

Second-Party Opinion

FONPLATA Sustainable Debt Framework



Evaluation Summary

Sustainalytics is of the opinion that the FONPLATA Sustainable Debt Framework is credible and impactful, and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021, and Social Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Access to Essential Services, Affordable Basic Infrastructure, Food Security and Sustainable Food Systems, Employment Generation and Socio-economic Advancement, Renewable Energy, Clean Transportation, Environmentally Sustainable Management of Living Natural Resources, Pollution Prevention and Control, and Sustainable Water and Wastewater Management – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics considers that investments in the eligible categories are expected to contribute to positive environmental or social impacts and to advance the UN Sustainable Development Goals, specifically SDGs 2, 3, 4, 6, 7, 8, 9, 11, 12 and 15.



PROJECT EVALUATION / SELECTION The FONPLATA Development Bank's ("FONPLATA") internal process for evaluating and selecting projects is overseen by a Sustainability Committee comprised of team members from Finance, Operations, Strategic Partnerships, Risk & Compliance and Legal. The Committee is responsible for the final approval of eligible projects. FONPLATA's has a dedicated environmental and social risk mitigation process that is applicable to all allocation decisions made under the Framework. Sustainalytics considers this risk assessment and mitigation process to be strong and to be aligned with market best practice. Sustainalytics considers the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS FONPLATA's processes for management of proceeds are overseen by the Sustainability Committee. Pending allocation, proceeds will be managed in accordance with FONPLATA's conservative treasury investment guidelines. All proceeds will be allocated within 36 months after issuance. This is in line with market practice.



REPORTING FONPLATA intends to report on the allocation of proceeds on its website and on an annual basis until full allocation. The report will include information such as a breakdown of proceeds by category, geography, and the share and amount of allocated and unallocated proceeds. In addition, FONPLATA is committed to reporting on relevant impact metrics. Sustainalytics views FONPLATA's allocation and impact reporting as aligned with market practice.

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Report Sections

Introduction	2
Sustainalytics' Opinion.....	3
Appendices.....	12

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Introduction

FONPLATA Development Bank (“FONPLATA” or the “Bank”) is a multilateral development bank whose mission is to support the integration and inclusive development of its five member countries in the River Plate Basin: Argentina, Bolivia, Brazil, Paraguay and Uruguay. The Bank focuses on the implementation of small- and medium-sized projects in areas such as education, health, basic infrastructure and potable water, agriculture and livestock production, and wastewater treatment.

The Bank has developed the FONPLATA Sustainable Debt Framework, dated November 2021 (the “Framework”), under which it intends to issue green, social, and sustainability bonds, loans, or other financial instruments¹ (collectively the “Sustainable Financing Instruments”) and use the proceeds to finance and refinance, in whole or in part, existing and future projects that are expected to advance inclusive and sustainable regional development.

The Framework defines eligible social categories in the following four areas:

1. Access to Essential Services
2. Affordable Basic Infrastructure
3. Food Security and Sustainable Food Systems
4. Employment Generation and Socio-economic Advancement

The Framework defines eligible green categories in the following five areas:

1. Renewable Energy
2. Clean Transportation
3. Environmentally Sustainable Management of Living Natural Resources
4. Pollution Prevention and Control
5. Sustainable Water and Wastewater Management

FONPLATA engaged Sustainalytics to review the Sustainable Debt Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2021 (SBP)², Green Loan Principles 2021 (GLP), and Social Loan Principles 2021 (SLP)³. The Framework has been published in a separate document.⁴

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021 and Social Loan Principles 2021, as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

¹ FONPLATA has communicated to Sustainalytics that other financial instruments may include promissory notes. Sustainalytics views bond like financial instruments as being in alignment with ICMA’s principles.

² The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>.

³ The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>.

⁴ The FONPLATA Sustainable Debt Framework is available on FONPLATA’s website at: <https://www.fonplata.org/en/investors>.

⁵ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of FONPLATA's management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. FONPLATA representatives have confirmed that: (1) they understand it is the sole responsibility of FONPLATA to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information; and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and FONPLATA.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of the proceeds from the Sustainable Financing Instruments but does not measure their actual impact. The measurement and reporting of the impact achieved through financing under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee their realized allocation towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that FONPLATA has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the FONPLATA Sustainable Debt Framework

Sustainalytics is of the opinion that the FONPLATA Sustainable Debt Framework is credible, impactful and aligns with the four core components of the GBP, SBP, GLP and SLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Access to Essential Services, Affordable Basic Infrastructure, Food Security and Sustainable Food Systems, Employment Generation and Socio-economic Advancement, Renewable Energy, Clean Transportation, Environmentally Sustainable Management of Living Natural Resources, Pollution Prevention and Control and Sustainable Water and Wastewater Management – are aligned with those recognized by the GBP, SBP, GLP and SLP.
 - For the four social categories, the Framework identifies target populations, including inhabitants in remote or underserved areas,⁶ children and youth, populations in need of healthcare, micro-, small- and medium-sized enterprises (MSMEs),⁷ the unemployed, and women. Sustainalytics views this targeting as aligned with market practice.
 - Under the Access to Essential Services category, FONPLATA intends to finance publicly available and free services that include the following:
 - Small recreational infrastructure projects, including sports facilities, urban parks, cultural institutions and touristic routes. FONPLATA has communicated to

⁶ Including peri-urban and small urban areas, rural agglomerates and agricultural colonies.

⁷ FONPLATA has confirmed that MSMEs are identified as per each country's own legislation or national standard.

Sustainalytics that touristic routes are aimed to drive economic, social and sustainable development in remote or underserved areas.

- Healthcare infrastructure and services, such as the construction and expansion of medical centres, laboratories, and related supporting infrastructure, including medical equipment; and COVID-19 or vector-related diseases' preventive care, treatment, and public health education and health support services.
- Educational infrastructure and equipment, including educational programmes and digitalization of public educational services.

Sustainalytics considers enhancing access to public and free essential services that support underserved target populations as bringing significant positive societal benefits in FONPLATA's member countries.

- Under the Affordable Basic Infrastructure category, the Framework defines as eligible the following projects:
 - Water supply and sanitation infrastructure including sewage systems for residential populations. Macro and micro drainage, and related flood defence infrastructure. FONPLATA has confirmed to Sustainalytics that flood defence systems will have climate change vulnerability assessments and adaptation plans in place, which is aligned with market practice.
 - The expansion or improvement of electricity supply systems intended to provide access to electricity in remote or underserved areas.
 - Improvements to regional transportation infrastructure that enhance regional connectivity. Eligible projects include small-scale interventions, including paving, lighting, signalling, widening roads, and bike paths for remote or underserved areas that enhance a modal shift to public transportation and access to essential services. This category excludes financing of highway infrastructure. Sustainalytics recognizes that paving and road widening in small urban and rural areas, when done with the explicit aim of enhancing access to social services, has the potential to bring positive societal benefits by improving access of underserved communities, while also noting the associated environmental risks related to the promotion of the use of internal combustion vehicles.
 - The development and expansion of broadband telecommunication networks in remote or underserved areas.

Sustainalytics that the above-mentioned affordable infrastructure is intended to enable access to underserved groups, which is in line with market practice.

- For Food Security and Sustainable Food Systems, FONPLATA intends to finance school meals programmes in public schools. Sustainalytics considers the provision of meals to public school students to have positive social impacts.
- Under the Employment Generation and Socio-economic Advancement category, FONPLATA intends to finance MSMEs and employment generation programmes in response to emergencies such as the COVID-19 pandemic. Sustainalytics views the financing of MSMEs which employ a significant portion of the population of the member countries as having positive social impacts.
- Under the Renewable Energy category, FONPLATA intends to invest in solar (photovoltaic) and off-shore and on-shore wind projects. Sustainalytics considers this to be aligned with market practice.
- For the Clean Transportation category, the Bank intends to finance Intercity passenger rail projects. Sustainalytics notes it is market practice to finance passenger trains with direct emissions under 50 gCO₂/passenger-kilometer. Sustainalytics encourages FONPLATA to report on the emission intensity of financed projects and to limit financing to those that fall under the threshold.
- Under the Environmentally Sustainable Management of Living Natural Resources category, the Framework identifies the following eligible projects:
 - Linear and environmental public parks.

- Loans to small-scale family producers⁸ transitioning to agroecological practices to support sustainable food production systems and resilient agriculture. FONPLATA has communicated to Sustainalytics that sustainable food production and resilient agriculture involve soil recovery and restoration of degraded pasture, crop rotation, biological nitrogen fixation, no-till farming systems, cover cropping and mulching, and residue management. In addition, this category may include efficient irrigation systems. Sustainalytics, while noting the broad range of agricultural activities that may be undertaken, expects that this focus on supporting small-scale farmers to transition to more environmentally friendly practices will have positive impacts and encourages FONPLATA to promote the holistic deployment of conservation agriculture practices⁹ through its lending criteria in agriculture projects.
 - Under the Pollution Prevention and Control category, FONPLATA intends to finance solid waste management systems and related infrastructure that will allow for the classification and segregation of waste for reuse, recycling, composting or final disposal. Sustainalytics considers this to be aligned with market practice.
 - For Sustainable Water and Wastewater Management category, FONPLATA intends to invest in urban wastewater treatment systems. Sustainalytics considers this to be aligned with market practice.
 - Sustainalytics notes that FONPLATA has a list of excluded activities for which it will not knowingly finance, either directly or indirectly, in order to prevent negative environmental or social impacts. The exclusionary list of activities includes projects related to forced labour, WHO class 1 and II pesticides or others known to affect wildlife or public health, trade in species of flora and fauna regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora and products derived from them, and activities related to the exploration, production or transportation of fossil fuels. For a full list of exclusionary criteria, please refer to the Framework. Sustainalytics views the exclusion of activities that have potentially negative environmental or social impacts to further strengthen the Framework.
- Project Evaluation and Selection:
 - FONPLATA's Sustainability Committee (the "Committee") will be responsible for overseeing the evaluation and selection process of all eligible projects under the Framework. The Committee is composed of team members from the Bank's Finance, Operations (including Environmental and Social Management and Monitoring and Evaluation Units), Strategic Partnerships, Risk & Compliance and Legal, and will meet at least on a semi-annual basis.
 - The Committee will review pre-eligibility categorization of projects and compliance with the sustainability strategy and the eligibility criteria set in the Framework, conduct on-going monitoring of eligible projects, and validate the annual sustainable reporting.
 - FONPLATA has in place an environmental and social risk management process that is part of a five-step project cycle used to assess all projects financed. This process is applicable to all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk management systems to be strong and to be aligned with market best practice. For additional details, see Section 2.
 - Based on the above, Sustainalytics considers the project selection and evaluation process to be in line with market practice.
- Management of Proceeds:
 - The Committee will be responsible for tracking the proceeds of any Sustainable Financing Instruments which will track allocation to eligible assets internally and on a portfolio basis. FONPLATA intends to allocate proceeds upon issuance.
 - Pending allocation, net proceeds will be managed in accordance with FONPLATA's conservative treasury investment guidelines. FONPLATA intends to allocate all proceeds within 36 months after the issuance.

⁸ FONPLATA has confirmed to Sustainalytics that "family producers" are those agricultural units of peasant and indigenous families that are oriented for the subsistence of households or smallholders that may serve domestic markets.

⁹ Conservation agriculture is a set of management practices that helps maintaining the soil health, enhance biodiversity and natural biological processes above and below the ground surface, such as through conservation tillage; sowing of diverse cover crops; multiple crop rotation; soil restoration and management; nutrient and waste management; and no or minimal pesticides or synthetic fertilizers. The FAO promotes the adoption of conservation agriculture principles "that are universally applicable in all agricultural landscapes and cropping systems." FAO, "Conservation Agriculture", at: <https://www.fao.org/conservation-agriculture/en/>

- Based on the defined management approach and the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - FONPLATA intends to publicly report on the allocation of proceeds annually and publish the report on its official website. The report will include a breakdown of proceeds by category, a breakdown of proceeds by geography, the share and amount of allocated and unallocated proceeds, the share of financing and refinancing and eligible projects aligned with the Bank's strategy and priority areas where feasible.
 - FONPLATA also intends to report on relevant impact metrics, when available, such as the number of beneficiaries, number of facilities built/refurbished/equipped, amounts of loans received, GHG emissions reduced or avoided (tCO₂e/year), tonnes of material recycled, reduction in water usage (m³/year), surface of areas restored or preserved (hectares).
 - Sustainalytics views FONPLATA's commitment to allocation and impact reporting aligned with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Sustainable Debt Framework aligns with the four core components of the GBP, SBP, GLP and SLP. For detailed information, please refer to Appendix 1: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of FONPLATA

Contribution of Framework to FONPLATA's sustainability strategy

Sustainalytics is of the opinion that FONPLATA demonstrates a commitment to sustainability through its Socio-Environmental Strategy and its Institutional Strategic Plan (PEI),¹⁰ which sets strategic objectives and incorporates social and environmental risk analysis and management throughout the lifecycle of projects financed by the Bank. FONPLATA's sustainability strategy focuses on five key environmental and social areas: (i) compliance with legislation; (ii) due diligence to control or mitigate negative impacts; (iii) socio-environmental mitigation and adaptation, including climate change; and (iv) supporting the Sustainable Development Goals. Furthermore, FONPLATA implements the strategy in its lending approach and operations in the following ways, outlined in the Framework and the Bank's Socio-Environmental Strategy guide:^{11,12,13}

- The Bank's strategy and targets which have been set to advance the inclusive development of its member countries are aligned with the SDGs. The Bank's Institutional Strategy aims to establish that all projects and programmes financed by the Bank cover one or more of the SDGs.¹⁴ Specifically, FONPLATA aims to support member countries in meeting their social and environmental goals, including commitments made in their Nationally Determined Contributions (NDCs) for climate change mitigation and adaptation, and individual SDGs.
- The Bank prioritizes projects focused on resilience, and has implemented rapid climate risk and vulnerability assessments as a part of due diligence procedures, and classifying each project's expected results against the SDGs. FONPLATA partakes in technical cooperation with all levels of government of its member countries dedicated to supporting national strategic plans, policies and initiatives while increasing institutional capabilities. For example, under the technical cooperation with Argentina's Secretariat of Strategic Affairs, the Bank provided funding to design and create the Argentine Economic and Social Council, aiming to promote the SDGs in Argentina's public and private sectors. In 2020, the Bank's funding for technical cooperation tripled compared to 2019 due to increased support for recovery from the COVID-19 pandemic.
- The Bank provides financing dedicated to projects with specific goals to implement climate change mitigation and adaptation measures and economic recovery from the COVID-19 pandemic, including increasing employment, eradicating poverty and reducing inequalities. In 2020, the Bank established the Special Emergency Line and redirected over USD 120 million to support COVID-19 recovery

¹⁰ FONPLATA, "Institutional Strategic Plan 2022 – 2026", at: <https://www.fonplata.org/en/institutional/pei-2022-2026>

¹¹ FONPLATA, "The Sustainable Debt Framework", (2021), at: <https://www.fonplata.org/en/investors>

¹² FONPLATA, "Estrategia Socio-Ambiental de FONPLATA", (2016), at: https://fonplata.org/sites/default/files/paginas-fonplata/archivos/Estrategia%20Socio%20-%20Ambiental%20de%20FONPLATA_0.pdf

¹³ FONPLATA, "Annual Report 2020", at:

<https://www.fonplata.org/sites/default/files/media/documents/Annual%20Report%20FONPLATA%202020%20ENG%20Digital.pdf>

¹⁴ FONPLATA, "2030 SDG – News", at: <https://www.fonplata.org/en/news/2030-sdgs>

actions, such as strengthening hospital infrastructure. A Support Line for the Economic Recovery providing USD 1 billion in concessional loans with equal access conditions to member countries.

- The Bank assesses projects against five criteria, including: (i) compatibility, (ii) complementarity, (iii) prevention, (iv) standardization of environmental management, and (v) internalization. The compatibility, complementarity and prevention, and standardization of environmental management criteria to ensure that environmental and social risks associated with projects are managed or mitigated (see next section for additional details). Internalization ensures that projects being financed incorporate adaptation and mitigation measures into the project's overall budget.

Sustainalytics is of the opinion that the FONPLATA Sustainable Debt Framework is aligned with the Bank's overall sustainability strategy and initiatives and will further FONPLATA's action on its overall sustainability priorities.

Well positioned to address common environmental and social risks associated with the projects

Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. As a financing provider for projects in its five member countries, FONPLATA has limited involvement in the development of specific projects. Nonetheless, FONPLATA should take steps to mitigate key risks possibly related to the projects to be financed. Some key environmental and social risks possibly associated with the eligible projects could include occupational issues involving health and safety, community relations and stakeholder participation, emissions, effluents and waste generated in construction, and biodiversity loss from infrastructure projects.

Sustainalytics is of the opinion that FONPLATA has robust processes in place and is able to manage and mitigate potential risks through the implementation of the following:¹⁵

- As a part of the five-step criteria that FONPLATA uses to assess projects, the Bank considers the management or mitigation of overall environmental and social risks before funding projects. Compatibility and complementarity ensure that procedures and tools designed by the Bank are compatible with the social and economic legislation of member countries and funding is only provided for projects that comply with both. The Bank requires projects to comply with the Bank's internal policies, principles and guidelines, and international standards based on their risk category. Prevention includes financing only those projects that have undergone a robust socio-environmental due diligence process. In addition, projects must have concrete control and mitigation actions for negative impacts. Standardization of environmental management entails a five-step project cycle used as a part of FONPLATA's project selection and evaluation process. First, the Bank conducts a preliminary screening of projects, followed by an assessment of the project's environmental and social impacts along with feasibility assessments, risk assessments and mitigation measures in place. During execution and monitoring, clients report on the progress of various ESG indicators. The final stage includes an ESG impact analysis as part of the project evaluation.¹⁶
- FONPLATA has in place an Environmental and Social Risk Assessment and Management System which identifies and minimizes environmental and social impacts and conflicts associated with the project, and ensures compliance with local regulations. Under the Management System, sensitivity analysis is conducted on-site to identify risks associated with project implementation, including changes in the use of land and landscape, social risks, natural hazards in the area that might be enhanced by the project, intensity of natural resources use, and potential risk effects on community health.
- FONPLATA conducts social and environmental impact analyses based on the information collected to implement protection, mitigation and compensation measures as part of its Environmental and Social Management Plan and the Application Plan of Environmental and Social Measures.

¹⁵ FONPLATA, "Policies and Operation Guides, Operational Guidelines for Environmental and Social Management in the FONPLATA Project Cycle", at: https://fonplata.org/sites/default/files/paginas-fonplata/archivos/Directrices%20Operativas%20para%20la%20Gesti%C3%B3n%20Ambiental%20y%20Social%20en%20el%20Ciclo%20de%20Proyectos%20de%20Fonplata_0.pdf

¹⁶ FONPLATA, "The Sustainable Debt Framework", (2021), at: <https://www.fonplata.org/en/investors>.

- Occupational health and safety are covered under FONPLATA's Environmental and Social Impact Assessment Studies. Furthermore, FONPLATA has developed an Occupational Health and Safety Plan and System to ensure health and safety of work environments, provide safety training, essential sanitary facilities, accommodation for workers and promote public health and safety awareness and prevention among employees.
- Following FONPLATA's Environmental and Social Management Plan, community relations are considered during the preparation stage of the projects, according to the risk level category. The community relations process includes consultation, hearing and agreements with stakeholders, especially regarding indigenous populations and community lands that may involve origin, historical, religious, heritage, archaeological, cultural, and other sociocultural issues.
- FONPLATA commits to analyze the direct and indirect effects to the protection and conservation of biodiversity, wetlands and forests. FONPLATA does not fund projects in sensible areas of high value for biodiversity and ecosystems services conservation.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that FONPLATA has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All nine use of proceeds categories are aligned with those recognized by the GBP, SBP, GLP or SLP. Sustainalytics focuses on two below whose impact is specifically relevant in the local context.

Importance of equitable access to healthcare during the COVID-19 pandemic in Latin America

Although COVID-19 vaccination distribution has increased rapidly worldwide, marginalized groups in Latin America have limited access. A 2020 United Nations report indicates that a decrease in the provision of health services for women, children and youth during the pandemic has resulted in excess COVID-related deaths among these groups.¹⁷ Likewise, the estimated 70 million people with disabilities in Latin America who already face extreme levels of poverty, low literacy and employment levels, and increased difficulty in accessing healthcare compared to the general population, were also less likely to receive the supports and measures that governments took to address the COVID-19 pandemic.¹⁸ In addition, approximately 32% of the region's rural population, including Indigenous populations, does not have access to legal healthcare services.¹⁹ In Paraguay, for example, 65% of workers earn an income in the informal economy and have had limited or no access to benefits during the pandemic.²⁰ The pandemic has also further stretched the already overburdened and mostly underfunded healthcare systems of Latin American countries.²¹ Brazil, for example, spends USD 848 per capita on healthcare, compared to a global average of USD 1,111.²²

To guarantee fair and equitable access of COVID-19 testing and vaccine distributions for low- to middle-income countries, the WHO, UNICEF and other organizations established the COVID-19 Vaccine Global Access Facility (COVAX).²³ Twenty-two Latin American countries, including Brazil, Uruguay and Argentina, have joined the COVAX initiative as a rapid solution to ensure affordable access to safe and effective vaccines by increasing vaccine supply through funding and donations from developed countries and private and philanthropic initiatives.²⁴ Concurrently, Latin American countries have made local efforts to accelerate access to healthcare and vaccines, improve infrastructure, and support vulnerable populations. For example, Brazil signed separate agreements with four pharmaceutical companies and is investing in the construction

¹⁷ Castro, A. (2020), "Challenges posed by the COVID-19 pandemic in the health of women, children, and adolescents in Latin America and the Caribbean", UNICEF, at: <https://www.unicef.org/lac/media/16376/file/undp-rblac-CD19-PDS-Number19-UNICEF-Salud-EN.pdf>

¹⁸ Sakellariou, D. et al. (2020), "Disability inclusiveness of government responses to COVID-19 in South America: a framework analysis study", International Journal for Equity in Health, at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7396888/>

¹⁹ Economic Commission for Latin America and the Caribbean (ECLAC), "The impact of COVID-19 on indigenous peoples in Latin America (Abya Yala): between invisibility and collective resistance", (2021), at: https://www.cepal.org/sites/default/files/publication/files/46698/S2000893_en.pdf

²⁰ The Guardian, "Paraguayans go hungry as coronavirus lockdown ravages livelihoods", (2020), at: <https://www.theguardian.com/global-development/2020/apr/12/paraguay-coronavirus-hungry-social-inequalities>

²¹ Litewka, S.G. et al. (2020), "Latin American healthcare systems in times of pandemic", Wiley Public Health Emergency Collection, at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7262025/>

²² Seervai, S. et al. (2021), "Latin America's COVID-19 Crisis and Implications for the Rest of the World", The Commonwealth Fund, at: <https://www.commonwealthfund.org/blog/2021/latin-americas-covid-19-crisis-and-implications-rest-world>

²³ United Nations, "Health – What is vaccine equity?", (2021), at: <https://news.un.org/en/story/2021/09/1100192>

²⁴ Zhang, P. (2020), "Moving Beyond COVID-19: Vaccines and Other Policy Considerations in Latin America", Atlantic Council, at: <https://www.atlanticcouncil.org/wp-content/uploads/2020/12/Moving-beyond-COVID-Vaccines-and-Other-Policy-Considerations-in-Latin-America.pdf>

of a COVID-19 vaccine factory with support from private sector investors.²⁵ At the same time, Paraguay has provided subsidies as a part of a USD 100 million social welfare emergency programme.²⁶

FONPLATA intends to finance the construction and expansion of medical centres, laboratories, supporting infrastructure and equipment, as well as preventive care and treatment projects. By doing so, the Bank will support the expansion and strengthening of healthcare systems, which has the potential to help address some of the challenges that communities in Latin America face regarding access to essential healthcare during the COVID-19 pandemic.

Sustainalytics is of the opinion that FONPLATA's allocation of proceeds to finance projects aimed at expanding and strengthening access to healthcare to underserved groups is expected to contribute to increase equitable access, therefore, contributing to international and national commitments made by its member countries.

Importance of supporting MSMEs in Latin America

MSMEs are fundamental in creating a sustainable economy, especially in developing countries, by driving economic growth, creating decent jobs, reducing inequalities, and alleviating poverty.²⁷ MSMEs are a key driver of Latin America's economy, representing 99.5% of companies in the region and 61% of the formal workforce.²⁸ In Brazil, micro-and small-sized enterprises account for 98.5% of businesses,²⁹ while MSMEs account for 97% of business activities in Argentina.³⁰ MSMEs also make significant contributions to employment levels in the region. Approximately 60% of Latin American workers were employed in MSMEs; in Bolivia alone, this share was 78%.^{31,32} Despite this significant contribution, 34% of small businesses state that the lack of access to finance is causing constraints to their business.³³ The OECD predicts that the COVID-19 pandemic will also result in over 2.7 million companies, particularly MSMEs, experiencing bankruptcy or financial losses as they have less liquidity and financial buffers in the region.³⁴ The gap between the demand and supply of credit to MSMEs reached USD 1.8 billion as of 2020 in the wider region of Latin America and the Caribbean.³⁵ In addition, during the pandemic the unemployment rate in Latin America has increased among people who traditionally find work in MSMEs. In Brazil alone, over 10 million workers' contracts were suspended or their wages were reduced.³⁶

Governments across Latin America have implemented various programmes and policies to stimulate the economic activity of MSMEs in view of the pandemic. The Bolivian government, for example, has established an MSMEs support programme providing USD 200 million in direct funding through its financial system for two million businesses.³⁷ The Central Bank of Argentina released a policy reducing the minimum reserve

²⁵ OECD, "COVID-19 in Latin America and the Caribbean: An overview of government responses to the crisis", (2020), at: https://read.oecd-ilibrary.org/view/?ref=129_129907-eae84sciov&title=COVID-19-in-Latin-America-and-the-Caribbean_An-overview-of-government-responses-to-the-crisis&_ga=2.156331900.656853933.1636550636-595371572.1630432800

²⁶ Ibid.

²⁷ United Nations, "The Role of Micro-Small and Medium Enterprises in Achieving the SDGs", at:

https://sustainabledevelopment.un.org/content/documents/18349policy_brief_27_04_final.pdf

²⁸ United Nations ECLAC, "Investing for the Future in Latin America and the Caribbean", (2020), at:

https://repositorio.cepal.org/bitstream/handle/11362/46009/1/S2000044_en.pdf

²⁹ OECD, "Financing SMEs and Entrepreneurs 2020: An OECD Scoreboard", (2020), at: <https://www.oecd-ilibrary.org/sites/8153da8d-en/index.html?itemId=/content/component/8153da8d-en>

³⁰ Urien, P. (2018), "El 50% de los empresarios de las pymes tiene más de 60 años", La Nación, at:

<https://www.lanacion.com.ar/economia/empleos/el50-de-los-empresarios-de-las-pymes-tiene-masde-60-anos-nid2151143>

³¹ Development Bank of Latin America, "MSMEs: Drivers to Overcome COVID-19 Crisis in Latin America", (2020), at:

<https://www.caf.com/en/currently/news/2020/06/msmes-drivers-to-overcome-covid-19-crisis-in-latin-america/>

³² Herrera, D. et al. (2020), "BOLIVIA – GLOBAL CREDIT PROGRAM FOR SAFEGUARDING THE PRODUCTIVE FABRIC AND EMPLOYMENT IN BOLIVIA", Germany Trade & Invest – Federal Ministry for Economic Affairs and Energy, at:

<https://www.gtai.de/resource/blob/533192/d3f20fb5a6c91f1a8b04a144eb2a5894/PRO20200713524758.pdf>

³³ OECD, "New SME policies needed to boost Latin America's growth, say OECD and ECLAC", (2012), at:

<https://www.oecd.org/industry/newsmepoliciesneededtoboostlatinamericasgrowthsayoecdandeciac.htm>

³⁴ OECD, "COVID-19 in Latin America and the Caribbean: Regional socio-economic implications and policy priorities", (2020), at:

<https://www.oecd.org/coronavirus/policy-responses/covid-19-in-latin-america-and-the-caribbean-regional-socio-economic-implications-and-policy-priorities-93a64fde/>

³⁵ Herrera, D. (2020), "Desafíos y soluciones para mejorar el financiamiento a las mipymes durante la pandemia", Banco Interamericano de Desarrollo, at: <https://blogs.iadb.org/innovacion/es/mejorar-el-financiamiento-a-las-mipymes-durante-la-pandemia/>

³⁶ Moreno, R.M. (2020), "How to support MSMEs so they overcome the COVID-19 shock", The World Bank, at:

<https://www.worldbank.org/en/news/opinion/2020/07/10/brazil-how-support-micro-small-medium-enterprises-overcome-covid-19-coronavirus-shock>

³⁷ UNDP, "UNDP Bolivia - Support to the National Response and Recovery to Contain the Impact of COVID-19", (2020), at:

https://www.latinamerica.undp.org/content/dam/rblac/docs/COVID-19-Country-Programme/LATEST/UNDP-RBLAC-BOL%20CV19%20Respond%20Fiche_v12Jun2020.pdf

requirements for financial institutions that lend to MSMEs and launched a special credit line of ARS 200 billion (approximately USD 2 billion) to MSMEs for the purchase of capital goods, equipment and machinery.^{38,39}

FONPLATA intends to provide funding that will ultimately be directed to MSMEs, local community projects and sector growth. As a result, these investments have the potential to improve access to finance for MSMEs, and consequently contribute to improve employment rates as part of the post-pandemic recovery in FONPLATA's member countries.

Sustainalytics is of the opinion that FONPLATA's lending activities under the Framework are expected to create positive social, gender and economic impact while supporting government-led initiatives of its member countries.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The financial instruments eventually issued under FONPLATA's Sustainable Debt Framework are expected to advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Access to Essential Services	3. Good Health and Wellbeing	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all
	4. Quality Education	4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations
	11. Sustainable Cities and Communities	11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities
Affordable Basic Infrastructure	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Food Security and Sustainable Food Systems	2. Zero Hunger	2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round
Employment Generation and Socio-economic Advancement	8. Decent work and economic growth	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and

³⁸ Banco Central De La Republica Argentina (BCRA), "Easing of Minimum Reserve Requirements for Institutions Financing SMEs", (2020), at: <http://www.bcra.gov.ar/Noticias/noticia-03-01-20-i.asp>

³⁹ BCRA, "More Financing for MSMEs and New Investment Line", (2020), at: <http://www.bcra.gob.ar/noticias/coronavirus-bcra-nuevos-creditos-mipymes-i.asp>

		persons with disabilities, and equal pay for work of equal value
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Environmentally Sustainable Management of Living Natural Resources	2. Zero Hunger 15. Life on Land	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality. 15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species
Pollution Prevention and Control	11. Sustainable Cities and Communities 12. Responsible Consumption and Production	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

Conclusion

FONPLATA has developed the FONPLATA Sustainable Debt Framework under which it may issue Sustainable Financing Instruments and use the proceeds to finance and refinance projects that are expected to advance inclusive and sustainable regional development. Sustainalytics considers that the projects funded by the Sustainable Financing Instruments are expected to provide positive environmental and social impacts.

The FONPLATA Sustainable Debt Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Sustainable Debt Framework is aligned with the overall sustainability strategy of the Bank and that the use of proceeds categories will contribute to the advancement of the UN SDG 2, 3, 4, 6, 7, 8, 9, 11, 12 and 15. Additionally, Sustainalytics is of the opinion that FONPLATA has a robust mechanism to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that FONPLATA is well-positioned to issue Sustainable Financing Instruments and that that FONPLATA Sustainable Debt Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021), Social Bond Principles (2021), Green Loan Principles (2021), and Social Loan Principles (2021).

Appendix

Appendix 1: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	FONPLATA Development Bank
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Sustainable Debt Framework
Review provider's name:	Sustainalytics
Completion date of this form:	December 2, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.
 The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| ☒ Use of Proceeds | ☒ Process for Project Evaluation and Selection |
| ☒ Management of Proceeds | ☒ Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds – Access to Essential Services, Affordable Basic Infrastructure, Food Security and Sustainable Food Systems, Employment Generation and Socio-economic Advancement, Renewable Energy, Clean Transportation, Environmentally Sustainable Management of Living Natural Resources, Pollution Prevention and Control, and Sustainable Water and Wastewater Management – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics considers that investments in the eligible categories are expected to contribute to positive environmental or social impacts and to advancing the UN Sustainable Development Goals, specifically SDGs 2, 3, 4, 6, 7, 8, 9, 11, 12 and 15.

Use of proceeds categories as per GBP:

- | | |
|--|---|
| ☒ Renewable energy | ☐ Energy efficiency |
| ☒ Pollution prevention and control | ☒ Environmentally sustainable management of living natural resources and land use |
| ☐ Terrestrial and aquatic biodiversity conservation | ☒ Clean transportation |
| ☒ Sustainable water and wastewater management | ☐ Climate change adaptation |
| ☐ Eco-efficient and/or circular economy adapted products, production technologies and processes | ☐ Green buildings |
| ☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | ☐ Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|--|
| ☒ Affordable basic infrastructure | ☒ Access to essential services |
| ☐ Affordable housing | ☒ Employment generation (through SME financing and microfinance) |
| ☒ Food security | ☒ Socioeconomic advancement and empowerment |
| ☐ Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | ☐ Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The FONPLATA Development Bank's ("FONPLATA") internal process for evaluating and selecting projects is overseen by a Sustainability Committee comprised of team members from Finance, Operations, Strategic Partnerships, Risk & Compliance and Legal. The Committee is responsible for the final approval of eligible projects. FONPLATA's has a dedicated environmental and social risk mitigation process that is applicable to all allocation decisions made under the Framework. Sustainalytics considers this risk assessment and mitigation process to be strong and to be aligned with market best practice. Sustainalytics considers the project selection process to be in line with market practice.

Evaluation and selection

- | | |
|---|---|
| ☒ Credentials on the issuer's social and green objectives | ☒ Documented process to determine that projects fit within defined categories |
| ☒ Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | ☒ Documented process to identify and manage potential ESG risks associated with the project |
| ☒ Summary criteria for project evaluation and selection publicly available | ☐ Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| ☒ Evaluation / Selection criteria subject to external advice or verification | ☐ In-house assessment |
| ☐ Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

FONPLATA's processes for management of proceeds are overseen by the Sustainability Committee. Pending allocation, proceeds will be managed in accordance with FONPLATA's conservative treasury investment guidelines. All proceeds will be allocated within 36 months after issuance. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| ☒ Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| ☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| ☐ Other (please specify): |

Additional disclosure:

- | | |
|---|---|
| ☐ Allocations to future investments only | ☒ Allocations to both existing and future investments |
|---|---|

- | | |
|---|--|
| ☐ Allocation to individual disbursements | ☒ Allocation to a portfolio of disbursements |
| ☒ Disclosure of portfolio balance of unallocated proceeds | ☐ Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

FONPLATA intends to report on the allocation of proceeds on its website and on an annual basis until full allocation. The report will include information such as a breakdown of proceeds by category, geography, and the share and amount of allocated and unallocated proceeds. In addition, FONPLATA is committed to reporting on relevant impact metrics. Sustainalytics views FONPLATA's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| ☐ Project-by-project | ☒ On a project portfolio basis |
| ☐ Linkage to individual bond(s) | ☐ Other (please specify): |

Information reported:

- | | |
|---|--|
| ☒ Allocated amounts | ☒ Sustainability Bond financed share of total investment |
| ☐ Other (please specify): | |

Frequency:

- | | |
|--|--------------------------------------|
| ☒ Annual | ☐ Semi-annual |
| ☐ Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| ☐ Project-by-project | ☒ On a project portfolio basis |
| ☐ Linkage to individual bond(s) | ☐ Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|--|
| ☒ GHG Emissions / Savings | ☒ Energy Savings |
| ☒ Decrease in water use | ☒ Number of beneficiaries |
| ☒ Target populations | ☒ Other ESG indicators (please specify):
Number of health facilities built/refurbished; Number of education facilities built/refurbished; length of drainage and drinking water systems built/refurbished (km); water production (m3/day); number of pf bridges built; number of choke points with water retention and flooding; number of road |

traffic accidents/injuries; length of fiber optic network (km); number of meals; number of businesses that received loans; amounts of loans received; number of businesses that received technical assistance; number of jobs created; renewable energy produced (MWh/year); capacity of renewable energy plants installed (MW); new / total distance of transmission lines dedicated to delivering renewable power (km); number of infrastructure constructed or renovated; surface of area restored (ha); surface covered by sustainable agriculture (km²); tons of material recycled (tons); solid waste collected (tons); volume of treated and reused water (m³/year)

Frequency:

- ☒ Annual
 ☐ Semi-annual
☐ Other (please specify):

Means of Disclosure

- ☐ Information published in financial report
 ☐ Information published in sustainability report
☐ Information published in ad hoc documents
 ☒ Other (please specify): FONPLATA's website
☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE****Type(s) of Review provided:**

- ☐ Consultancy (incl. 2nd opinion)
 ☐ Certification
☐ Verification / Audit
 ☐ Rating
☐ Other (please specify):

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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