

Sustainability-Linked Bond

ISSUANCE DATA



Issuer: Instituto Costarricense de Electricidad (ICE)

Issuance Amount: USD 300 000 000.00

Issuance Date: October 2021

Maturity Date: October 2031

Verification Period: August 2024 - December 2024

Key Performance Indicator (KPI)	Number of smart meters in operation within ICE’s concession area.	
Sustainability Performance Target (SPT)	By December 31 st , 2025, achieve the operation of 502,000 smart meters.	
SPT Outcome	The Advanced Metering Infrastructure (AMI) technology allows for fast installation at any customer connection point, reduces operating costs and time, is fully digital, and enables real-time bidirectional communication between ICE and its customers. From a technological perspective, these devices feature faster processors and greater storage capacity, multiple measurement variables (temperature, frequency, line voltage), and improved compatibility with different communication standards.	
Alignment with the SDGs	 7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE	7.3 By 2030, double the global rate of improvement in energy efficiency.
	 9 INDUSTRIA, INNOVACIÓN E INFRAESTRUCTURA	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

BOND CHARACTERISTICS

As of December 2024, ICE achieved the Sustainability Performance Target (SPT) of 502,000 AMI meters installed, established for December 31st, 2025. On that date, ICE had installed 514,759 AMI meters, surpassing the target by 2.54%, equivalent to 12,756 additional AMI meters. Thanks to this achievement, ICE will not incur the 25-bps step-up in the bond’s interest rate, which therefore remains at 6.75% per annum.

REPORTING AND VERIFICATION

- ICE has publicly disclosed information regarding the installation of AMI meters and the progress towards the proposed SPT on its website¹. The data provided by ICE was verified by PCS, confirming that no material discrepancies were identified.
- The Bond is supported by ICE’s Sustainability-Linked Bond Framework (August 2021)², which received an independent Second Party Opinion (SPO)³. This Verification Report must also be publicly disclosed and shared with relevant stakeholders.

¹ [Reports](#)

² [Framework_SustainabilityLinkedInternationalBond.pdf](#)

³ [SPO_VE_SustainabilityLinkedInternationalBond.pdf](#)

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1. SCOPE

The Instituto Costarricense de Electricidad (ICE), hereinafter “ICE,” engaged Pacific Corporate Sustainability (PCS) to prepare an Independent Verification Report on the attainment of the target proposed by ICE in the issuance of its first Sustainability-Linked Bond (SLB), hereinafter the “Bond”. ICE became the first national electricity and telecommunications company to issue this type of instrument. The issuance amounted to USD 300 million, with a 6.75% coupon and a 10-year maturity.

ICE’s Sustainability-Linked Bond Framework (August 2021)⁴, hereinafter the “Framework”, was developed in line with the Sustainability-Linked Bond Principles (SLBP) of the International Capital Market Association (ICMA) and reviewed by an independent verifier. For the issuance of the Bond, the following KPI was established:

- Number of smart meters in operation within ICE’s concession area.

This Verification Report focuses on the post-issuance analysis of ICE’s operations under the Bond and exclusively verifies the attainment of the proposed KPI targets for the period from August 2024 to December 2024. The external verification of the attainment of these targets was a commitment assumed in the Framework and in the issuance documentation, as a means of aligning with the best market practices.

PCS’s verification comprised a limited assurance engagement, in line with ICMA’s Sustainability-Linked Bond Principles (SLBP)⁵, the Sustainable Development Goals (SDGs) for Costa Rica⁶, as well as a review of documents and data provided by ICE from August 2024 to December 2024. The verification procedures were based on the following aspects:

- Processes to verify and record the performance of the Sustainability Performance Target (SPT).
- Performance of the KPI associated with the Bond.
- Verification of the contribution to the SDGs.
- Other documents provided by ICE.

PCS’s verification of the external assurance was carried out in accordance with the International Standard on Assurance Engagements (ISAE 3000), with the objective of verifying the quality of the data and the attainment of the established target. The assurance statement will only cover the KPI “Number of smart meters in operation within ICE’s concession area” of ICE’s Sustainability-Linked Bond issuance.

2. PCS Verification of the Sustainability Performance Target (SPT)

Key Performance Indicator (KPI)

As part of integrating its sustainability ambitions into its business model, ICE issued a Sustainability-Linked Bond (SLB) to encourage other issuers in Costa Rica, particularly in the electricity and telecommunications sectors, to address sustainability challenges. This initiative is relevant and material for ICE, as it aligns with various national strategies and plans, such as the National Energy Plan 2015–2030, the National Decarbonization Plan, the National Smart Grid Strategy, and the United Nations Sustainable Development Goals (SDGs):

- SDG 7.3: By 2030, double the global rate of improvement in energy efficiency.
- SDG 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

⁴ [Framework_SustainabilityLinkedInternationalBond.pdf](#)

⁵ [Sustainability-Linked-Bond-Principles-June-2024.pdf](#)

⁶ [Sustainable Development Goals - Costa Rica](#)

Table 1. KPI Description, Baseline Year, and Target

KPI	Baseline Year	SPT 2025
Number of smart meters in operation within ICE’s concession area	2020	502,000 AMI meters

Performance of the Sustainability Performance Target (SPT)

In its Framework, ICE defined 2020 as the baseline year for the proposed KPI, with the objective of reaching 502,000 operational smart meters in its concession areas by December 2025. ICE has reported on the KPI’s performance through annual reports and disclosures⁷, providing timely information on the progress and quantitative pathways to achieve the proposed objectives.

The target proposed by ICE is ambitious and addresses multiple aspects in an integrated way to ensure its attainment. This includes the acquisition of AMI meters that comply with the ANSI standard in international markets⁸. These devices are equipped with meter-type data collectors that allow for easy installation at any customer connection point, without the need for high-rise towers, cranes, or external antennas. The rollout of smart meters by ICE in Costa Rica is a key step in the transformation toward the digitalization of the electricity distribution grid and the transition to a low-carbon energy system.

Smart meters have been installed across four regions of Costa Rica: Chorotega, Central, Caribbean, and Brunca. The rollout has been particularly significant in Brunca, Chorotega, and Caribbean, which include rural and coastal areas where installation faced greater challenges due to climatic conditions and the dispersed nature of the population.

This innovative digitalization effort empowers customers by giving them active control over their energy consumption, while also boosting the efficiency and resilience of the grid. It represents a fundamental step to address the challenges posed by the energy transition and Costa Rica’s National Decarbonization Plan (PdP). ICE has also mapped potential risks that could generate delays in the acquisition and installation of meters, including:

- Technical risks if the materials or workforce required to perform the work are not available.
- Technological risks if suppliers do not meet the required specifications.
- Organizational risks if the projects lose financing.

The performance of the SPT for the KPI from 2020 through 2024 is detailed in Table 2 below.

Table 2. Verification of Bond Results for the KPI.

	2020 (Baseline)	2021	2022	2023	2024	2025 ⁹
Estimated Target	278 312	- ¹⁰	370 000	410 000	455 000	502 000
Actual performance ¹¹	278 428	358 088	420 578	441 406	514 756	-
Meters installed ¹²	144 408	79 660	62 490	20 828	73 350	-
Progress (%)	55.46%	71.33%	83.78%	87.93%	102.54%	-

⁷ AMIS Installation 2022 and Projections 2023: [PowerPoint presentation](#); AMIS Installation 2023 and Projections 2024: [PowerPoint presentation](#); SLB Bond Report: [Reports](#).

⁸ American National Standard for Electricity Meters.

⁹ The 2025 values are considered projections estimated by ICE at the time the indicator was established.

¹⁰ No data are included for 2021, as it was the year of the bond issuance.

¹¹ The values represent the cumulative total year by year, as of December 31 of each reported year.

¹² The values represent only the meters installed each year, as of December 31 of each reported year.

In 2023, a decrease in smart meter installations was observed, as the activities carried out in the agencies or concession zones were limited to Operation and Maintenance tasks, mainly addressing outages and new service connections. By the end of 2024, ICE had achieved the SPT set for December 31, 2025. The company surpassed the target by 2.54%, equivalent to 12,756 additional AMI meters, representing coverage of more than 54.45% of customers.

PCS has verified that ICE demonstrates positive environmental and social impacts associated with the Bond, and that the target set is credible, transparent, and commits the issuer to report on the associated performance. ICE is the largest electricity and telecommunications service provider in Costa Rica and has accelerated the rollout of smart meters in the country since 2013, initially focusing on installations in the most densely populated urban areas. This approach has ensured the success demonstrated by ICE in the execution and fulfillment of the Bond.

3. BOND CHARACTERISTICS

The Bond has a 10-year maturity from its issuance date, with a 6.75% coupon, an issue price of 99.107%, and a yield of 6.875%. By the end of December 2024, ICE had achieved the SPT of 502,000 AMI meters installed, set for December 31, 2025. At that date, ICE had installed 514,759 AMI meters, surpassing the target by 2.54%, equivalent to 12,756 additional AMI meters. As a result, ICE will not incur the 25 bps step-up in the bond’s interest rate, which therefore remains at 6.75% per annum.

The amount, timing, and mechanism for the payment of interest will be specified in a report, in the contract, and in other final terms of the instrument prepared by ICE. If, for any reason, ICE does not timely publish the verification report of guarantee provided by an independent external verifier that satisfactorily confirms the level of performance with respect to the Sustainability Performance Target (SPT), the interest rate increase will apply.

4. REPORTING AND VERIFICATION

In its Framework, ICE established that the KPI will be measured annually. Accordingly, the Bond’s annual report provides updated information, including baselines when applicable. The report also shows compliance with the SPT and alignment with ICMA’s Sustainability-Linked Bond Principles (SLBP) and is disclosed to stakeholders and published on ICE’s website¹³. In addition, both the Framework¹⁴ and the independent Second Party Opinion (SPO)¹⁵ are publicly available on ICE’s website. This Verification Report will likewise be publicly disclosed and shared with the relevant stakeholders by ICE.

PCS’s Verification, carried out in accordance with ISAE 3000, provides assurance of impartiality and quality as established in its policies, procedures, and management structure. Neither PCS nor any member of the verification team is involved in the issuance of this Bond by ICE. If changes in the evaluation of the SPT could affect the coupon payment, ICE must engage in an independent external verification. The assurance provided by PCS is limited; it supports only the main arguments used in the analysis.

PCS has verified that ICE has effectively managed the SPT linked to the KPI in the Bond’s Framework. To date, the issuer has complied with the reporting and external verification commitments set forth in the Framework and evaluated through the SPO.

¹³ [Reports](#)

¹⁴ [Framework_SustainabilityLinkedInternationalBond.pdf](#)

¹⁵ [SPO_VE_SustainabilityLinkedInternationalBond.pdf](#)



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LEVEL OF ASSURANCE

Reasonable	An assurance engagement in which the practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the practitioner’s conclusion.	✓
Limited	An assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement. The conclusion is expressed in a form that conveys whether, based on the procedures performed and the evidence obtained, any matter has come to the practitioner’s attention that causes the practitioner to believe that the subject matter information is materially misstated.	✓

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About Pacific Corporate Sustainability (PCS)

PCS works on the integration of sustainability standards into business strategies, based on global trends and in response to potential investors and society at large. It is part of the Pacific Credit Rating (PCR) Group, the only rating group with a direct international presence in Latin America, with 27 years of experience providing quality services in the region.

The PCR Group is a signatory to the Principles for Responsible Investment promoted by the United Nations, being the only rating group that is part of this platform and of the global Financial Rating Agency Initiative.

It has also been recognized as a supporting institution of the United Nations Environment Program Finance Initiative (UNEP FI) to promote sustainable finance.

The PCR Group has been certified by the Climate Bonds Standard Board as a Verifier Organization since March 2020. As part of the PCR Group, Pacific Corporate Sustainability is the company responsible for carrying out the verifications contracted through the PCR Group. This accreditation has reinforced its commitment to promoting sustainable finance in the region, with a particular focus on knowledge generation and benchmarking of best practices.