritius and headquartered in Mauritius. The Group employs over 1,000 employees across Mauritius, Rodrigues, and Kenya. In collaboration with various stakeholders, CFSL successfully launched this first Green Bond in January 2022. This report documents the progress of this initiative from January 2022 to December 2023.

On September 12, 2015, nearly 200 countries pledged to meet the climate goals set out in the Paris Accord. This includes working towards one of the three main objectives: 'making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development' (United Nations, 2015 - Paris Agreement Article 2.1(c)).



## CSFL and Green Bond issuance in 2023

In response to the escalating climate crisis, Small Island Developing Countries (SIDS), including Mauritius, have been actively refining their climate policies and initiatives including the '**development of strategies to address vehicular emissions**' (UNEP, 2023). The Green Bonds have been instrumental in promoting the adoption of environmentally friendly transportation alternatives, such as electric and hybrid vehicles, which can play a pivotal role in reducing GHG gas emissions and mitigating climate change.

SIDS often face limited resources and terrestrial constraints for construction, making the transition to cleaner transportation crucial for the long term. Based on last year's and this year's register of clean vehicles financed, Green Bonds initiatives seems promising in addressing the challenges of climate change and sustainable mobility. This is providing the necessary financial incentives to accelerate this shift, encouraging car owners to embrace low-emission vehicles, reduce dependence on fuel consumption, and minimize their carbon footprint.



## Insight for Investors

CFSL has successfully concluded its MUR 1.5 billion Green Bond raising initiative in 2023, aimed at financing Cim Finance's green leasing products. The following are additional insights:

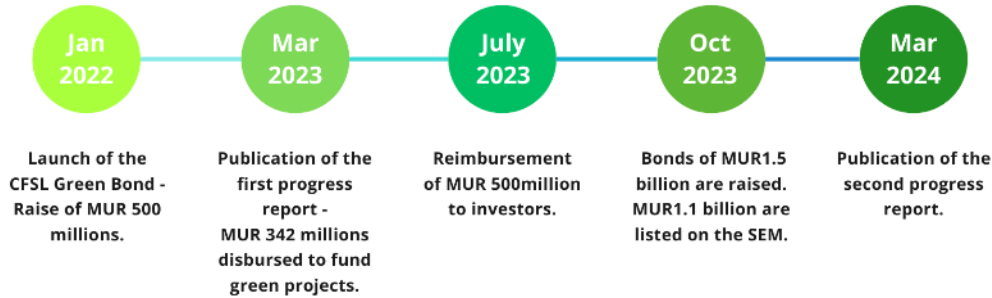
There is significant interest on the part of investors, who explicitly request that the "portfolio/funding allocations" align with efforts to support both the mitigation and adaptation to climate change. This favours issuers with strong sustainability commitments and a track record of responsible environmental practices.

The initiative started with a disbursement of MUR 500 million (earmarked for 2022) and has been used towards clean transportation.

The Board of 09 August 2023 had approved the issuance of Green Bonds for a targeted aggregate nominal amount of up to MUR 1.5 billion. The proceeds from the MUR 1.5bn Green Bonds have been used to fully repay the maturing MUR 500m bonds issued in 2022, the financing of new books and the remainder are being invested and available as cash at bank. This is a continuation of last year's initiative.

## Fund disbursed is reported as follows:

As of 31 December 2023 – the MUR 500m was fully repaid.



## Green Bond Framework

CFSL's 2022 Green Bond Framework was developed following the guidelines published by the Financial Services Commission (FSC), which are in line with the International Capital Market Association (ICMA) Green Bond Principles.

The Green Bond Principles are voluntary process guidelines that recommend transparency and disclosure as well as promote integrity in the development of the Green Bond market. They provide issuers with guidance on the key components involved in launching a credible Green Bond and aid investors by ensuring availability of necessary information to evaluate the environmental impacts of their green bond investments.

The full Green Bond framework can be consulted online:

Link: [https://about.cimfinance.mu/images/Investors\\_Information/CFSL-Green-Bond-Framework-2022-LR\\_1.pdf](https://about.cimfinance.mu/images/Investors_Information/CFSL-Green-Bond-Framework-2022-LR_1.pdf)

## Exclusionary Criteria

The exclusionary criteria are maintained as listed by the IFC Exclusion List, sourced from the Bank of Mauritius's Guidelines for the issue of sustainable finance. Additionally, there is a special condition where leasing facilities will not be extended to vehicles with a CO<sub>2</sub>e emissions level of 80g CO<sub>2</sub>/km or higher. Furthermore, the criteria and tools used are likely to be refined over time as more information becomes available. However, the calculations, which were done with previously used tools, will not be withdrawn retroactively from the Green Bond report.



## Project Observations & Updates

### Team training

Given the increased financial stakes due to heightened investors' interest, a yearly training of Cim Finance staff is essential to ensure clarity and understanding. Consequently, training workshops were organized with respect to applying the concepts and framework. They were also tailored to provide both refresher courses for those already trained in 2022 and sessions for newcomers who joined the organisation in 2023.

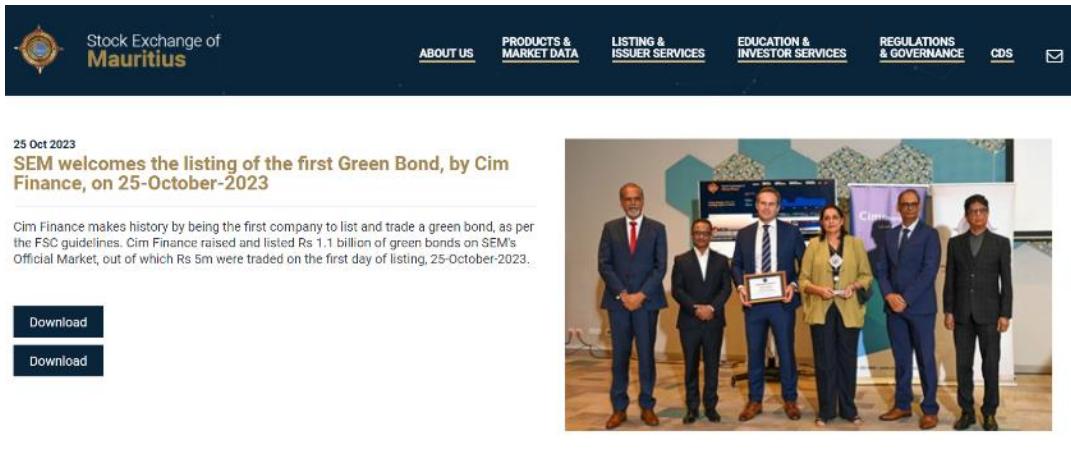
### Solar PV

The bond financed its first energy solution for solar photovoltaics, featuring a system that incorporates energy storage. The project produces clean energy without emissions and operates silently. The system is utilised in conjunction with a battery and the national grid (through the Central Electricity Board). It offers various options based on the time of day and the user's electricity requirements. In essence, the solar energy generated is either consumed by the user (e.g., at home), stored in the battery, or transmitted to the national grid as clean energy.

### Stock Exchange of Mauritius

Cim Finance made history by being the first company to list and trade a Green Bond, as per the FSC guidelines. Cim Finance raised MUR 1.5 billion and listed MUR 1.1 billion of Green Bonds on SEM's Official Market, out of which MUR 5m were traded on the first day of listing, 25 October 2023.

Link : <https://www.stockexchangeofmauritius.com/about-us/sem-stories/sem-welcomes-the-listing-of-the-first-green-bond-by-cim-finance-on-25-october-2023>



The screenshot shows the top navigation bar of the Stock Exchange of Mauritius website with links for ABOUT US, PRODUCTS & MARKET DATA, LISTING & ISSUER SERVICES, EDUCATION & INVESTOR SERVICES, REGULATIONS & GOVERNANCE, CDS, and a mail icon. Below the navigation is a news article dated 25 Oct 2023 with the headline "SEM welcomes the listing of the first Green Bond, by Cim Finance, on 25-October-2023". The article text states: "Cim Finance makes history by being the first company to list and trade a green bond, as per the FSC guidelines. Cim Finance raised and listed Rs 1.1 billion of green bonds on SEM's Official Market, out of which Rs 5m were traded on the first day of listing, 25-October-2023." There are two "Download" buttons below the text. To the right of the text is a photograph of six people (three men and three women) standing on a stage, with one man in the center holding a framed certificate or award.

## Future Plan at National Level

Table 3 Forecasted share of (non-renewable) electricity and grid emission factor (Source: Ministry of Energy & Public Utilities, Mauritius, 2020)










Year	Share of Renewable Electricity	Share of Non-Renewable Electricity	Grid Emission Factor (KgCO <sub>2</sub> /kWh)
2020	25%	75%	0.882
2025	35%	65%	0.847
2030	40%	60%	0.800

The above table shows the forecasted share of renewable electricity, highlighting Mauritius' desirability for favouring a 'greener' rating system.

## External Review

1. CFSL has hired Dynamia Associates and Developers (Dynamia), an external environmental consultant, to provide and develop the key environmental performance indicators and calculation methods. Dynamia has also been appointed to report on the 2023 Green Bond.
2. Deloitte Advisory Services Ltd, a financial advisory firm, acting as an independent external reviewer, has provided a statement that CFSL has complied with the Green Bond Framework principle on 'Use of Proceeds'.

## Investment Categories and Eligibility Criteria

Categories <sup>1</sup>	SDGs <sup>2</sup>	Core indicators <sup>3</sup>	Eligibility Criteria
<b>RENEWABLE ENERGY</b>	 	<p>Annual renewable energy generation</p> <p>Annual GHG emissions avoided</p> <p>Carbon intensity</p>	<p><u>Projects currently considered:</u> Solar installations on and off grid.</p> <p>Proceeds may be allocated towards the refinancing, acquisition, development, operation, and maintenance of new and ongoing renewable energy activities</p>
<b>ENERGY EFFICIENCY</b>	   	<p>Annual energy savings</p> <p>Annual GHG emissions avoided</p> <p>Carbon intensity</p> <p>Number of products sold</p>	<p><u>Projects currently considered:</u> Batteries for solar energy storage, commercial water heaters, commercial energy efficient appliances A* rated under the EU legislation.</p> <p>Proceeds may be allocated towards the financing or refinancing of commercial energy efficiency loans for projects or assets that reduce energy consumption or mitigate GHG emissions.</p>
<b>CLEAN TRANSPORTATION</b>	  	<p>Annual GHG emissions avoided</p> <p>Carbon intensity</p> <p>Number of products sold</p>	<p><u>Projects currently considered:</u> The refinancing or purchase of:</p> <ul style="list-style-type: none"> <li>• Electric, plug in electric, and hybrid vehicles that have a CO<sub>2</sub> emissions level of less than or equal to 79g CO<sub>2</sub>/km,</li> <li>• Solar Electric Vehicle Supply Equipment (EVSE)</li> <li>• Electric &amp; plug in electric commercial vehicles (trucks, vans, busses).</li> <li>• Mass transit, including electrified public transport,</li> </ul>

<sup>1</sup> Based on The Green Bond Principles: Handbook Harmonised Framework for Impact Reporting June 2021




<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2021-100621.pdf>

<sup>2</sup> Based on the Nordic Public Sector Issuers: Position Paper on Green Bonds Impact Reporting

[https://www.kuntarahoitus.fi/app/uploads/sites/2/2020/02/NPSI\\_Position\\_paper\\_2020\\_final.pdf](https://www.kuntarahoitus.fi/app/uploads/sites/2/2020/02/NPSI_Position_paper_2020_final.pdf)

<sup>3</sup> Based on The Green Bond Principles: Handbook Harmonised Framework for Impact Reporting June 2021

<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2021-100621.pdf>

			<p>urban metro, rail and non-motorized, multi-modal transportation</p> <ul style="list-style-type: none"> <li>• Infrastructure to support mass transit, including depot and maintenance facilities, signalling equipment, platform gates, and facilities required for the safe, clean, and efficient operation of the network, utilities and other enabling infrastructure that promotes sustainable transportation.</li> </ul>
<b>GREEN BUILDINGS</b>	 	<p>Number of products sold</p>	<p><u>Projects currently considered:</u> Commercial Rainwater Harvesting systems</p> <p>Proceeds may be allocated towards refinancing or investing in projects that improve water quality, efficiency, and conservation.</p>
<b>SUSTAINABLE AGRICULTURE</b>		<p>Number of products sold</p> <p>Volume of water (m<sup>3</sup>) saved/reduced/treated</p>	<p><u>Projects currently considered:</u> Commercial drip, flood, and pivot irrigation systems</p> <p>Proceeds may be allocated towards refinancing or investing in projects that improve water quality, efficiency, and conservation.</p>

## Green Bond Portfolio – Use of Proceeds

**Table 4 (a) – Use of Proceeds**

Year	Amount Raised (MUR 'm)	Total Disbursed (MUR 'm)	Matured Bond Repayment (MUR 'm)
2022	500	342	-
2023	1,500	659	500

**Table 4 (b) – Consolidated data at portfolio level from January 2023 to December 2023**

Projects	Number of Assets	Disbursement Amount (MUR 'm)
Electric Vehicles	107	299
Hybrids Vehicles	293	188
Plug-in hybrid Vehicles	62	170
Photovoltaic panels	1	2
<b>Total</b>	<b>463</b>	<b>659</b>

The above projects are in line with CFSL Green Bond Framework and classified as eligible green assets<sup>1</sup>.

In 2023, MUR 657 million was disbursed and used to finance eligible green vehicles under the clean transportation category as per CFSL Green Bond Framework. Out of the 462 vehicles that were financed during the period of January 23 to December 2023, hybrids vehicles were the most popular type of clean transportation being leased followed by electric vehicles and plug-in-hybrids respectively. There was an increase of over 200% in the number of electric vehicles sold compared to 2022.

Electric vehicles were funded due to their zero CO<sub>2</sub> emissions, as they release chemically stored energy electrochemically through lithium-ion batteries, eliminating combustion and, consequently, preventing air pollution from CO<sub>2</sub> during driving. An EV is a vehicle that can be powered by an electric motor that draws electricity from a battery and is capable of being charged from an external source of power, which can come from the national grid and solar charger. The national grid in Mauritius generates more than 75% of its electricity from non-renewable sources, while its renewable sources include bagasse and hydropower.

Hybrid and plug-in hybrid vehicles are considered green assets as their CO<sub>2</sub> emissions do not exceed 79 gCO<sub>2</sub>/km in line with CFSL Green Bond Framework. The assessments also consider the reduction in CO<sub>2</sub> emissions at the level of the vehicle user between the use of their old vehicle and the use of the new one. Hybrid electric vehicles are powered by an internal combustion engine and one or more electric motors, which uses energy stored in batteries. A hybrid electric vehicle cannot be plugged in to charge the battery. Instead, the battery is charged through regenerative braking and by the internal combustion engine. Plug-in-hybrid vehicles are a combination of gasoline and electric vehicles, so they have a battery, an electric motor, a gasoline tank, and an internal combustion engine.

<sup>1</sup>Source: [CFSL Green Bond Framework](#)

## Impact Calculation Methodology

The metrics chosen are in line with ICMA Harmonized Framework, and may, wherever feasible, include the following:

- Annual renewable energy generation in MWh or GWh
- Number of units sold or systems installed
- Volume of water (m<sup>3</sup>) saved/reduced/treated
- Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent
- Carbon intensity of the bond (GHG emissions of new car/ amount lent)
- Avoided emissions per MUR invested (total avoided emissions / total amount lent)

### Avoided emissions are calculated according to the following formulae:

Baseline scenario emissions – New behaviour emissions = Avoided carbon

Formulae: (baseline activity data X EF<sup>4</sup>) – (new activity data X EF)

Applied to cars: (KMs old car X EF\*)- (KMs new car X EF\*)

Applied to energy projects: (kWh Mauritian grid X EF\*) – (kWh new project X EF\*)

### Assumptions

To make the calculations, several assumptions were made:

- The information provided to CFSL by its clients and technical experts, with regards to the activity data, is correct and true.
- The information provided by the car manufacturers for hybrids and plug-in hybrids regarding the carbon emissions per Km is correct and true.
- For clean transportation, there were two scenarios:
  - a) If the client was replacing a car, the annual avoided emission was calculated using the information from the old car as baseline.
  - b) If the client was purchasing a new first car or a reconditioned/second hand first car, the annual GHG emission was calculated using the information from an average-sized thermal car as baseline. The latter was chosen based on the assumption that there are no other clean transportation alternatives.
- For clean energy projects, it was assumed that there was no renewable energy alternative, and the client would have used electricity from the national electric grid as baseline.

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<sup>4</sup> \*Emission Factors used:

- Mauritian Emission Factor for the electric grid (applicable to energy projects)
- Hybrid and plug-in Hybrid cars: *as provided by the car manufacturers*
- Electric vehicles plugged into the national grid: *estimates calculated based on an average world grid for the specific engine sizes.*
- Electric vehicles with solar charges: 0
- Thermal cars: based on DEFRA's 2021 emission factors and depending on car size.  
Source: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>

## Clean transportation summary table

Table 5 Clean Transportation Data as of December 2023. Calculated and verified by Dynamia Associates and Developers on data sourced from CFSL.

Clean transportation projects	Share of total disbursement %	No of clean Vehicles deployed	Total estimated annual Kms	Total annual GHG emissions avoided in KgCO <sub>2</sub> e	Average GHG emissions avoided per car in KgCO <sub>2</sub> e	Carbon intensity (+CO <sub>2</sub> e/MUR) per year (Based on Disbursement)
<b>Electric Vehicles</b>	45.6	107	806,000	41,130	384	0.00080
<b>Hybrids</b>	28.6	293	1,861,000	448,076	1,529	0.00155
<b>Plug-in hybrids</b>	25.9	62	471,000	119,665	1,930	0.00036
<b>TOTAL</b>	100	462	3,138,000	608,871		0.00090

It happens, in some circumstances, that an EV generates more emission than a petrol average sized car. This is because of the following:

- 1) Evs are plugged into the grid for charging rather than using renewable energy.
- 2) Large electric cars (more than 2000 cc) are being purchased.

To effectively lower the emission from EV, financing of renewable energy producing assets becomes all the more determinant.

The total impact results of the Green Bond in the clean transportation category are nonetheless positive. This is equivalent to:

- 68,513 gallons of gasoline avoided or,
- 59,811 gallons of diesel avoided or,
- 682,029 pounds of coal avoided or,
- 1,408 barrels of oil avoided.

Source : <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator#results>

## Renewable Energy summary table

	Number of Projects	Expected Annual Generation in kWh	GHG Emissions Avoided (KgCO <sub>2</sub> e)
<b>Photovoltaic panels</b>	1	17,115	16,341.4

The above shows total impact results of the Green Bond in the renewable energy category which is still overwhelmingly positive. This is equivalent to:

- 1,605 gallons of diesel avoided
- 37.8 barrels of oil avoided



## Supporting References

- 1) United Nations (2015) Paris Agreement: [https://unfccc.int/files/essential\\_background/convention/application/pdf/english\\_paris\\_agreement.pdf](https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf)
- 2) UNEP, 2023 <https://www.unep.org/news-and-stories/story/mauritius-sets-goals-curb-triple-planetary-crisis>
- 3) An Electric Car roadmap for the rainbow nations, The Ministry of Energy and Public Utilities Mauritius (EVConsult & Ecosis, Jan 2020)
- 4) Article reference for critical thinking on the subject: <https://cepr.org/voxeu/columns/green-bonds-and-carbon-emissions-exploring-case-rating-system-firm-level>



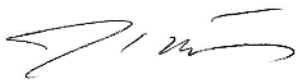
**DYNAMIA**

26 February 2024

**External Review**

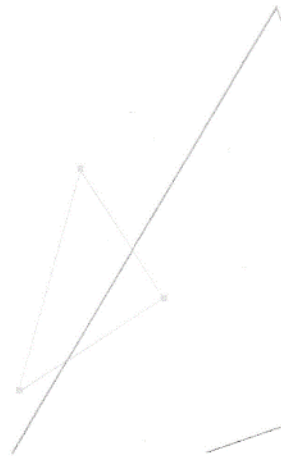
CFSL has hired Dynamia Associates and Developers, an external consultant on sustainability, to provide and to develop the key environmental performance Indicators and calculation methods.

The calculations were made based on the assumptions and data available at the time. As new data or information becomes available, the calculations may be updated or revised accordingly to reflect the most current understanding of the situation.



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**Directeur Associé**

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## **CIM Financial Services Ltd**

Independent external review on the 2023 Green Bond Progress Report of CIM Financial Services Ltd as of 31 December 2023



## **Independent external review report on the 2023 Green Bond Progress Report of CIM Financial Services Ltd as of 31 December 2023**

To CIM Financial Services Ltd

We have been engaged to conduct an independent external review engagement on:

- The Use of Proceeds Information

The Use of Proceeds Information as stated in "Table 4 (a) and 4 (b)" on the 2023 Green Bond Progress Report ("the Data"), is published in the '2023 Green Bond Progress Report' (the 'Document') of CIM Financial Services Ltd ('the Company' / 'CFSL') as of 31 December 2023.

The Green Bond Framework of the Company is structured in accordance with the Guidelines and principles for issue of Green Bonds in Mauritius issued by the Financial Services Commission ("FSC") (Chapter 3 - Green Bonds) from the International Capital Market Association" (ICMA)'s Harmonized framework edition and the UN Sustainable Development Goals.

### **Conclusion**

The Use of Proceeds Information:

- Based on our work as described in this report, nothing has come to our attention that causes us to believe that the Use of Proceeds related to the Green Bonds issued by CIM Financial Services Ltd as presented in the "2023 Green Bond Progress Report", are not, in all material respects, in accordance with the CFSL Green Bond Framework as dated in January 2022.

### **Responsibility of the Company**

The Company is responsible for the preparation of the Data and the references made to it presented in the Document as well as for the declaration that its reporting is in accordance with the following framework:

- The CFSL Green Bond Framework has been based on the guidelines on Green Bonds as set out by the Financial Services Commission, Mauritius.

This responsibility includes the selection and application of appropriate methods for the preparation of the Data, for ensuring the reliability of the underlying information and for the use of assumptions and reasonable estimations.

Furthermore, the Company is also responsible for the design, implementation and maintenance of systems and procedures relevant for the preparation of the Data that is free from material misstatement, whether due to fraud or error.

## Nature and scope of our work

Our responsibility is to express a conclusion on the Use of Proceeds Information based on our procedures. We conducted our engagement in order to state whether anything had come to our attention that causes us to believe that the Data have not been prepared, in all material respects, in accordance with the applicable criteria.

Our work was performed on the data gathered and retained in the section on Green Bond Portfolio - Use of Proceeds of the 2023 Green Bond Report by CFSL. Our conclusion covers therefore only this Data and not all information included in the Document.

We have taken into account the perimeter according to the scope of the Green Bond Progress Report:

- Green Bonds raised: MUR 1.5 Billion in October 2023, out of which MUR 1.1 Billion are listed;
- Green Bonds proceeds amounting to MUR 659 M were used in the disbursements of Green Assets in 2023 in relation to clean transportation vehicles/products and MUR 500 M for the repayment of the matured bonds.

The scope of our work included, the following procedures:

- Obtaining an understanding of the Company's process, including internal controls, relevant to collection of the information used to prepare the Data. This included discussions with the Company's management responsible for operational performance in the areas relating to the Data;
- Examining, on a sample basis, internal and external supporting evidence to meet the objectives of CFSL Green Bond Framework's principle on "Use of proceeds".

Our report is addressed solely to the Company and its directors, as a body. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors as a body for our work, this report, or for the conclusions we have formed.



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Date: 15/03/24

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