

Caribbean Utilities Company, Ltd.

2025 Green Finance Report





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Executive Summary

We are delighted to present the inaugural Green Finance Report from Caribbean Utilities Company, Ltd. (“CUC” or the “Company”).

CUC began its operations as a sole electric utility in Grand Cayman on May 10, 1966, as a vertically integrated electric utility. The principal activity of CUC is to generate, transmit and distribute electricity in its licence area of Grand Cayman. At the end of 2024, the Company served more than 34,000 valued customers, held total assets amounting to \$851 million, invested \$100.6 million in capital expenditures throughout the year, and generated operating revenues of \$294 million.

In 2024, the Company made a pivotal advancement in supporting the country’s energy transition and aligning with the Cayman Islands National Energy Policy (“NEP”) 2024 – 2045 by issuing US\$50 million in Green Notes to fund sustainability initiatives. Earlier in that year, we established our [Green Financing Framework](#) (“Framework”) which outlines the allocation of proceeds and the expected impact of the Green Financing Instruments issued.

As of May 31, 2025, we are pleased to report the full \$50 million in Green Notes have been successfully allocated to eligible projects.

This strategic investment underscores our commitment to advancing low-carbon solutions and strengthening energy resilience across Grand Cayman. Our goals include reducing our carbon footprint, enhancing energy efficiency, and delivering reliable, clean energy to our community. This initiative not only aligns with our Environmental, Social



and Governance (“ESG”) goals but also reinforces our leadership in sustainable finance and our contribution to the United Nations Sustainable Development Goals (“SDGs”). The proceeds from the Green Notes are exclusively allocated to projects that further CUC’s environmental objectives, solidifying our commitment to a low-carbon future.

Our Framework was independently assessed by Sustainable Fitch, which issued a [Second Party Opinion](#) which rated it as Excellent. Further recognition came in October 2024, when our \$50 million Green Note issuance was honoured with the “Caribbean Debt Deal of the Year” award at the Global Banking & Markets Latin America Awards,

celebrating our leadership in sustainable finance.

As we look ahead, CUC’s commitment to sustainability remains strong. We will continue to adapt to new standards, embrace innovative solutions, and overcome challenges to ensure a resilient and sustainable energy future for the Cayman Islands. Our progress is a testament to the dedication and hard work of our team, and we are grateful for the support of our stakeholders. Together, we aim to promote a meaningful impact on the environment and encourage the development of a robust sustainable foundation for the benefit of generations to come.

Message from Senior Management



Signed "Letitia T. Lawrence"

Letitia T. Lawrence
*Vice President Finance,
Corporate Services & Chief
Financial Officer*

CUC acknowledges that Green Financing represents a significant shift in the financial sector whereby financial solutions that are environmentally sound, socially responsible and economically prosperous are increasingly becoming most viable in advancing the climate transition. CUC's commitment to integrating sustainability into our financial practices is an essential component to building resilient climate frameworks that advance environmental stewardship and social equity.

We recognize our duty to not only meet today's needs for our customers, stakeholders and partners but also to safeguard the needs of tomorrow and, that is why we are integrating green financing principles to accelerate our ESG goals. By championing early efforts in green investments, CUC is strengthening our company's response to climate action while supporting broader socio-environmental development.

As we launch our inaugural Green Finance Report, CUC acknowledges the active role we play in cultivating economic investments that support sustainable development. CUC aims to ensure that our investments plant the seeds for long-term progress by focusing on efforts designed to conserve natural resources, address climate-related risks, and safeguard nature-based assets. I am delighted that at the core of our green financing framework is a firm commitment to aligning financial resource allocations with the NEP, the SDGs and our internal ESG principles. This commitment translates into long-term financing for decarbonization efforts, including investments in clean energy infrastructure and other climate adaptation strategies. Prioritizing the deployment of Green Note proceeds within the Cayman Islands is essential, given the scale of climate transitions and the investments required in the coming decades. CUC is well-positioned to meet these challenges and opportunities by championing future-ready solutions and adaptive growth. We sincerely appreciate the support of our partners in the successful issuance of these Green Notes.



Signed "Judith Bennett"

Judith Bennett
*Director Sustainable
Finance*

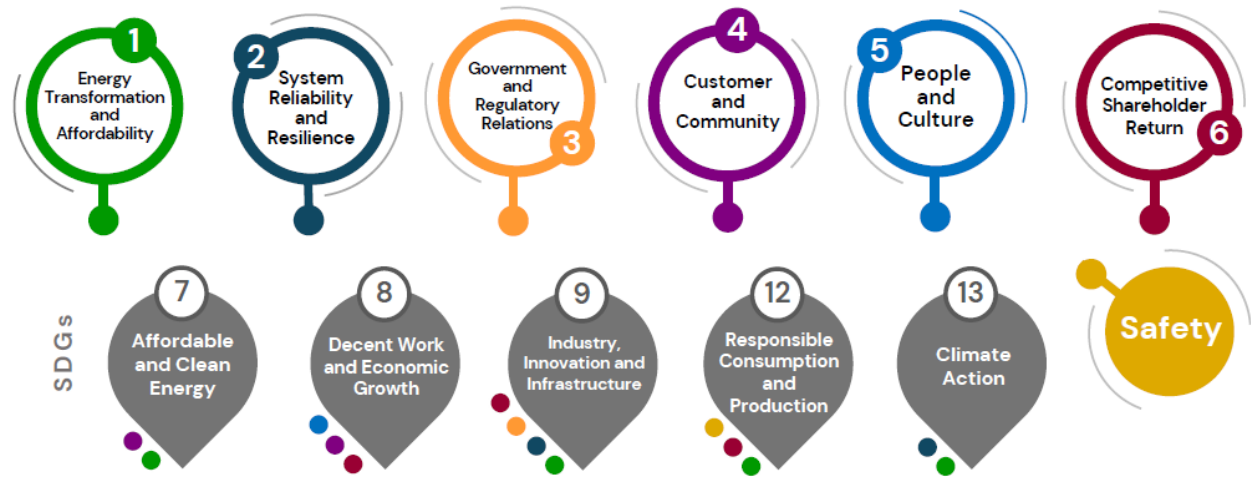
Our Approach to Sustainability

At CUC, ESG drives our corporate strategy and objectives. ESG can have significant impacts on operations, communities, and the resources required to deliver our services. The way that CUC manages ESG has a direct link to the success of its business given the importance of ESG to the utility industry. Utilities are tasked with safely delivering an essential service to communities and have an important role to play in delivering a sustainable energy future. CUC recognises that our vision, mission, and value proposition are inextricably linked to ESG.

Our corporate objectives form the foundational pillars of CUC’s approach to ESG given their interconnectedness as depicted in CUC’s overall strategic framework. These corporate objectives are all underpinned by a robust governance framework that supports long-term strategy.

We seek to contribute to the global agenda in line with the SDGs. Based on the materiality assessment, we have prioritised five SDGs where our influence can truly make a substantial impact.

Strategic Objectives and Linkage to United Nations’ Sustainable Development Goals



Further details regarding CUC’s ESG Materiality Assessment, our approach to sustainability, policies and Sustainability Reports are available on the Company’s website at www.cuc-cayman.com and on SEDAR’s website at www.sedarplus.ca.

Green Finance at CUC

Reaffirming our commitment and transparency, the Framework was established to drive the allocation of funds to projects and initiatives that promote environmental sustainability. The Framework sets out eligibility criteria under which CUC will be able to issue Green Bonds, Loans, Commercial Paper and other financial instruments (together “Green Financing Instruments”). The Framework was developed in alignment with the Green Bond Principles issued by the International Capital Markets Association and Green Loan Principles issued by the Loan Market Association, Asia Pacific Loan Market Association, and Loan Syndications and Trading Association, which are voluntary process guidelines for best practices when structuring Green Financing Instruments.

Under the Framework, CUC will allocate the net proceeds of the Green Notes to finance and refinance eligible projects that have been evaluated and selected by CUC’s Management Governance Committee (“Committee”) which is led by the Director, Sustainable Finance and the Manager, Regulatory and Sustainability. The Committee will identify and select eligible projects to be financed or refinanced through Green Financing Instruments. “Eligible Projects” are defined as investments and expenditures made by CUC during the period from two years prior to the issuance of such bonds or loans through maturity that satisfy the eligibility criteria outlined in the tables below:

Read more about CUC’s framework and second party opinion:



[Green Finance Framework](#)



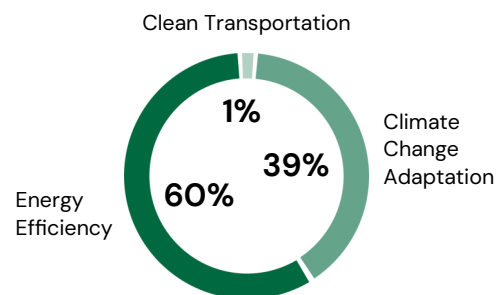
[Sustainable Fitch: Second-Party Opinion](#)

Green Use of Proceeds	Eligibility Criteria	SDG Alignment
Renewable Energy	Development, acquisition, construction, installation and maintenance of renewable power plants, generating energy using: + Wind power: onshore and offshore + Solar power: photovoltaic	
Energy Efficiency	Construction, development and/or operation of large-scale energy storage and battery systems to support stabilizing of the grid and optimize power consumption through demand supply balancing. Systems or technologies that increase energy efficiency and/or reduce energy consumption, such as smart grid technology, smart sensors and automation systems (e.g. advanced metering infrastructure).	  
Climate Change Adaptation	Transmission and distribution projects or assets maintaining and/or enhancing the capacity for renewable energy into the electricity grid in a safe and reliable way, such as maintenance capital expenditure or generic infrastructure capex. Investments and projects related to enhancing resiliency and hardening in transmission and distribution networks to mitigate and adapt to the impact of climate change and extreme weather-related events and impacts such as severe tropical storms hurricanes, flooding, etc.	  
Clean Transportation	Procurement, operation and maintenance of dedicated low-carbon transport assets including: + Zero-emission vehicles + Hybrid-electric vehicles with emissions below the threshold of 50gCO ₂ /passenger-km Supporting clean transportation infrastructure such as electric charging stations.	

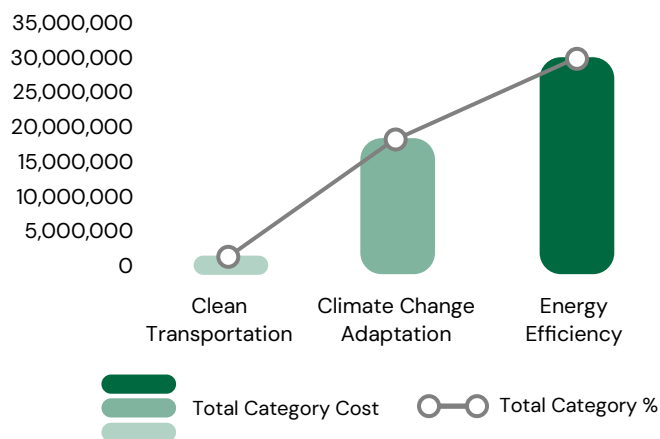
Green Bond Issuances and Allocation ¹

The information below includes the details of CUC's Green Bond issuances and allocation to the portfolio of outstanding Eligible Projects. All amounts are in US dollars, unless otherwise stated.

Total Category Allocation %



Total Fund Allocation (\$)



Issuances:

Issuer	Series No.	Amount (\$ millions)	Coupon	Issuance Date	Maturity Date	Net Proceeds (\$ millions)
CUC	2024-A	\$40	6.17%	May 15, 2024	May 15, 2039	\$40
CUC	2024-B	\$10	6.37%	May 15, 2024	May 15, 2049	\$10
Total		\$50				\$50

Allocations:

Eligible Categories	2022 ²	2023	2024	2025 ³	Total	% Allocation
Clean Transportation	115,571	138,929	406,744	(59,646) ⁴	601,598	1%
Climate Change Adaptation	1,933,766	3,484,807	11,657,571	2,453,272	19,589,416	39%
Energy Efficiency	7,338,753	9,640,984	11,463,780	1,365,469	29,808,986	60%
Total	9,448,090	13,264,720	23,528,095	3,759,095	50,000,000	100%

¹ Consistent with CUC's capitalization of costs recorded as Property, Plant and Equipment for financial reporting purposes, the allocation of proceeds to Eligible Projects reflects both direct and indirect project costs. Direct costs include contracted services, direct labor, related overheads, and materials. Indirect costs comprise an allocation of General Expenses Capitalized and Allowance for Funds Used During Construction, as further detailed in the notes of CUC's Annual Financial Statements.

² Per the Green Financing Framework for the period May 15, 2022 to December 31, 2022.

³ Per the Green Financing Framework for the period January 1, 2025 to May 31, 2025.

⁴ Amount allocated presented as a negative figure where applicable to reflect accrual reversals of previously recorded allocations. These reversals are consistent with adjustments made under applicable accounting policies.

Green Bond Impact Summary

Net proceeds obtained from CUC's Green Bonds issuances were allocated to clean transportation, energy efficiency and climate adaptation projects.

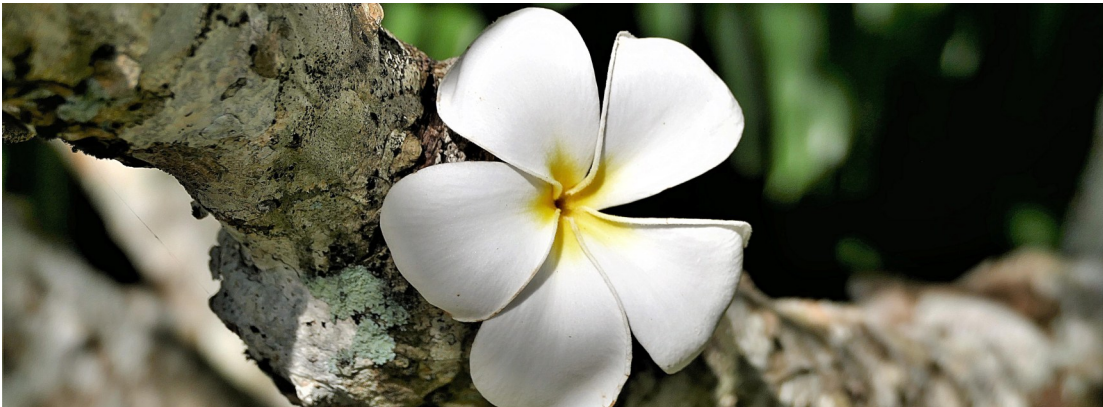
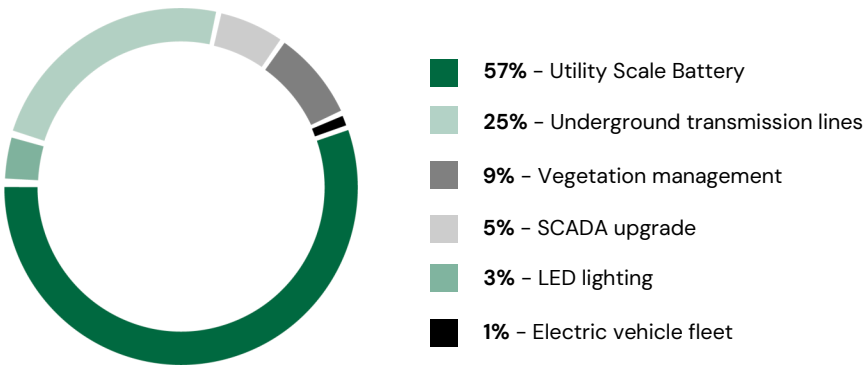
These projects are Eligible Projects under CUC's Framework and duly approved by the Governance & Sustainability Committee.

Green Bonds funding allocations and estimated avoided tonnes of carbon dioxide equivalent (tCO₂e) emissions are as follows.

Eligibility Criteria	Projects	Quantitative Metrics	May 31, 2025 ⁵	Dec. 31, 2024 ⁶
Clean Transportation	Purchase of Electric Vehicles ("EVs")	Number of charging stations installed ⁷	8	55
		Electric vehicles in fleet ⁸ (number of vehicles)	0	9
		GHG emissions reduced (tCO ₂ e)	179 ⁹	140
Energy Efficiency	Battery Energy Storage System ("BESS")	CO ₂ emissions avoided (tons) by use of BESS	7,264.84	* ¹⁰
	LED Lighting	CO ₂ emissions avoided (tons) (based on fuel savings)	1,107.58	2,304.52
Climate Adaptation	SCADA System Upgrade	System Average Interruption	0.392	1.765
	Underground Transmission Lines	Length of wires undergrounded (km)	2.1	0
	Vegetation Management	Number of outages due to tree contact	18	55

⁵ This represents five months ended May 31, 2025.
⁶ This represents twelve months ended December 31, 2024.
⁷ CUC have installed a total of 63 charging stations.
⁸ CUC have transitioned a total of 9 light duty vehicles to EVs.
⁹ This represents GHG Scope 1 emissions reduced from the 9 EVs currently in CUC's fleet.
¹⁰ The asterisk ("*") in the table indicates metric added in recent years and historical data was not available.

Eligible Projects Allocation



Impact

One of the foundational pillars of our Strategic Framework is our Sustainable Energy Plan which seeks to promote projects, programmes, and initiatives that present benefits for our customers, the environment, the Cayman Islands, and the Company. There is close alignment of the Sustainable Energy Plan to the execution of plans laid out in the 2017 Integrated Resource Plan and the NEP.

Examples of the key initiatives of our Sustainable Energy Plan designed to mitigate climate-related transition risks and capture opportunities, include:

- 

Clean Transportation:
 - + Purchase of Electric Vehicles
- 

Energy Efficiency:
 - + Battery Energy Storage System (BESS)
 - + Upgrade to LED Lighting
- 

Climate Change Adaptation:
 - + Underground Transmission Lines
 - + Upgrade SCADA System
 - + Vegetation Management



Clean Transportation

Purchase of Electric Vehicles (“EVs”):

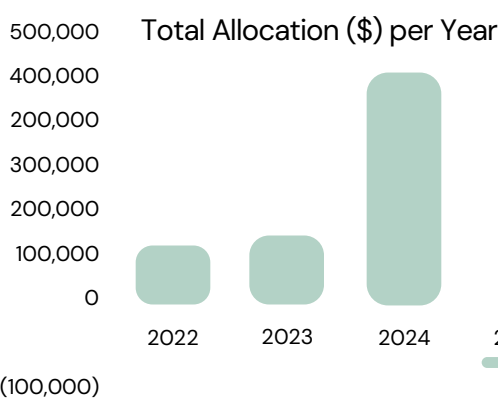
CUC remains deeply committed to leading by example in the reduction of greenhouse gas (“GHG”) emissions. In 2021, we established an Electric Vehicle Stakeholder Group to promote awareness and accelerate the electrification of transportation in the Cayman Islands.

As part of our internal sustainability strategy, the Company is transitioning 28 light-duty fleet vehicles to EVs. As at December 31, 2024, nine EVs were added to the Company’s fleet. While no additional EVs were added to the fleet as of May 31, 2025, CUC remains committed to the electrification of its fleet with passenger cars, trucks and sport utility vehicles.

This transition not only supports our emissions reduction targets but also positions CUC as an early adopter of EV technology in Grand Cayman. Once fully implemented, the initiative is expected to eliminate the consumption of approximately 12,000 gallons of fuel annually, contributing to cleaner air, reduced operational costs, and enhanced energy efficiency.

By embracing EVs, CUC is helping to pave the way for broader adoption across the island, reinforcing its role as a sustainability leader in the region.

Electric Vehicle Fleet	
2022 ¹¹	115,571
2023	138,929
2024	406,744
2025 (As at May 31)	(59,646) ¹²
Total	601,598



¹¹ Per the Green Financing Framework for the period May 15, 2022 to December 31, 2022.

¹² Amount allocated presented as a negative figure where applicable to reflect accrual reversals of previously recorded allocations. These reversals are consistent with adjustments made under applicable accounting policies.

Impact

Energy Efficiency

Battery Energy Storage System Project:

In September 2024, CUC commissioned Grand Cayman’s first utility-scale Battery Energy Storage System (“BESS”), marking a major milestone in the Island’s energy transition. This 20 MW facility strengthens grid reliability and supports the integration of more renewable energy by providing spinning reserve services – allowing thermal generators to operate more efficiently.

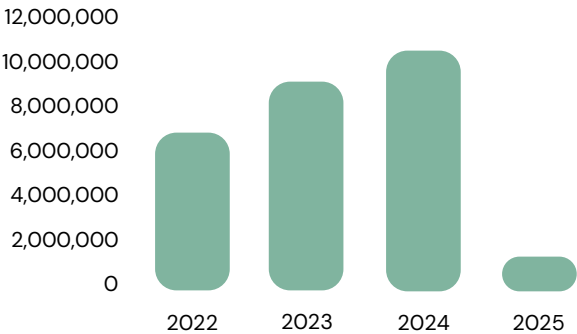
For customers, the BESS brings tangible benefits: improved fuel efficiency (by an estimated 5% to 6%), lower fuel costs, and a proportional reduction in CO₂ emissions. It also enhances grid stability, helping to accommodate more intermittent renewable sources like solar, while ensuring a consistent and high-quality electricity supply.

By installing Grand Cayman’s first utility-scale energy storage system, the Company is not only improving reliability and lowering costs for customers, but also leading the way in modernizing the Island’s energy infrastructure and enabling a cleaner, more resilient grid.

BESS Project

2022 ¹³	6,942,158
2023	9,233,355
2024	10,776,788
2025 (As at May 31)	1,328,697
Total	28,280,998

Total Allocation (\$) per Year



¹³ Per the Green Financing Framework for the period May 15, 2022 to December 31, 2022.

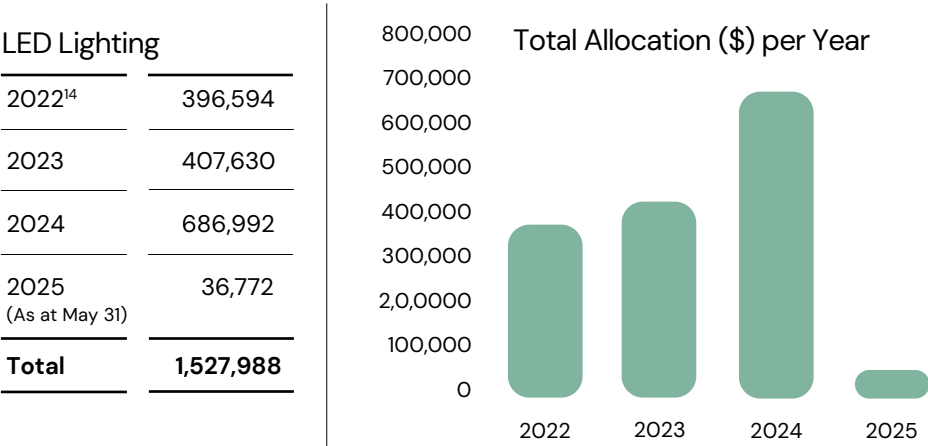
Impact

Energy Efficiency Upgrade to LED Lighting:

In 2018, CUC launched an initiative to replace over 7,000 high-pressure sodium (“HPS”) streetlights with energy-efficient light-emitting diode (“LED”) technology. As of May 31, 2025, more than 6,700 lights have been upgraded to LED and there are now a total of 10,522 streetlights, including LED replacements across Grand Cayman.

LED lights offer substantial energy efficiency benefits. Compared to HPS fixtures, LEDs consume significantly less electricity while providing brighter, more focused illumination. This translates into both environmental and financial gains: once the project is fully completed, it is expected to result in savings of approximately 195,000 gallons of diesel fuel, annually.

For customers, these upgrades mean lower overall energy demand, reduced greenhouse gas emissions, and improved nighttime visibility and safety. The initiative also supports CUC’s broader sustainability goals by reducing operational costs and contributing to a cleaner, more efficient energy system for Grand Cayman.

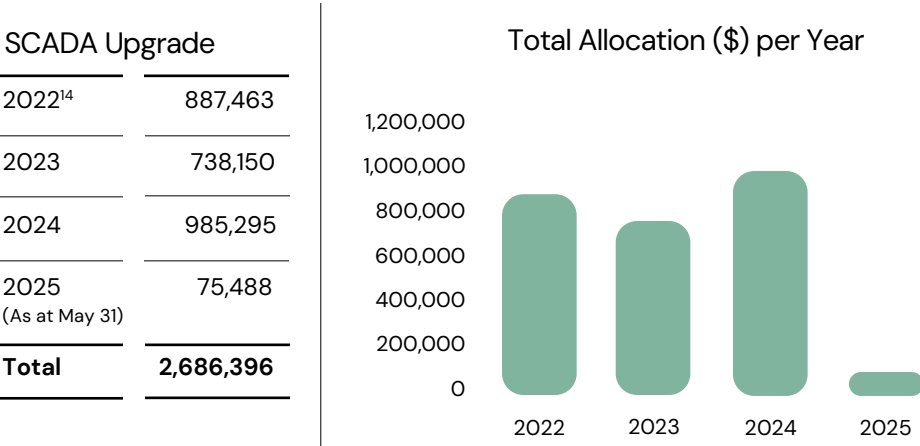


Climate Change Adaptation SCADA Upgrade:

The Framework defines climate adaptation eligibility as investments that strengthen transmission and distribution networks to withstand climate change and extreme weather events like hurricanes and flooding.

CUC is modernizing its 20-year-old Supervisory Control and Data Acquisition (“SCADA”) system to align with current industry standards and improve grid performance. SCADA project aims to enhance system resiliency and vulnerability. Phases 1 and 2, completed in 2023, replaced the legacy system with a modern infrastructure that enhances cybersecurity, real-time monitoring, and compatibility with smart grid and IoT technologies. These upgrades also included improvements to the Generation Management System, stabilizing grid frequency and voltage and ensuring a reliable electricity supply.

Phase 3, launched in 2024, focuses on boosting operational efficiency through advanced hardware and software upgrades, which also supports future distributed energy resources software and the BESS. A key feature is the new High-Speed Historian, which enables detailed telemetry data analysis and supports data-driven decision-making. Completion is expected by December 2025, further strengthening the grid’s responsiveness and resilience.



¹⁴ Per the Green Financing Framework for the period May 15, 2022 to December 31, 2022.

Impact



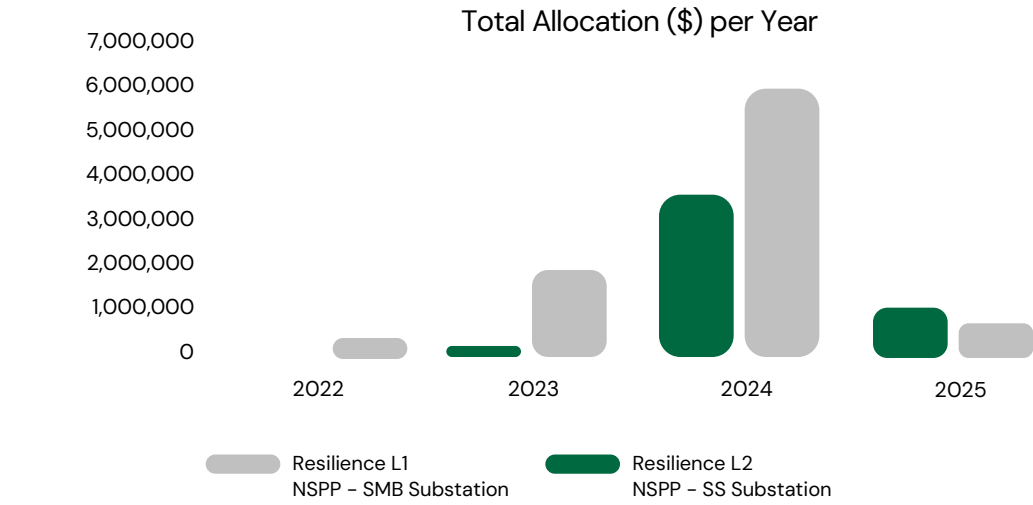
Climate Change Adaptation Underground Transmission Lines:

The Company has undertaken two major resiliency projects to underground key transmission lines – one, connecting the North Sound Road Power Plant (“NSPP”) to the Seven Mile Beach (“SMB”) Substation and the other, linking the same NSPP to the South Sound (“SS”) Substation. In total, approximately 5.9 km of transmission lines are being placed underground.

These upgrades significantly enhance the reliability of the electricity supply, particularly during severe weather events. By protecting critical infrastructure from hurricane-related damage, the projects aim to reduce restoration times and minimize service disruptions for customers. The SMB line also provides an alternative route to supply parts of downtown George Town, further improving system flexibility and emergency response capabilities.

Underground Transmission Lines

	Resilience L1 NSPP – SMB Substation	Resilience L2 NSPP – SS Substation
2022 ¹⁵	–	194,198
2023	131,177	1,640,160
2024	3,245,830	5,581,052
2025 (As at May 31)	950,829	651,691
Total	4,327,836	8,067,101



¹⁵ Per the Green Financing Framework for the period May 15, 2022 to December 31, 2022.

Impact

Climate Change Adaptation

Vegetation Management:

The Company has adopted a proactive approach to Vegetation Management (“VM”), significantly improving system reliability and reducing outage risks. The programme focuses on maintaining effective clearance cycles, identifying high-risk areas and educating the public on safe tree-trimming practices.

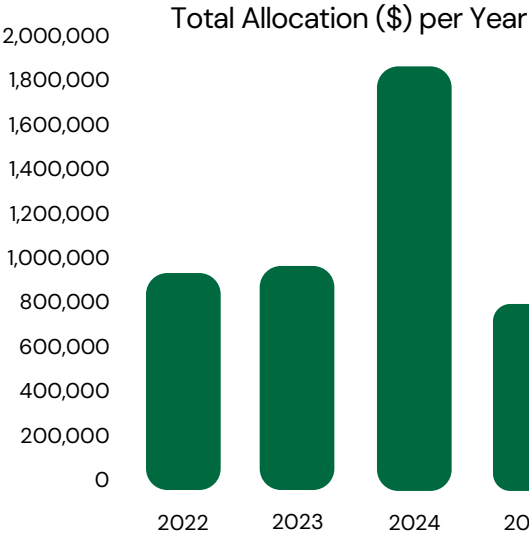
Managed by the Company and executed by three local contractors, the VM programme follows American National Standards Institute (“ANSI”) A300 pruning standards and is introducing ANSI Z133 safety protocols for work around energized lines. All contractors are now members of the International Society of Arboriculture and are undergoing certification training. A standardized equipment list has also been implemented to ensure consistency and safety across operations.

These efforts have contributed to improved system performance, including a positive impact on System Average Interruption Duration Index.

In parallel, the VM team is advancing the Company’s wildfire mitigation strategy. Key milestones include the completion of an island-wide zoning map and ongoing evaluation of fire suppression tools. The team is also collaborating with Learning and Development to deliver comprehensive wildfire risk training, further strengthening the Company’s resilience and emergency preparedness.

Vegetation Management

2022 ¹⁶	912,105
2023	975,320
2024	1,845,393
2025 (As at May 31)	775,265
Total	4,508,083



¹⁶ Per the Green Financing Framework for the period May 15, 2022 to December 31, 2022.

Independent Practitioner's Assurance Report

To the Management of Caribbean Utilities Company, Ltd.

Scope

We have been engaged by Caribbean Utilities Company, Ltd. ("CUC") to perform a 'limited assurance engagement', as defined by International Standards on Assurance Engagements, hereafter referred to as the engagement, to report on CUC's allocation of net proceeds from the USD \$40 million 2024-A series and USD \$10 million 2024-B series Green Notes (the "Subject Matter") as of May 31, 2025, contained in CUC's 2025 Green Finance Report (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by CUC

In preparing the Subject Matter, CUC allocated the net proceeds using internally developed criteria outlined in the Use of Proceeds section (the "Criteria") contained in CUC's Green Financing Framework dated August 2024. The Criteria were specifically designed to prepare the Subject Matter. As a result, the subject matter information may not be suitable for another purpose.

CUC's responsibilities

CUC's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Management

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires us to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Independent Practitioner’s Assurance Report

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

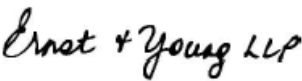
Our procedures included:

- + Conducting interviews with relevant personnel to obtain an understanding of the process for collecting, collating, and reporting the Subject Matter;
- + Undertaking analytical review, making inquiries with relevant personnel, reperforming select calculations and comparing, on a limited sample basis, to underlying source information;
- + Checking the presentation and disclosure of the Subject Matter in the Report.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter as of May 31, 2025, is not prepared, in all material respects, in accordance with the Criteria.



Chartered Professional Accountants
Licensed Public Accountants

October 6, 2025
Toronto, Canada

Schedule

Our limited assurance engagement was performed on the Subject Matter as of May 31, 2025:

Eligible Category ¹	Total (USD)
Clean Transportation	601,598
Climate Change Adaptation	19,589,416
Energy Efficiency	29,808,986
Total	50,000,000

¹ Significant contextual information necessary to understand the Eligible Categories and allocation of net proceeds is disclosed on pages 6 and 7 of the Report.