

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainable Financing Framework

Fondo MiVivienda S.A.
31 March 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green Bonds, Social Bonds, Sustainability Bonds, and other Sustainable Financing Instruments
Relevant standards	<ul style="list-style-type: none">• ICMA's Social Bond Principles, Sustainability Bond Guidelines, and Green Bond Principles (SBP/SBG/GBP) (June 2021)
Scope of verification	<ul style="list-style-type: none">• Fondo MiVivienda S.A. Sustainable Financing Framework (as of 29.03.2022)• Fondo MiVivienda S.A. Selection Criteria (as of 29.03.2022)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as there is no material change to the Framework

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SCOPE OF WORK

Fondo MiVivienda S.A (“the Issuer” or “FMV”) commissioned ISS ESG to assist with its Green Bonds, Social Bonds, Sustainability Bonds, and other Sustainable Financing Instruments by assessing three core elements to determine the sustainability quality of the instrument:

- Green Bonds, Social Bonds, Sustainability Bonds, and other Sustainable Financing’s link to Fondo MiVivienda’s sustainability strategy – drawing on Fondo MiVivienda’s overall sustainability profile and issuance-specific Use of Proceeds categories.
- Fondo MiVivienda’s Sustainable Financing Framework (29.03.22 version) – benchmarked against the International Capital Market Association’s (ICMA) Social Bond Principles, Sustainability Bond Guidelines, and Green Bond Principles (SBP/SBG/GBP)
- The Selection Criteria – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 1).

FONDO MIVIVIENDA BUSINESS OVERVIEW

Fondo MIVIVIENDA S.A. is a wholly owned government entity established in 1998 under the Law N° 26912 as “Fondo Hipotecario de Promoción de la Vivienda - Fondo MIVIVIENDA” in Peru. Afterwards, pursuant to Law No. 28579, FMV was established as a for-profit organization, as part of the Ministry of Housing, Construction and Sanitation umbrella. FMV operates in both primary and secondary mortgage markets by partially originating loans to borrowers, acting as a mezzanine lender that provides funding to Intermediary Financial Institutions (IFIs), which in turn lend to the target segment final borrowers. FMV key products consist of PEN denominated mortgage, partially subsidized by the Government, via two main programs, (i) Programa MiVivienda and (ii) Programa Techo Propio. FMV provides affordable housing to low- and middle-income families and individuals in Peru. FMV is one of the 35 corporations ruled by Fondo Nacional de Financiamiento de la Actividad Empresarial del Estado (FONAFE), a business conglomerate directly owned by the Peruvian Government.



Figure 1: Fondo MiVivienda Memoria Anual 2020

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
<p>Part 1:</p> <p>Green Bonds, Social Bonds, Sustainability Bonds, and other Sustainable Financing Instruments link to issuer's sustainability strategy</p>	<p>Fondo MiVivienda S.A. is a wholly owned government entity that operates in both primary and secondary mortgage markets by originating partially loans to borrowers and provides affordable housing to low- and middle-income families and individuals. In 2015, in collaboration with the Agence Française de Développement (“AFD”), the Company created the Sustainable MiVivienda Program (“MiVivienda Sostenible”) through which it developed specific sustainability criteria to determine eligibility of housing projects under the “MiVivienda Verde” mortgage loan. As of December 2021, FMV has provided over PEN 26.4bn (~US\$7.1bn) in cumulative housing financing.</p> <p>The Use of Proceeds financed through these Sustainable Financing Instruments are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Sustainable Financing Instruments is clearly described by the issuer.</p>	<p>Consistent with issuer's sustainability strategy</p>
<p>Part 2:</p> <p>Alignment with SBP/SBG/GBP</p>	<p>The issuer has defined a formal concept for its Green Bonds, Social Bonds, Sustainability Bonds, and other Sustainable Financing Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA's Social Bond Principles, Sustainability Bond Guidelines, and Green Bond Principles (SBP/SBG/GBP).</p>	<p>Aligned</p>
<p>Part 3:</p> <p>Sustainability quality of the Selection Criteria</p>	<p>The overall sustainability quality of the Selection Criteria in terms of sustainability benefits, risk avoidance and minimization is good based upon the ISS ESG assessment. The Green Bonds, Social Bonds, Sustainability Bonds, and other Sustainable Financing Instruments will (re-)finance eligible asset categories which include: affordable housing and green buildings.</p> <p>Those use of proceeds categories have a limited contribution to SDGs 10 ‘Reduced inequalities’ and 11 ‘Sustainable cities and communities’. The environmental and social risks associated with those use of proceeds categories have been well managed.</p>	<p>Positive</p>

¹ ISS ESG's evaluation is based on the Fondo MiVivienda's Sustainability Financing Framework (March 29th, 2022 version), on the selection criteria as received on March 29th, 2022, and Indicative Corporate Rating updated on March 30th and applicable at the SPO delivery date.

ISS ESG SPO ASSESSMENT

PART I: GREEN BONDS, SOCIAL BONDS, SUSTAINABILITY BONDS, AND OTHER SUSTAINABLE FINANCING INSTRUMENTS LINK TO FONDO MIVIVIENDA'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF FMV'S ESG PERFORMANCE

Methodological note: Please note that Fondo MiVivienda is not part of the ISS ESG Corporate Rating Universe. Thus, the below sustainability profile is an assessment conducted by the analyst in charge of the Mortgage & Public Sector Finance sector mainly based on publicly available information. No direct communication between the Issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.

Industry classification:

Mortgage & Public Sector Finance

Key issues of the industry:

1. Sustainability impacts of lending and other financial services/products
2. Customer and product responsibility
3. Employee relations and work environment
4. Statutory ESG-standards linked to the geographical allocation of the lending portfolio

Indicative ESG risk and performance assessment

The Fund MIVIVIENDA SA (FMV) is a state-owned company under private law (Law 28579 – Law for the conversion of the Mortgage Fund for Housing Promotion - MIVIVIENDA Fund to MIVIVIENDA SA Fund, and its bylaws), falls under the scope of the National Fund for Financing State Business Activity (Fonafe) and attached to the Ministry of Housing, Construction and Sanitation (MVCS). FMV provides housing mortgage loans through Intermediary Financial Institutions (IFIs) in Peru intending to reduce the housing deficit in the country. Currently, it has two active products i) New Mivivienda Credit (NCMV) and ii) Own Roof Complementary Financing.

FMV's NCMV line of credit provides "Mivivienda Green Credit" (green loans) which are granted to housing projects with sustainable certification. The sustainable-certified projects are classified into three degrees of sustainability – I+, II+, and III+ covering several environmental issues, such as water-saving, renewable energy, waste, eco-materials, etc., contributing to mitigating climate change and ensuring sustainable housing. The company provides greater impetus to these green projects. Thus, it is estimated that products with substantial positive environmental impact form a significant part of the company's total value of credits granted in the financial year 2021. Further, in compliance with the objective of financing low-income housing, the NCMV line of credit primarily offers mortgage loans to purchase or build, or improvement rights for houses of value from S/60,000 to S/427,600. Furthermore, under the Own Roof Program (Techo Propio Program), the company provides loans to low-income families with monthly family income that does not exceed the value of S/ 3,715 to buy a

new home and S/ 2,706 to build or improve a home. Thus, serving the sustainability goal of providing basic services. Thus, it is estimated that products with substantial positive social impacts form a considerable part of the company's total number of credits granted in the financial year 2021.

In terms of customer and product responsibility, FMV ensures customer data is protected through an established information security policy and information security management system based on the Peruvian ISO 27001:2014 standards covering key aspects such as risk assessment, audit, etc. The refinancing option is implemented for customers with financial/payment difficulties. However, it remains unclear what measures are undertaken to warrant responsible marketing and responsible sales practices.

Employees' health and safety risks are addressed to some extent by establishing a Health and Safety Committee, training, and compilation of health and safety performance data for employees and contractors. However, it does not demonstrate how it manages other staff-related issues, such as employees' mental health and work-life balance.

As the company serves in the Peru market, it can be assumed that fairly good environmental and social minimum standards, either set by law or industry agreements, apply to the company's portfolio. Additionally, the company has formulated its proprietary Fondo MiVivienda Sustainability Financing Framework addressing key components of international frameworks such as Green Bond Principles, outlining the Environmental, Social, and Governance (ESG) criteria to finance or refinance eligible projects.

Indicative product portfolio assessment

Social impact of the product portfolio:

- FMV's product portfolio includes mortgage loans to low-income individuals and families, thus positively contributing to providing basic services of affordable housing. It is estimated that the products with substantial positive impacts form a considerable part of the company's total business.

Environmental impact of the product portfolio:

- FMV's product portfolio includes mortgage loans that are granted to housing projects with sustainable certification and therefore contribute to mitigating climate change. It is estimated that products with substantial positive environmental impact form a significant part of the company's total business.

Controversy assessment

Company Screening

The analyst in charge of producing this report conducted a high-level controversy assessment, based on publicly available information exclusively. As of March 30th 2022, there is no indication of Fondo MiVivienda being involved in any of the below mentioned controversies.

Industry risks

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Mortgage & Public Sector Finance sector are as follows: Failure to pay

share of taxes, failure to mitigate climate change impacts, and failure to conduct human rights due diligence. This is closely followed by failure to prevent money laundering, workplace discrimination on the grounds of gender, failure to manage cybersecurity and failure to respect the right to self-determination.

B. CONSISTENCY OF GREEN BONDS, SOCIAL BONDS, SUSTAINABILITY BONDS, AND OTHER SUSTAINABLE FINANCING INSTRUMENTS WITH FMV'S SUSTAINABILITY STRATEGY

In 2018, FMV began publishing an annual sustainability report. As of 2021 there has been a delay and in April 2021, they published their 2019 sustainability report². FMV's 2019 Sustainability Report along with their 2020 Institutional Report³ outline the following sustainability actions and goals.

Key sustainability objectives and priorities defined by the issuer

1. FMV's accessible housing vision and mission from the 2019 Sustainability report sets the following goals regarding housing access for low-middle income populations:
 - a. To be the benchmark in solving housing needs and reducing the housing deficit
 - b. Promote access to adequate housing for lower income families
2. FMV has the following actions to align with the SDGs in their 2019 sustainability report:
 - a. Granted 12,224 MiVivienda credits, which represent a total amount of PEN 1,684 million (~US\$451 million⁴)
 - b. Achieved gender equity in the company of 53% women and 47% men
 - c. Preparation of their social responsibility policy
 - d. FMV employees were made aware of issues of eco-efficiency and results of the energy audit through guidance of the Ministry of the Environment (MINAM) and the Ministry of Energy and Mines (MINEM).
 - e. Training was carried out on the ISO 19600 Compliance Management System and ISO 37001 Anti-Bribery Management System
3. FMV's 2020 Institutional Report outlines their Corporate Social Responsibility Goals which address both environmental and social aspects of their operations.
 - a. Reducing Energy Consumption
 - b. Training in Social Responsibility for employees
 - c. Gender Gap Reduction on issues such as: the fight against gender-based violence, the use of inclusive language, the fight against sexual harassment in the workplace, and the fight against gender stereotyping.
 - d. Annual Sustainability Reports
 - e. Implementation of the Authority's Pending Recommendations in the Occupational Health and Safety System (SGSST)

² FMV, 2021, Reporte de Sostenibilidad 2019, <https://www.mivivienda.com.pe/PORTALCMS/archivos/documentos/8585764900614470818.PDF>

³ FMV, 2020, Memoria Institucional, <https://www.mivivienda.com.pe/PORTALCMS/archivos/documentos/8585705596866229251.PDF>

⁴ Based on March 30th 2022 conversion rates

Rationale for issuance

FMV's mission is to provide access to adequate and affordable housing to lower- and middle-income working families and individuals. FMV performs an articulating role as the link between players in the retail mortgage market: Families, Regional and Local Governments, Intermediate Financial Institutions and Real Estate Projects. As of December 2021, FMV has provided over PEN 26.4bn (~US\$7.1bn) in cumulative housing financing.

As a member of the UN, the Peruvian Government and its Sovereign-owned Entities developed a set of actions aiming at achieving the Sustainable Development Goals ("SDG"). To that extent, sustainability goals are designed to meet the sustainability requirements set forth by FONAFE and include to: (i) Promote energy-efficient buildings that meet or exceed recognized sustainable development standards and promote health and well-being and enhance the communities where FMV does business, (ii) Meet or exceed recognized standards for sustainable development to promote projects that enable communities to prosper more sustainably; and (iii) Partner with community organizations to support environmental and social initiatives.

FMV is a central actor in the National Strategy for Development and Social Inclusion, specified in the Peruvian Sustainable Framework as "Access to affordable housing, education and essential health services". Additionally, in 2015 in collaboration with the Agence Française de Développement ("AFD"), the Company created the Sustainable MiVivienda Program ("MiVivienda Sostenible") through which it developed specific sustainability criteria to determine eligibility of housing projects under the "MiVivienda Verde" mortgage loan.

This Sustainable Financing Framework forms the basis for future Green Bonds, Social Bonds, Sustainability Bonds, and other Sustainable Financing Instruments issuances for FMV contributes to access to affordable housing and the expansion of green buildings.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Green Bonds, Social Bonds, Sustainability Bonds, and other Sustainable Financing Instruments with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Mortgage and Public Sector Finance industry. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g., climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Affordable Housing <i>Target population: Individuals who are considered to be underserved in quality access to affordable housing, including first-time homeowners in low- and moderate-income areas</i>	✓	✓	Contribution to a material objective

<p>Green Housing Fondo MiVivienda internal certification standards</p>	<p style="text-align: center;">✓</p>	<p style="text-align: center;">✓</p>	<p>Contribution to a material objective</p>
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Opinion: *ISS ESG finds that the Use of Proceeds financed through these Sustainable Financing Instruments are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing Sustainable Financing Instruments is clearly described by the issuer.*

PART II: ALIGNMENT WITH ICMA'S GREEN BOND PRINCIPLES, SOCIAL BOND PRINCIPLES AND SUSTAINABILITY BOND GUIDELINES

1. Use of Proceeds

FROM ISSUER'S FRAMEWORK

For each Sustainable Financing under this Framework, FMV intends to allocate an amount equal to the net proceeds to financing or refinancing, in whole or in part, existing or new Eligible Sustainability Projects. "Eligible Sustainability Projects" include investments and expenditures by Fondo MiVivienda and its subsidiaries related to one or more of the criteria listed below. Eligible Projects will include those for which Fondo MiVivienda made disbursements within the 2 years prior to the applicable Sustainable Financing through the maturity of the applicable Sustainable Financing, unless otherwise noted in the respective financing documents. FMV may allocate to a single Eligible Green or Social Project or any combination of Eligible Green or Social Projects, and no assurances can be provided that any amount will be allocated to fund any particular category of Eligible Green or Social Projects.

Eligibility Criteria

Eligible Social Projects

SBP Eligible Project Category	Eligibility Criteria and Example Projects
<p>Affordable Housing⁵</p> <p><i>Target population:</i></p> <p>Individuals who are considered to be underserved in quality access to affordable housing, including first-time homeowners in low- and moderate-income areas⁶</p>	<p>Financing and subsidies for the purchase, construction, renovation, or maintenance of housing units that meet the following requirements:</p> <ol style="list-style-type: none"> Value of housing unit is PEN 61,200 to PEN 436,100 (~US\$16,540 and ~US\$117,865⁷); and Borrower must not already own or co-own another housing property in Peru

⁵ **FMV's Interest rates:** Historically, the placement rate of FMV to Intermediary Financial Institutions (for them to then place end customers) is substantially low, almost at levels close to that of Peru's sovereign bond for traditional "Nuevo Credito MiVivienda" (NCMV) product, and even below for the Level III Green NCMV product. For a 7.65-year maturity placement, the average rate of the Green NCMV (main product of the FMV) and of the non-Green NCMV are at respectively 5.86% and 7.10% while the yield of the zero-coupon curve reaches 6.65%.

⁶ As defined by the World Bank's INEI institute in Peru ELL methodology. In 2020 geographical urban areas were grouped according to 5 ranges based on economic strata – SES (Upper, Upper Middle, Middle, Lower Middle and Low). Due to the values of the homes financed, borrowers generally will reside in geographic areas designated as Middle and Lower Middle (Moderate), and Low strata.

⁷ USD equivalent based on March 7th, 2021 conversion rates. Thresholds are re-evaluated on an annual basis and may be adjusted based on local market conditions.

Eligible Green Projects

Fondo MiVivienda’s eligible green projects are a subset of its total portfolio, which is entirely social in nature and based on the criteria described above. As such, Fondo MiVivienda will not knowingly allocate proceeds to assets and expenditures under Eligible Green Projects which received an allocation of proceeds under Eligible Social Projects, or vice-versa.

GBP Eligible Project Category	Eligibility Criteria and Example Projects
<p>Green Housing⁸ (Low-rate mortgage loans)</p>	<p>Financing and subsidies for the purchase, construction, renovation, or maintenance of certified sustainable housing units (“Sustainable Housing”) through the “MiVivienda Sostenible” program, with the following characteristics:</p> <p>Eligible Sustainable Housing projects must be located less than 55 km from the center of a city of more than 100,000 inhabitants for the Lima region, or less than 30 km from the center of a city of more than 50,000 people elsewhere in the country and be formally certified ex-ante and ex-post by independent auditors according to the criteria set out by Fondo MiVivienda. Projects certified as sustainable are classified based on different levels of sustainability as follows: I+, II+ and III+, each of them with conditions that incorporate sustainable technology as detailed below:</p> <ul style="list-style-type: none"> • Level I+: water savings (at least 30%), energy savings, water heating, building strategies adapted to local bioclimatic conditions, recycling and waste management plan during the construction phase, use of sustainable materials, and incorporation of urban sustainable mobility infrastructures such as biking spaces and optical fiber • Level II+: meets all conditions of level I+, and also includes renewable energy generation equipment, and energy efficient appliances and equipment • Level III+: meets all conditions of level II+, and also includes wastewater treatment facility, common areas with the purpose of fomenting economic and social activities for residents <p>Financing and subsidies for Level I+, II+ and III+ certified Sustainable Housing are eligible projects under this Framework. The complete Sustainable Housing certification criteria is described in Appendix A.</p>

FMV will not knowingly allocate proceeds from any Sustainable Financing to investments which received an allocation of proceeds under any other Sustainable Financing including outstanding loans from the French Development Agency (“AFD”) and the KfW Development Bank, or other institutions.

Exclusionary Criteria:

FMV will not knowingly use the proceeds of any Sustainable Financing for financing of assets or projects that involve activities involving exploitation of human rights, modern slavery (e.g., forced labor or human trafficking) or child labor.

⁸ **FMV’s interest rates:** Historically, the placement rate of FMV to Intermediary Financial Institutions (for them to then place end customers) is substantially low, almost at levels close to that of Peru’s sovereign bond for traditional “Nuevo Credito MiVivienda” (NCMV) product, and even below for the Level III Green NCMV product. For a 7.65-year maturity placement, the average rate of the Green NCMV (main product of the FMV) and of the non-Green NCMV are at respectively 5.86% and 7.10% while the yield of the zero-coupon curve reaches 6.65%

Opinion: ISS ESG considers the Use of Proceeds description provided by Fondo MiVivienda's Sustainable Financing Framework is aligned with the Social Bond Principles, Sustainability Bond Guidelines, and Green Bond Principles (SBP/SBG/GBP). Environmental and social benefits are described and will be quantified where feasible.

2. Process for Project Evaluation and Selection

FROM ISSUER'S FRAMEWORK

Key representatives from Fondo MiVivienda's Real Estate Projects Department ("REPD"), Operations and Finance teams will evaluate and select projects that meet the above listed criteria. Representatives from the REPD will verify housing projects submitted by developers meet the required sustainability criteria to be certified under the Sustainable MiVivienda program. Afterwards, Operations will account for the associated disbursements to eligible borrowers and representatives from Finance will review and select the assets to which an amount equivalent to the proceeds from the Sustainable Financing will be allocated to. All projects will be developed in accordance with Fondo MiVivienda's internal Environmental and Social Risk Policy Framework.

The housing sustainable certification process is supervised by the REPD at Fondo MiVivienda and consists of the following steps:

- Developers start an application package by providing FMV a file containing the information requested by FMV's certification procedure;
- The REPD at FMV evaluates every file against the certification procedure criteria before forwarding the application packages to the external verifier (eligible independent third party auditor that must be approved by the Agence française de développement) who provides the certification;
- Once REPD has evaluated each application package, FMV sends it to the external verifier with an application number;
- The external verifier receives and evaluates the application dossier sharing with FMV status and observations during the evaluation period;
- Once the external verifier evaluates and determines that all documentation is adequate, it will be sent to FMV with a Green Certification that contains general data about the project and level that was assigned;
- FMV sends the certification documents to the developer to start the promoting and selling of sustainable housing units into the certified project;
- FMV notifies the certifications to financial institutions that operate with MiVivienda Verde.

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by Fondo MiVivienda's Sustainable Financing Framework is aligned with the Social Bond Principles, Sustainability Bond Guidelines, and Green Bond Principles (SBP/SBG/GBP). FMV has outlined measures to identify and manage social risks related to the project categories. Moreover, the projects selected show alignment with the corporate mission strategy of the issuer, and the evaluation and selection process is well described.

3. Management of Proceeds

FROM ISSUER'S FRAMEWORK

So long as a Sustainable Financing remains outstanding, FMV's internal records will show the amount of the net proceeds from the issuance of such Sustainable Financing allocated to Eligible Projects, as well as the amount of net proceeds pending allocation. Pending allocation, an amount equivalent to the net proceeds from any future Sustainable Financing under this Framework will be allocated and managed by Fondo MiVivienda's Finance department according to FMV's normal liquidity practices, including investments in high quality financial instruments, repayments or repurchases of FMV's outstanding indebtedness.

Fondo MiVivienda expects to allocate all or substantially all of the proceeds from any future Sustainable Financing within 2 years of the date of such Sustainable Financing. Payment of principal and interest on the Sustainable Financing will be made from Fondo MiVivienda's general funds and will not be directly linked to the performance of any Eligible Sustainability Projects. Fondo MiVivienda will use reasonable efforts to substitute any material Eligible Sustainability Projects that are no longer eligible as soon as practicable upon identifying an appropriate substitute Eligible Sustainability Project.

Opinion: ISS ESG finds that Management of Proceeds proposed by Fondo MiVivienda's Sustainable Financing Framework is aligned with the Social Bond Principles, Sustainability Bond Guidelines, and Green Bond Principles (SBP/SBG/GBP). The proceeds collected must be equal to the amount allocated to the eligible projects, with no exceptions (2-year allocation period expected). The Issuer specifies the types of temporary placements for unallocated proceeds.

4. Reporting

FROM ISSUER'S FRAMEWORK

Allocation Reporting

During the term of the Sustainable Financing FMV will provide, and keep readily available, on a designated website, information on the allocation of an amount equal to the net proceeds of the Sustainable Financing, to be updated at least annually until full allocation and as necessary thereafter in the event of material developments. This information will include:

- The amounts allocated to Eligible Green or Social Projects, by category;
- the amount pending allocation;
- the amount financed vs. refinanced; and
- assertions by Fondo MiVivienda's management with respect to (i) (ii) and (iii) above.

Impact Reporting

Where feasible, Fondo MiVivienda will adopt the guidance in The Harmonized Framework for Impact Reporting (June 2021). Performance of estimated impacts will not be tied to the pricing or other characteristics of a Financing under this Framework.

The Impact Report will include, on a best effort basis, (i) reporting focusing on quantitative environmental impacts of FMV’s Eligible Green or Social Projects, and (ii) case studies with additional information on highlighted projects. For projects that are not yet operational or an asset that is still in the development phase, Fondo MiVivienda will strive to provide estimates of expected impact. The table below details a list of Estimated Impact Metrics which Fondo MiVivienda believes serves as meaningful guidance on impact reporting; however the final reporting may differ from these proposed Estimated Impact Metrics. Where feasible, the methodology and material assumptions used to report on the environmental and/or social benefits of the Eligible Green or Social Projects will be disclosed in the Impact Report.

GBP Eligible Project Category	Estimated Impact Metric
Green Buildings	<ul style="list-style-type: none"> • Number of Sustainable Housing units financed • Number, dollar-amount of financing for Sustainable Housing • % of energy use reduced/avoided vs local baseline/building code • % of renewable energy generated on site • Annual GHG emissions reduced/avoided in tonnes of CO2 equiv. vs local baseline/baseline certification level • % of water reduced/avoided vs local baseline/baseline certification level/IGCC /International Plumbing Code • Amount of waste reduced, reused or recycled in % of total waste and/or in absolute (gross) amount in tonnes. • Waste removed in tonnes
SBP Eligible Project Category	Estimated Impact Metric
Affordable Housing	<ul style="list-style-type: none"> • Number of Affordable Housing units financed • Number, dollar-amount of financing for Affordable Housing

Opinion: ISS ESG finds that the reporting proposed by Fondo MiVivienda’s Sustainable Financing Framework is aligned with the Social Bond Principles, Sustainability Bond Guidelines, and Green Bond Principles (SBP/SBG/GBP). The level, frequency and duration of the sustainable financing instruments reporting is clearly defined.

External review

FROM ISSUER’S FRAMEWORK

Each allocation report will be accompanied by a report from an independent registered public accounting firm in respect of its examination of management’s assertions conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN BONDS, SOCIAL BONDS, SUSTAINABILITY BONDS, AND OTHER SUSTAINABLE FINANCING INSTRUMENTS TO THE UN SDGs

Based on the assessment of the sustainability quality of the Green Bonds, Social Bonds, Sustainability Bonds, and other Sustainable Financing Instruments Selection Criteria and using a proprietary methodology, ISS ESG assessed the contribution of the Fondo MiVivienda’s Green Bonds, Social Bonds, Sustainability Bonds, and other Sustainable Financing Instruments to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 2 for methodology):



Each of the Green Bonds, Social Bonds, Sustainability Bonds, and other Sustainable Financing Instruments Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Eligible Social Categories		
Affordable Housing (mortgage and subsidies) <i>Target population: Individuals who are considered to be underserved in quality access to affordable housing including first-time home owners in low-and moderate-income areas⁹</i>	Limited contribution ¹⁰	
Eligible Green Categories		
Green Housing (mortgage and subsidies) <i>Financing and subsidies for the purchase, construction, renovation, or maintenance of certified sustainable housing units through the “MiVivienda Verde” and “MiVivienda Sostenible” programs</i>	Limited contribution ¹⁰	

⁹ As defined by the World Bank’s INEI institute in Peru ELL methodology. In 2020 geographical urban areas were grouped according to 5 ranges based on economic strata – SES (Upper, Upper Middle, Middle, Lower Middle and Low). Due to the values of the homes financed, borrowers generally will reside in geographic areas designated as Middle and Lower Middle (Moderate), and Low strata.

¹⁰ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer’s product and service portfolio on the SDGs. It is worth noting that Fondo Mivivienda’s eligible green projects are a subset of its total portfolio, which is entirely social in nature and based on the criteria described above. That is why a positive contribution to SDG 1 and 10 is also highlighted

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA

Key performance indicators (KPIs) covering all categories

ASSESSMENT AGAINST ISS ESG KPI

Responsible treatment of customers with debt repayment problems

- ✓

Pre-emptive actions to prevent client debt repayment problems: FMV has measures in place ensuring pre-emptive actions to prevent client debt repayment problems. FMV's Credit Regulations of the New Mivivienda Credit sets a limit for the sub-borrower's total credit fee to net income ratio.
- Selling of contractually serviced loans: FMV does not have measures in place ensuring that creditor excludes the selling of contractually serviced loans since it falls within the intermediary banks' responsibilities. However, FMV has the Credit Regulation of the New MiVivienda Credit¹¹ that states that they must respect the original conditions and/or characteristics of the sub-loans received under the framework of the Product Operating Regulations in force on the date of sub-loan disbursement.
- ✓

Sustainable solutions offered to customers with debt repayment problems: FMV has policies in place ensuring sustainable solutions for customers with debt repayment problems. The "Reglamento de Refinanciamiento y Reprogramación de Deuda para los Productos MiVivienda"¹² includes the parameters and conditions that sub-borrowers must meet to reschedule or refinance MiVivienda credits.

Energy efficiency

- FMV does not have measures in place ensuring that the assets financed are in the top 15% of energy efficiency of the national or regional building stock. However, FMV adheres to the Supreme Decree DS 015-2015 Technical Code of sustainable construction and the Supreme Decree No. 014-2021-HOUSING New Technical Code for sustainable construction. Additionally, the energy efficiency focus for FMV sustainable social housing projects is related to lighting and water heating efficiency. Although greater sustainability strategies are required in FMV procedures such as solar energy generation systems and other energy efficient equipment.

¹¹ FMV, 2021, Reglamento de Credito del Nuevo Credito MiVivienda, <https://www.mivivienda.com.pe/PORTALCMS/archivos/documentos/8585850689135356449>.PDF Credit Regulation of the New MiVivienda Credit

¹² FMV, 2020, Reglamento de Refinanciamiento y Reprogramación de Deuda para los Productos MiVivienda, <http://www.mivivienda.com.pe/PORTALCMS/archivos/documentos/8586020316893852375.PDF>

Inclusion



FMV has policies in place ensuring inclusion and non-discriminatory access. FMV has a Social Responsibility Policy which covers gender equity, and prohibits discrimination based on gender, sex, age, disability, and other factors. Additionally, the policy highlights the development of products and services that are adapted to the needs of the target clients which are based on expanding housing access to low-income families.

Responsible sales practices¹³



Responsible sales practices falls under the purview of the IFIs supervised by Superintendencia de Banca, Seguros y AFP del Peru (SBS). The protection of the final consumer is a task that corresponds to the SBS, which is the regulator of the financial and insurance system. The SBS oversee approving the contracting clauses, commissions that can be charged, etc.

Responsible marketing



Responsible marketing practices falls under the purview of the IFIs supervised by Superintendencia de Banca, Seguros y AFP del Peru (SBS). The protection of the final consumer is a task that corresponds to the SBS, which is the regulator of the financial and insurance system. The SBS oversee approving the contracting clauses, commissions that can be charged, etc.

Construction standards



Labor, health, and safety standards: Peru has ratified 8 ILO core conventions. Additionally, FMV adheres to law N° 29783, Law of Health and Safety in the Workplace, as well as an internal FMV policy for Health and Safety in the Workplace.



Sustainable procurement regarding building materials: FMV adheres to the Supreme Decree DS 015-2015 Technical Code of sustainable construction and the Supreme Decree No. 014-2021-HOUSING New Technical Code for sustainable construction. The National Sustainable Construction Code requires all established procedures in social housing projects to be certified by FMV to ensure the use of eco-materials (materials with international certification of low impact to the environment (such as ISO 14001, 14024 or 14064 and others). The Certification procedure of the "MiVivienda Sostenible Program" establishes the requirements of usage of eco-materials in social housing projects that intend to offer MiVivienda Verde mortgage loans.

Water use minimization in buildings



FMV adheres to the Supreme Decree DS 015-2015 Technical Code of sustainable construction and the Supreme Decree No. 014-2021-HOUSING New Technical Code for sustainable construction. The National Sustainable Construction Code

¹³ Starting from this KPI, the following KPIs are assessed neutrally as they represent indirect risk in the value chain.

requires all established procedures in social housing projects to be certified by FMV to ensure water use minimization. The Certification procedure of the "MiVivienda Sostenible Program" establishes the requirements of water minimization in social housing projects that intend to offer MiVivienda Verde mortgage loans. FMV also has internal Project Certification Procedures for MiVivienda Verde of the MiVivienda S.A. Fund. Additionally, the Supreme Decree 003-2010 MINAM, is used when a wastewater treatment plant is to be built. This standard indicates the maximum permissible limits to discharge to receiving bodies Supreme Decree 015-2015 MINAM, is used for grey water treatment plants and water reuse for water irrigation of green areas.

Site selection

- All FMV projects must be located in urban areas. In the Lima metropolitan area, they must be 50 Km from Lima's city center, and in other locations it must be 30 km from the center of the city to ensure access to public transportation. The site selection standards are part of the Project Certification Procedures of the Sustainable MiVivienda Program of the MiVivienda S.A. Fund.

Safety of building users

- All social housing projects certified as sustainable by the "MiVivienda Sostenible" Program must comply with the National Building Regulation Norm A.130 Requirements for Safety, in order to ensure safety of building users.

DISCLAIMER

1. Validity of the SPO: As long as there is no material change to the Framework
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to standardized procedures to ensure consistent quality of responsibility research worldwide. In addition, we provide Second Party Opinion (SPO) on bonds based on data provided by the issuer.
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ANNEX 1: Methodology

ISS ESG Green and Social KPIs

The ISS ESG Green Bond and Social Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Fondo MiVivienda's Green Bonds, Social Bonds, Sustainability Bonds, and other Sustainable Financing Instruments.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond and Social Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond and Social Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Fondo MiVivienda (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Fondo MiVivienda's Green Bonds, Social Bonds, Sustainability Bonds, and other Sustainable Financing Instruments contributes to related SDGs.

ANNEX 2: Quality management processes

SCOPE

Fondo MiVivienda commissioned ISS ESG to compile a Green Bonds, Social Bonds, Sustainability Bonds, and other Sustainable Financing Instruments SPO. The Second Party Opinion process includes verifying whether the Sustainable Financing Framework aligns with the ICMA's Social Bond Principles, Sustainability Bond Guidelines, and Green Bond Principles (SBP/SBG/GBP) and to assess the sustainability credentials of its Green Bonds, Social Bonds, Sustainability Bonds, and other Sustainable Financing Instruments, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA's Social Bond Principles, Sustainability Bond Guidelines, and Green Bond Principles (SBP/SBG/GBP)
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by the issuer

ISSUER'S RESPONSIBILITY

Fondo MiVivienda's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the framework level

ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Bonds, Social Bonds, Sustainability Bonds, and other Sustainable Financing Instruments to be issued by Fondo MiVivienda based on ISS ESG methodology and in line with the ICMA ICMA's Social Bond Principles, Sustainability Bond Guidelines, and Green Bond Principles (SBP/SBG/GBP).

The engagement with Fondo MiVivienda took place in March 2022.

ISS ESG's BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

For more information on this specific Green Bonds, Social Bonds, Sustainability Bonds, and other Sustainable Financing Instruments SPO, please contact: SPOOperations@iss-esg.com

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