

Second-Party Opinion

Peru Sustainable Bond Framework



Evaluation Summary

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



USE OF PROCEEDS The eligible categories for the use of proceeds – Support for Vulnerable Groups and People in Vulnerable Situations; Access to Affordable Housing, Education and Essential Health Services; Support for MSMEs and Social Programs to Alleviate and/or Prevent Unemployment; Green Buildings; Renewable Energy; Energy Efficiency; Low Carbon Transport; Resilient and Efficient Water and Wastewater Management; Sustainable Management of Natural Resources, Land Use and Marine Protected Areas; Sustainable Agriculture; and Sustainable Waste Management – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that activities in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 6, 7, 8, 11, and 15.



PROJECT EVALUATION / SELECTION Peru's internal process in evaluating and selecting projects is integrated into the Government's multi-year investment planning process. The Ministry of Economy and Finance will lead the Governance Structure for Sustainable Bonds to assess projects and will ultimately be responsible for project selection. Peru's Environmental and Social Risk Mitigation process are applicable to all allocation decisions made under the Framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Peru's processes for management of proceeds is carried out by the Ministry of Economy and Finance. Peru's Ministry of Economy and Finance will be in charge of allocating proceeds to eligible projects and intends to reach full allocation at the earliest convenience after issuance. Pending allocation, proceeds will be managed by the General Directorate of the Public Treasury in the Treasury General Account and in accordance with the Government of Peru's regulatory framework and treasury policies. This is in line with market practice.



REPORTING Peru's Ministry of Economy and Finance will publish allocation and impact reports starting a year after issuance. The allocation report will include information such as a brief description of projects and amounts disbursed. Both reports will be published on the website of the Ministry of Economy and Finance. Sustainalytics views Peru's allocation and impact reporting as aligned with market practice.

Evaluation date	July 19, 2021
Issuer Location	Lima, Peru

Report Sections

Introduction.....	2
Sustainalytics' Opinion.....	3
Appendices	14

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Introduction

The Republic of Peru ("Peru" or the "Issuer") is a constitutional republic located on the western coast of South America with a population of 33,380,341.¹ Peru's economy reflects its varied topography. Peru primarily relies on commodity exports such as mineral resources, including silver and copper found in the mountainous regions, and several agricultural and fish products.

Peru has developed the Peru Sustainable Bond Framework (the "Framework") under which it intends to issue one or more green, social and sustainability bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that are expected to have a positive environmental and social impact while advancing sustainable development.

The Framework defines social eligibility categories in three areas:

1. Support for Vulnerable Groups and People in Vulnerable Situations
2. Access to Affordable Housing, Education and Essential Health Services
3. Support for MSMEs and Social Programs to Alleviate and/or Prevent Unemployment

Additionally, the Framework defines green eligibility categories in the following eight areas:

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Low Carbon Transport
5. Resilient and Efficient Water and Wastewater Management
6. Sustainable Management of Natural Resources, Land Use and Marine Protected Areas
7. Sustainable Agriculture
8. Sustainable Waste Management

Sustainalytics was appointed to review the Peru Sustainable Bond Framework, dated July 2021, 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), and Social Bond Principles 2020 (SBP).² This Framework will be published in a separate document.³

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

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent⁴ 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;
- 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.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.9, 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 Peru's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Peru representatives have confirmed (1) they understand it is the sole responsibility of Peru to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and

¹ Worldometer, "Peru Population", at: <https://www.worldometers.info/world-population/peru-population/>

² The Sustainability Bond Guidelines 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 Peru Sustainable Bond Framework will be made available on Peru's Ministry of Economy and Finance website at: <https://www.gob.pe/mef>

⁴ 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.

(3) that 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 the Issuer.

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 eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed 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 the realised allocation of the bond proceeds 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 Peru has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Peru Sustainable Bond Framework

Sustainalytics is of the opinion that the Peru Sustainable Bond Framework is credible, impactful and aligns with the four core components of the SBG, GBP, and SBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories — Support for Vulnerable Groups and People in Vulnerable Situations; Access to Affordable Housing, Education and Essential Health Services; Support for MSMEs and Social Programs to Alleviate and/or Prevent Unemployment; Green Buildings; Renewable Energy; Energy Efficiency; Low Carbon Transport; Resilient and Efficient Water and Wastewater Management; Sustainable Management of Natural Resources, Land Use and Marine Protected Areas; Sustainable Agriculture; and Sustainable Waste Management — are aligned with those recognized by the GBP and SBP.
 - For the three social categories, the Framework identifies low-income, vulnerable populations, and micro-, small- and medium-sized enterprises (MSMEs)⁵ in Peru as target beneficiaries. The identification of vulnerable populations will be conducted through the Household Targeting System (Sistema de Focalización de Hogares, SISFOH). The SISFOH⁶ employs a series of socio-economic, geographical, and intervention-specific criteria to identify people and households in situations of vulnerability or exclusion. Sustainalytics believes that the intended social investments have a well-defined target population and that they can support vulnerable and disadvantaged groups.
 - Under the Support for Vulnerable Groups and People in Vulnerable Situations category, the Government of Peru intends to finance social programs that target vulnerable groups such as children, youth and elders, and low-income populations.⁷

⁵ The Government of Peru defines MSMEs based on their annual revenue where (i) microenterprise: annual revenue \leq 150 UIT; (ii) small enterprise: 150 UIT \leq annual revenue \leq 1,700 UIT; (iii) medium enterprise: 1,700 UIT \leq annual revenue \leq 2,300 UIT. As of May 2021, 1 UIT = PEN 4,440 (USD 1,150).

⁶ The SISFOH allows government agencies to access current socioeconomic information of households and individuals throughout the country. Law 29911 mandates the use of SISFOH for all social programs funded by the government. At: <http://www.sisfoh.gob.pe/el-sisfoh/conoce-sobre-focalizacion/criterios-de-focalizacion>.

⁷ Examples of social programs include Juntos, Pensión 65, Cuna más, Contigo, Qali Warma and FONCODES.

- Under the Access to Affordable Housing, Education and Essential Health Services category, the Framework includes projects aimed at improving or increasing access to education, housing and health services.
 - Eligible projects include the provision of financing for the acquisition, repair or expansion of social housing (lines of credits to real estate developers to build housing complexes which are then made available to vulnerable groups through rent control or homeownership programs that may include lines of credits at preferential terms for vulnerable populations; programs aimed at improving the quality and access to basic, middle and higher public education; and financing of public health programs for vulnerable groups).
 - The Issuer has communicated to Sustainalytics that these services will be free or subsidized. Based on the Framework's focus on increased access to healthcare and education, as well as the overarching target populations, Sustainalytics views these activities as having positive social impacts.⁸
- Under the Support for MSMEs and Social Program to Alleviate and/or Prevent Unemployment category, the Framework defines as eligible the provision of loans or other financial support to MSME facing financial distress; lines of financing to MSMEs to promote their competitiveness; and financial support to promote employment of vulnerable people.
- Under the Green Buildings category, the Framework defines eligible projects and activities that reduce energy consumption, such as the construction and refurbishment of public buildings that achieve a 30% reduction in carbon emissions.
 - For green buildings, Peru will use credible third-party certification systems including LEED ("Gold" or above), Edge or the Living Building Challenge. Sustainalytics considers the referenced certification standards as being credible and LEED "Gold" or above aligned with market practice (see Appendix 1 for additional details on the certification schemes).
- For the Renewable Energy category, the Framework defines eligible projects such as the design, construction, operations and maintenance of renewable energy facilities, including wind, solar PV, concentrated solar power and solar thermal, hydropower, bioenergy, and geothermal. In addition, battery storage systems and any transmission and distribution infrastructure for the aforementioned sources.
 - Sustainalytics notes the inclusion of the following thresholds: hydropower generation will be below 25 MW; wind and solar installations must not have more than 15% of the electricity generated from non-renewable sources; and geothermal facilities for electricity production emitting below 100g CO₂/kWh. Peru has confirmed to Sustainalytics that all new hydroelectric projects will be subject to an environmental and social risk assessment. This is in line with market practice.
 - Eligible feedstocks for bioenergy activities includes crop-based sources that have credible third-party certifications, such as RSB, ISCC EU, and BONSUCRO, or other equivalent certifications that are in line with market standards and that confirms the traceability and environmentally sustainable management or origination, aligned with the selected certifications, in order to meet adequate sustainability requirements, including GHG emissions reduction and food security related to biomass production.⁹ Sustainalytics notes that it is market expectation to specify all eligible schemes and encourages the Issuer to report on any other schemes they intend to include (see Appendix 2 for additional details on the certification schemes). The Issuer has communicated to Sustainalytics that permits to execute these projects are not provided on land which is identified as high biodiversity areas.¹⁰
 - In addition, eligible expenses should meet the following criteria (i) facilities operate above 80% of GHG emissions-reduction in relation to the relative fossil fuel comparator;

⁸ General requirements to qualify include: not having previously received housing support from the State. Applicants cannot have another house or land at the national level. If they want to build or improve their home, they must own the land where the work will be carried out, and it must be registered in the Public Registry without encumbrances or liens.

⁹ The Climate Bonds Initiative and the EU Commission consider voluntary schemes such as RSB and ISCC EU as credible, pre-approved proxies for demonstrating best practice, including that biomass feedstock is produced in environmentally sustainable way. RSB also includes Food Security Assessment Guidelines to assess food security and establish mitigation and enhancement measures if impacts are significant.

¹⁰ Which excludes bioenergy feedstock production in National Protected Areas, which are high biodiversity by definition.

- (ii) carbon stocks are maintained or enhanced; and (iii) for installation that produce electricity from biomass or biofuel, the electricity generated must have a life cycle GHG emission intensity not exceeding 100g of CO₂e/kWh.
- For the Energy Efficiency category, the Framework defines eligible projects that will reduce energy consumption in public buildings and spaces such as the LED lighting, the retrofitting of public buildings that result in over 20% of energy savings, subsidies for homes and MSMEs energy improvements such as efficient air-conditioners and refrigeration, solar heating systems, and solar PV systems.
 - For the Low Carbon Transport category, the Framework establishes eligible expenditures as those that relate to the design, construction, operation and maintenance of public transport with zero direct carbon emissions, including metro lines, light rail transit, electric buses, trams and trains; infrastructure that supports clean transportation such as electric charging points; intermodal infrastructure to connect different modes of public transport; and active mobility such as bicycle paths, bicycle parking and other types of active mobility infrastructure (walking, e-bikes and e-scooters). This category also includes the procurement of cars and vans with direct emissions below 50gCO₂/km. Sustainalytics considers the Framework's criteria for transportation to be aligned with market practice, and highlights in particular the use of a credible transition-aligned threshold for hybrid vehicles, and the criteria for eligible public transit, active mobility, and zero direct emissions transport.
 - For the Resilient and Efficient Water and Wastewater Management category, the Framework allows for financing of infrastructure to support the sustainable management of water and wastewater including transport, treatment, and disposal systems. This category also includes defense systems against river floods which have a climate change vulnerability assessment and an adaptation plan in place. Sustainalytics notes wastewater from fossil fuels activities is excluded.
 - For the Sustainable Management of Natural Resources, Land Use and Marine Protected Areas category, the Framework defines as eligible the financing of projects for the protection and restoration of natural resources, biodiversity, and marine protected areas.
 - Eligible projects include the commercial management of forests that have FSC or PEFC certification; programs for conservation and restoration of forests, and for the management and maintenance of National Parks and conservation areas that have a sustainable management plan or are FSC or PEFC certified. Sustainalytics views these certifications as being credible standards upholding sustainable forest management practices (refer to Appendix 3 for more information).
 - As it relates to land and marine protection/restoration, Sustainalytics views this category positively, noting the importance of initiatives which guarantee long-term conservation and promote the well-being of native species.
 - For the Sustainable Agriculture category, the Framework allows for the financing of projects or assets, for agricultural production under agroforestry systems that have a forest management plan in place, and which excludes inorganic and synthetic fertilizers. This category also includes the financing of systems that will enable efficient irrigation and water management on fields through monitoring technologies such as weather stations as well as through investments in drip-irrigation. The Issuer has confirmed that these investments will be provided in the form of subsidies or lines of credit at preferential terms (administered through state-owned banks) and will be focused on supporting small-holder farmers.
 - Sustainalytics encourages the Issuer to promote the holistic deployment of conservation agriculture practices¹¹ through its investment in agriculture or agroforestry projects. Sustainalytics notes that agroforestry projects will be accompanied by a sustainable forest management plan, enabling small producers to

¹¹ Conservation Agriculture (CA) 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 Food and Agriculture Organization (FAO) promotes the adoption of CA principles "that are universally applicable in all agricultural landscapes and cropping systems" FAO, "Conservation Agriculture", at: <http://www.fao.org/conservation-agriculture/en/>

comply with requirements that would have otherwise been met through FSC or PEFC certification.¹²

- For the Sustainable Waste Management category, the Framework identifies as eligible the financing of projects for the collection, classification, sorting, and disposal of non-hazardous waste; the procurement of waste management collection vehicles that meet the criteria set under the Low Carbon Transport category; facilities processing food, garden or yard waste to produce compost for agricultural, municipal or consumer applications with zero measurable methane emissions; and projects to capture biogas from closed landfill facilities where the gas capture rate is 75% or higher. Sustainalytics notes that recovering methane produced from closed landfill will not prolong the lifespan of the landfill and is a key strategy to reduce methane emissions from waste.
- The Framework includes an exclusionary list of activities excluded from its green, social, and sustainability issuances. Sustainalytics views the exclusion of activities that have potential negative environmental or social impacts to further strengthen Peru's Framework.
- Project Evaluation and Selection:
 - The process for project evaluation and selection is integrated into the Government's multi-year investment planning process regulated by legislative decree No. 1252 of the Peruvian Congress.¹³ The planning process requires the participation of public entities which are responsible for consulting the General Directorate of the Public Budget and/or the General Directorate of Multi-year Investment Programming to prepare a list of eligible projects and expenditures identified as a result of the multiannual investment planning process and/or that are part of the formulation of the public budget. Public entities involved in the process include those at the three levels of government (national, regional, and local) both financial and non-financial.
 - All projects financed under the Framework shall comply with Peru's National Environmental Impact Assessment System (SEIA). The law requires that projects that may cause environmental damages prepare an Environmental Study carried out by specialists. Depending on a project's environmental and social risk level, the Environmental Control and Evaluation Agency may mandate the completion of Environmental Impact Studies (EIA) before proceeding.
 - Peru has outlined an Environmental and Social Risk Mitigation process¹⁴ in the Framework, which are applicable to all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail see Section 2.
 - Based on this governance structure, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Peru's Ministry of Economy and Finance intends to allocate proceeds at the earliest convenience on a best effort basis after the respective issuance. Sustainalytics considers market practice to fully allocate bond proceeds within 36 months after issuance.
 - Eligible projects and/or expenditures for refinancing are those with costs incurred in the three years preceding fiscal years since the respective bond issuance.
 - In the event that some expenditures no longer fulfill the eligibility criteria of this Framework, the Ministry of Economy and Finance will reallocate on a best effort basis the proceeds to other eligible expenditures. Pending allocation, proceeds will be managed by the General Directorate of the Public Treasury in the General Account and in accordance with the Government of Peru's regulatory framework and treasury policies. The Issuer has communicated to Sustainalytics that pending allocation proceeds will not be invested in any of the activities outlined in the exclusion list of the Framework.
 - Based on the use of formal systems to track and manage proceeds pending allocation, Sustainalytics considers this process to be in line with market practice.

¹² Sustainalytics highlights that forestry related assets or projects certified with either FSC or PEFC integrate appropriate management plan related to soil health, water and fire ma

¹³ MEF, "Decreto Legislativo No. 1252", (2016), at: <https://www.mef.gob.pe/es/normatividad-inv-publica/instrumento/decretos-legislativos/15603-decreto-legislativo-n-1252/file>

¹⁴ Peru Sustainable Bond Framework, available at: <https://www.gob.pe/mef>

- Reporting:
 - Peru's Ministry of Economy and Finance will be in charge of publishing Allocation and Impact Reports starting a year following the issuance of the respective bond and until full allocation. The Allocation Report will be audited by an external auditor commissioned by the Ministry of Economy and Finance, and will include the amounts assigned to projects.
 - The Impact Report will include social and environmental impact indicators such as, but not limited to, number of total beneficiaries living in poverty or extreme poverty; number of jobs created; number of MSMEs supported; annual GHG emissions avoided (tCO₂e); installed renewable energy capacity (MW); number of energy efficiency equipment and appliances installed; number of low carbon vehicles deployed by type of transport: volume of water collected and/or treated (m³).
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Peru Sustainable Bond Framework aligns with the four core components of the GBP and SBP. For detailed information please refer to Appendix 3: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Peru

Contribution of Framework to Peru's sustainability mandate

Sustainalytics is of the opinion that the projects and programmes financed by the Government of Peru through eligible categories under the Framework, have the potential to provide positive environmental and social impact and contribute to Peru's environmental and social commitments. Some of the related national strategies and policies are listed below:

- Peru has developed a National Development Strategy and Social Inclusion Policy¹⁵ to promote development, social inclusion, and alleviate poverty by targeting population groups. The Ministry of Development and Social Inclusion (MIDIS) has identified different focus areas for poverty alleviation, starting with extreme poverty alleviation in the short term, promoting infrastructure development and promote economic opportunities in the medium term and by 2030, creating sufficient opportunities for people's well-being.¹⁶ Based on plans for the three time horizons, MIDIS has defined the priority of nutrition, early childhood development, childhood and adolescence development, economic inclusion, and protection of the elderly for different life stages.¹⁷
- As a part of the National Development Strategy, the Peruvian Government has developed a National Plan of Competitiveness and Productivity to promote economic growth with social equity. The plan outlines nine priorities around human capital, innovation, and environmental sustainability and aims to raising productivity, improving the quality of products, and expanding markets to promote job creation.^{18,19}
- The Peruvian Government has committed to protecting human rights and non-discrimination following international treaties such as the Convention on the Elimination of All Forms of Discrimination Against Women, the Inter-American Convention on the Prevention, Punishment and Eradication of Violence Against Women, and the Declaration and Platform for Action of the Fourth World Conference on Women.²⁰ The Ministry of Women and Vulnerable Population of Peru has

¹⁵ Government of Peru, "Decreto Supremo N° 008-2013-MIDIS", (2013), at: <https://www.gob.pe/institucion/midis/normas-legales/9788-008-2013-midis>

¹⁶ Government of Peru, "MIDIS begins socialization to update the National Policy for Development and Social Inclusion", (2021), available: <https://www.gob.pe/institucion/midis/noticias/324383-midis-inicia-socializacion-de-actualizacion-de-la-politica-nacional-de-desarrollo-e-inclusion-social>

¹⁷ SITEAL, "Estrategia Nacional de Desarrollo e Inclusión Social. Incluir para Crecer", at: https://www.siteal.iiep.unesco.org/sites/default/files/sit_accion_files/pe_1157.pdf

¹⁸ GGKP, "GGGI Peru - National Green Growth and Competitiveness Plan", at: <https://www.greengrowthknowledge.org/project/gggi-peru-national-green-growth-and-competitiveness-plan>

¹⁹ Andina, "Competitiveness and productivity: Nine priorities to consolidate Peru's growth", (2021), at: <https://andina.pe/ingles/noticia-competitiveness-and-productivity-nine-priorities-to-consolidate-perus-growth-741069.aspx>

²⁰ Fundación BBVA, "Gender Equality Policy to tackle the causes and effects of discrimination against women Supreme Decree 008-2019-MIMP", at: <http://www.fundacionmicrofinanzasbbva.org/revistaprogreso/en/national-gender-equality-policy/>

developed the National Gender Equality Policy²¹ to address the structural discrimination against women. The Policy protects women's right to access educational and economic opportunities and women's rights to access, control, and use information and communication technologies. Following the Policy, the Peruvian Government is envisioning an 86.8% increase in women's income, 40% and 20% increase in women's participation in congress and as mayors, respectively.²²

- Following the Paris Agreement, the Peruvian Government has committed to increasing its Greenhouse Gas (GHG) reduction target from 20% to 30% by 2030 regarding emissions of the projected Business-as-Usual (BAU) scenario.²³

Sustainalytics is of the opinion that the Peru Sustainable Bond Framework is aligned with the Country's overall sustainability strategy and initiatives and will further the Country's action on its key environmental priorities.

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

While the net proceeds from the bonds issued under the Framework are recognized to be directed towards eligible projects that are anticipated to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include land use and biodiversity issues associated with large-scale infrastructure development, community relations/stakeholder participation, occupational health and safety, effluents, waste generated in construction, social exclusion and inequality.

Sustainalytics is of the opinion that Peru is able to manage and/or mitigate potential risks through the implementation of the following policies:

- Peru's Law of the National System of Evaluation of Environmental Impact (Law No. 27746),²⁴ establishes that all construction or activities, and programs capable of causing significant environmental impacts, are subject to the National Environmental Impact Assessment System (SEIA).²⁴ Prior to any project authorization from the pertaining ministry, relevant measures must be put in place to guarantee the protection of nature, natural resources and/or affected communities.³
- The Peruvian Government has passed the Law of National System of Evaluation of Environmental Impact, which aims to identify, prevent, supervise, control, and correct negative environmental impacts caused by human investment activities. The Law requires an environmental impact assessment to be carried out for policies, plans, programs, and investment projects to determine project feasibility. An environmental certification is also required for investment projects that may cause significant negative environmental impact related to protection criteria defined under the Law.²⁴
- Regarding land-use change and biodiversity, Peru has established National Biodiversity Strategies and Action Plans (NBASP) in accordance with the 1997 Law on Conservation and Sustainable Use of Biodiversity. Peru is a signatory to the 1992 Convention on Biological Diversity.²⁵ Peru's National Biodiversity Strategy is the management instrument that establishes the policies, measures, and priority actions of a political, legal, economic, and technical nature specific to Peru and that recognizes the values of biological diversity and presents opportunities for its conservation.²⁵
- Peru is implementing the UN Convention on Access to Information, Public Participation in Decision-Making, and Access to Justice in Environmental Matters (the "Aarhus Convention").³ The Aarhus Convention imposes extensive requirements on public authorities to supply environmental information to the public and allow both access to and the ability to challenge environmental decision-making processes.²⁶
- Regarding occupational health and safety, Peru has been a member of the International Labor Organization (ILO) since 1919.²⁷ In accordance with the ILO standards for Occupational Safety and Health (OSH), Peru has developed a National OSH Plan for 2017-2021.²⁸ The plan has multiple

²¹ Government of Peru, "Decreto Supremo que aprueba la Política Nacional de Igualdad de Género", (2019), at: <https://www.gob.pe/institucion/mimp/normas-legales/271118-008-2019-mimp>

²² Ibid

²³ IKI, "Peru to raise emissions reduction ambition to 40% by 2030", (2021), at: https://www.international-climate-initiative.com/en/news/article/peru_to_raise_emissions_reduction_ambition_to_40_by_2030

²⁴ MINAM, "Law of the National System of Evaluation of Environmental Impact" (2011), at: <https://www.minam.gob.pe/wp-content/uploads/2013/10/Ley-y-reglamento-del-SEIA1.pdf>

²⁵ MINAGRI, "Convenio sobre la Diversidad Biológica de 1992", at: <https://www.minagri.gob.pe/portal/47-sector-agrario/recurso-biodiversidad/349-estrategia-nacional-de-biodiversidad>

²⁶ UNECE, "Convention on Access to Information, Public Participation in Decision-Making, and Access to Justice in Environmental Matters", at: <https://unece.org/DAM/env/pp/documents/cep43e.pdf>

²⁷ International Labor Organization, "Peru", at: https://www.ilo.org/dyn/normlex/en/f?p=1000:11110:0::NO:11110:P11110_COUNTRY_ID:102805

²⁸ https://www.trabajo.gob.pe/archivos/file/CNSST/politica_nacional_SST_2017_2021.pdf

provisions covering areas such as forced labor, occupational safety and health, elimination of child labor, and protection of children and young persons. Convention 062 (C062) under occupational health and safety briefly describes safety provisions for workers in the building industry with reference to scaffolding, hoisting machinery, safety equipment, and first aid.²⁹

- The discharge of effluents to bodies of water by any entity or individual without authorization from the National Water Authority is prohibited in Peru. The legal framework sets out authorizations for the discharge of domestic effluents and for industrial effluents.³⁰ In addition, the Peruvian Government also has clean-up compensation and penalties/ fines in case of non-compliance.³⁰
- Regarding waste management, Peru established the General Solid Wastes Act and the regulations to the law (Reg. 057-2004-PCM)³¹ that seek to ensure proper management and handling of waste, both municipal and non-municipal, in ways that will prevent health risks and protect and promote environmental quality, health and well-being.³²
- Peru has ratified and signed international treaties and commitments on human rights and equality, and non-discrimination, including Conventions on the Rights of the child, International Convention on the Elimination of All Forms of Racial Discrimination, and Convention on the Elimination of All Forms of Discrimination against Women.
- Peru has formulated The National Development and Social Inclusion Policy³³ and National Gender Equality Policy³⁴ to manage any form of inequalities and exclusions. This year the Ministry of Development and Social Inclusion (MIDIS) is updating the policy by moving towards a social protection system that allows the generation of opportunities for people's well-being, prioritizing services aimed at those population in situations of poverty and extreme poverty both in urban and rural.³⁵
- In addition to this, Peru has the Ministry of Women and Vulnerable Populations (MIMP) as the governing body on women's rights and a number of measures promoted by the MIDIS on social programs covering the entire human life cycle.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Peru 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 eleven use of proceeds categories are aligned with those recognized by GBP or SBP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Importance of Access to Essential Services

Access to Education

The Government of Peru passed education reforms in 2012, extending free and compulsory school education to all students aged five to 16. Peru also reported a high adult literacy rate of 94% for 2018, in line with the trend observed since 2012, and higher than the world median.³⁶ However, while enrollment rates are high in primary school, only three out of ten young people access higher education in Peru.³⁷ The difference in

²⁹ International Labor Organization, "C062 - Safety Provisions (Building) Convention, 1937 (No. 62)", at : https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312207:NO

³⁰ Thomson Reuter, "Environmental law and practice in Peru: overview Water pollution", at: [https://ca.practicallaw.thomsonreuters.com/8-602-1506?transitionType=Default&contextData=\(sc.Default\)&firstPage=true#co_anchor_a164520](https://ca.practicallaw.thomsonreuters.com/8-602-1506?transitionType=Default&contextData=(sc.Default)&firstPage=true#co_anchor_a164520)

³¹ MINAM, "Decreto Supremo N° 057-2004-PCM.- Reglamento de la Ley General de Residuos Sólidos.", (2004), at: <https://sinia.minam.gob.pe/normas/reglamento-ley-general-residuos-solidos>

³² OECD, "OECD Environmental Performance Reviews: Peru 2017", at: <https://www.oecd-ilibrary.org/sites/9789264283138-11-en/index.html?itemId=/content/component/9789264283138-11-en>

³³ Government of Peru, "Decreto Supremo N° 008-2013-MIDIS", (2013), at: <https://www.gob.pe/institucion/midis/normas-legales/9788-008-2013-midis>

³⁴ LP, "National Gender Equality Policy", at: https://static.legis.pe/wp-content/uploads/2019/04/Pol%C3%ADtica-nacional-de-igualdad-de-g%C3%A9nero-DS-008-2019-MIMP-Legis.pe_.pdf?fbclid=IwAR0lNeju_UgOBi08T8TQ9pKzXROsKyrRWtMcXwS5VVK84HLt8xrFDzdbSVk

³⁵ Government of Peru, "Midis inicia socialización de actualización de la Política Nacional de Desarrollo e Inclusión Social", (2021), at: <https://www.gob.pe/institucion/midis/noticias/324383-midis-inicia-socializacion-de-actualizacion-de-la-politica-nacional-de-desarrollo-e-inclusion-social>

³⁶ Macrotrends, "Peru Literacy Rate", at : <https://www.macrotrends.net/countries/PER/peru/literacy-rate>

³⁷ La República, "Solo 3 de cada 10 jóvenes accede a la educación superior en el Perú" (2019), at: <https://larepublica.pe/sociedad/861568-solo-3-de-cada-10-jovenes-accede-la-educacion-superior-en-el-peru/>

accessibility to education for urban and rural populations is significant, with high dropout rates for low-income and indigenous youth living in rural areas.³⁸

A lack of adequate transportation infrastructure is one of the key constraints in rural Peru that inhibits accessibility to education.³⁹ Further, public schools in rural areas are often overcrowded. In contrast, wealthier urban populations are able to access public and private education more easily.³⁹ In Peru, socio-economically-advantaged students, outperformed disadvantaged students in reading by 110 score points, compared to an average of 89 in OECD countries in the Programme for International Student Assessment (PISA) in 2018.⁴⁰

These issues have been exacerbated in the context of the COVID-19 pandemic. As the COVID-19 spread peaked, almost all schools in Peru remained closed through the 2020 school year and moved to virtual learning. To mitigate the loss of learning, the Peruvian Government launched the "I Learn at Home (Aprendo en Casa) Education Program" which aims to close the digital gap and reach rural areas unable to access any of the communication channels available. The program saw the distribution of tablets to those students in rural and urban areas living in poverty.⁴¹ However, accessibility to this program is also a challenge because of poor rates of internet penetration. Only 39% of households in Peru have access to the internet, and in rural areas, the percentage is even lower, as per a December 2019 report.⁴²

In this context, Sustainalytics considers that the financing of educational programs and facilities for the target population will advance inclusive growth, reduce social gaps, and help achieve national educational goals.

Access to Health Care

Peru has a decentralized healthcare system comprised of a combination of public and private organizations.⁴³ The Government of Peru increased spending on healthcare in the recent past; reflected in Peru's 2019 healthcare budget of USD 5.4 billion, 13.7% higher than USD 4.8 billion in 2018.⁴⁴ The increased spending helped Peru achieve two Millennium Development Goals by increasing the number of women giving birth in hospitals and a significant reduction in maternal and infant mortality rates.⁴⁵

However, healthcare accessibility remains a concern in remote rural areas. Approximately 22% of Peruvians that live in the rural areas⁴⁶ are living in poverty and lack access to basic healthcare facilities. Many children are not vaccinated for easily preventable illnesses such as influenza, and many families struggle to access and afford antibiotics to treat the early stages of pneumonia.⁴⁷ The COVID-19 pandemic has further exposed the lack of preparedness of the country's healthcare system that led to over 180,000 deaths attributable to the virus.⁴⁸ One of the key reasons for this is a short supply of intensive care beds, with only about 1,600 beds available for a population of 32 million people.⁴⁹

In this context, Sustainalytics recognizes the need for Peru's financing of healthcare services for vulnerable groups and considers them essential to advancing the betterment of this sector and making it more resilient in the face of the current pandemic and future health emergencies.

Importance of supporting MSMEs in Peru

In Peru, MSMEs account for 99.6% of the formal private sector.⁵⁰ In 2018, MSMEs contributed one-fifth of Peru's GDP while also making up 94% of all exporting companies.⁵¹ In 2018 MSMEs in Peru employed 59.2%

³⁸ OECD, "Key Issues affecting Youth in Peru", at: <https://www.oecd.org/dev/inclusivesocietiesanddevelopment/youth-issues-in-peru.htm>

³⁹ Peru Reports, "Education is still Peru's Achilles' Heel", (2017), at: <https://perureports.com/education-is-still-perus-achilles-heel/6271/>

⁴⁰ OECD, "Programme For International Assessment (PISA) Results 2018", at: https://www.oecd.org/pisa/publications/PISA2018_CN_PER.pdf

⁴¹ Peru Reports, "Education is still Peru's Achilles' Heel", (2017), at: <https://perureports.com/education-is-still-perus-achilles-heel/6271/>

⁴² IEI, "Education Response to COVID-19 in Peru" (2020), at: https://iei.nd.edu/sites/default/files/2020-07/COVID19_PeruBrief_Final.pdf

⁴³ World Health Organization, "Peru", at: <https://www.who.int/workforcealliance/countries/per/en/>

⁴⁴ International Trade Administration, "Peru Medical Devices", (2020), at: <https://www.trade.gov/market-intelligence/peru-medical-devices>

⁴⁵ HFG, "Paving The Way For UHC in Peru", (2020), at: <https://www.hfgproject.org/paving-the-way-for-universal-health-coverage-in-peru/>

⁴⁶ The World Bank, "Rural Population", (2019), at: <https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?locations=PE>

⁴⁷ Challenges Abroad, "3 key issues affecting public health in Peru", at: <https://www.challengesabroad.com.au/blog/3-key-issues-affecting-public-health-in-peru/>

⁴⁸ BBC, "Covid: Why has Peru been so badly hit?", (2021), at: [Covid: Why has Peru been so badly hit? - BBC News](https://www.bbc.com/news/health-56888888)

⁴⁹ AP, "Peru's intensive care units at capacity as virus cases surge", (2021), at: <https://apnews.com/article/lima-coronavirus-pandemic-peru-847fb33c1f5c49ca70b66227f0435e2e>

⁵⁰ Asia Pacific Foundation of Canada, "2020 Survey of Entrepreneurs and MSMEs in Peru", at: https://apfcanda-msme.ca/sites/default/files/2020-09/2020%20Survey%20of%20Entrepreneurs%20and%20MSMEs%20in%20Peru%20Building%20the%20Capacity%20of%20MSMEs%20Through%20Social%20Entrepreneurship_0.pdf

⁵¹ Asia Pacific Foundation of Canada, "Lessons in Survival and Success from Peru's Entrepreneurial Landscape", (2020), at: <https://www.asiapacific.ca/publication/lessons-survival-and-success-perus-entrepreneurial-landscape>

of the employed economically active population (EAP) in line with past trends.⁵² This sector plays a central role in the development of the Peruvian economy because of the job creation potential.⁵²

The Government of Peru has a number of key support initiatives for the MSMEs like CRECER (a government-sponsored fund that provides loans and direct funding to MSMEs), specialized tech support from Centers of Productive Innovation and Technology Transfer (which assist MSMEs in adopting new digital technologies), or online platforms like the Ministry of Production's Digital Kit (which provides access to business development courses and other online resources).⁵³

Despite the support initiatives, MSMEs face great and common challenges like shortage of qualified personnel, technological difficulties, limited space for innovation and the lack of financial capital. Currently, the COVID-19 pandemic is directly and irreparably affecting many MSMEs that are having to pause or completely cease their operations. According to the National Institute of Statistics and Information (INEI), in Peru, industrial production fell by 21.4% in the first four months of 2020, and the manufacture of capital goods decreased by 47.9%, affecting four in ten Peruvians who lost their jobs during the crisis.⁵² Some of the largest companies have been severely affected, and in many cases, MSMEs have gone bankrupt.

Therefore, Sustainalytics views favorably Peru's financing for MSMEs to support their economic activities and for the generation of employment.

Impact of green buildings in Peru

Given that buildings produce nearly 40% of global energy-related emissions, and buildings in Peru consume 45% of the total energy produced in the country, there is great potential to reduce Greenhouse Gas (GHG) emissions through the development of green buildings.^{54, 55} In 2020, the Government of Peru updated its Nationally Determined Contribution; following the Paris Agreement, the country is aiming at a 30% reduction in GHG by 2030.⁵⁶ In this regard, Peru has targeted three priority sectors: forestry, transportation, and buildings. With support from the IFC, Peru has approved a Sustainable Construction Code aiming to improve technical criteria for the design and construction of public and private buildings.^{57, 58} In addition, the Peruvian Government introduced energy efficiency labels for household appliances to further reduce the energy consumption in buildings.⁵⁹ Based on the plan of transforming towards a low-carbon development released by the Ministry of the Environment, the country intends to focus on the construction of energy and resources efficiency new buildings.⁶⁰

Green building projects that obtain LEED (Gold or above), EDGE, and Living Building Challenge certification consume at least 20% less energy than conventional buildings and, therefore, can reduce GHG emissions from buildings. Based on the above context, Sustainalytics recognizes the importance of making the building stock in Peru more energy-efficient and promoting green building to reduce the country's GHG emissions and considers that projects funded through the Framework are expected to provide positive environmental impacts in Peru.

⁵² GRI, "Best practices in sustainability by Peruvian MSMEs", at: <https://www.globalreporting.org/media/myken1ru/msmesperu-publication-en.pdf>

⁵³ Ferrer, Phebe. (2020), "Lessons in Survival and Success from Peru's Entrepreneurial Landscape", Asia Pacific Foundation of Canada at: <https://www.asiapacific.ca/publication/lessons-survival-and-success-perus-entrepreneurial-landscape>

⁵⁴ Architecture 2030, "Buildings generate nearly 40% of annual global GHG emissions", at: https://architecture2030.org/buildings_problem_why/#:~:text=Buildings%20generate%20nearly%2040%25%20of,of%20the%20building%20stock%20annually.

⁵⁵ IFC, "IFC Supports Green Building Code in Peru to Promote Sustainable Construction", at: <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=24585>

⁵⁶ Ener Data, "Peru's updated NDC targets 30% GHG emissions cut by 2030", (2020), at: <https://www.enerdata.net/publications/daily-energy-news/peru-updated-ndc-targets-30-ghg-emissions-cut-2030.html>

⁵⁷ Climate Action Tracker, "Peru", at: <https://climateactiontracker.org/countries/peru/current-policy-projections/>

⁵⁸ IFC, "IFC Supports Green Building Code in Peru to Promote Sustainable Construction", at: <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=24585>

⁵⁹ Climate Action Tracker, "Peru", at: <https://climateactiontracker.org/countries/peru/current-policy-projections/>

⁶⁰ Peru, "Ministry of Environment", at: <https://www.minam.gob.pe/cambioclimatico/wp-content/uploads/sites/127/2017/02/triptico-final.-ARTE-FINAL-ingles.pdf>

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under the Peru Sustainable Bond Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Support for vulnerable groups and people in vulnerable situations	3. Good Health & Well Being	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
Access to affordable housing, education and essential health services for the population	4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes
Support for MSMEs and social programs to alleviate and/or prevent unemployment	8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium sized enterprises, including through access to financial services
Green Buildings	11. Sustainable cities and communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Low Carbon Transport	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
Resilient and Efficient 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
Sustainable Management of Natural Resources, Land Use and Marine Protected Areas	15. Life on Land	15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems
Sustainable Agriculture	2. Zero Hunger	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
Sustainable Waste Management	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Conclusion

The Republic of Peru has developed the Peru Sustainable Bond Framework, under which it intends to issue one or more green, social and sustainability bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that are expected to have a positive environmental and social impact while advancing sustainable development. Sustainalytics considers that the assets financed will provide positive environmental and social impacts in Peru.




The Peru Sustainable Bond 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 Framework is aligned with the overall sustainability mandate of Peru and that the use of proceeds categories will contribute to the advancement of the U.N. Sustainable Development Goals, in particular Goal 2, 3, 4, 6, 7, 8, 9, 11, 12 and 15. Additionally, Sustainalytics is of the opinion that Peru has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

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

Appendices

Appendix 1: Certification Schemes for Green Buildings

	LEED	EDGE	Living Building Challenge
Background	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC).	EDGE (or "Excellence in Design for Greater Efficiencies") is a green building standard and certification system developed by the International Finance Corporation and applicable in 140 countries.	The Living Building Challenge is an international green building certification program and sustainable design framework run by the International Living Future Institute, a US non-profit organization seeking to tackle climate change by pushing for a built urban environment free of fossil fuels.
Certification levels	<ul style="list-style-type: none"> • Certified • Silver • Gold • Platinum 	<ul style="list-style-type: none"> • Certified/ non-certified 	<ul style="list-style-type: none"> • Zero Energy Certification • Petal Certification • Living Building Certification
Areas of Assessment	<ul style="list-style-type: none"> • Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority 	<ul style="list-style-type: none"> • Climatic Conditions of the Location • Monthly average wet and dry bulb temperature; Monthly average outdoor wind velocity; Monthly average outdoor humidity, Solar radiation intensity; Annual average rainfall; Carbon dioxide intensity of the electricity grid; Average cost of energy (by fuel type) and water. • Building Type and Occupant Use • Homes: for both apartments and houses (assumptions for area and occupancy are based on income categories); Hotels: for both hotels and resorts (assumptions for area, occupancy and the type of support services are based on the star rating of the property); Offices: assumptions are based on occupancy density and hours of use; Hospitals: assumptions are based on the type of hospital (e.g., nursing home, private or public hospital, clinic or diagnostic center); Retail: assumptions are based on the type of retail building (e.g., department store, mall, supermarket, light industry or warehouse); Education: assumptions are based on the type of educational facility (e.g., pre-school, university or sports facility), as well as occupancy density and hours of use. • Design and Specifications • Thermal properties of the building envelope; Window to Wall Ratio; Building Orientation • Calculation of the End Use Demand • Overall energy demand in buildings; heating ventilation and air conditioning demand; virtual energy for comfort, energy demand for hot water requirements; lighting energy demand; water demand in buildings; estimations on rainwater harvesting 	<ul style="list-style-type: none"> • Place • Water • Energy • Health and Happiness • Materials • Equity • Beauty

		or recycled water onsite; embodied energy in building materials.	
Requirements	<p>Prerequisites independent of level of certification, and credits with associated points.</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	To achieve the EDGE standard, a building must demonstrate a minimum 20% reduction in operational energy consumption, water use and embodied energy in materials as compared to typical local practices.	<p>The Living Building Challenge is organized into seven performance areas called Petals. Each Petal is further subdivided into Imperatives, which address specific issues through detailed requirements.</p> <p>All Imperatives assigned to a Typology are mandatory.</p> <p>Living Building Challenge certification requires actual, rather than anticipated, performance demonstrated over twelve consecutive months.</p>
Performance display			

Appendix 2: Certification Schemes for Bioenergy

	Roundtable on Sustainable Biomaterials⁶¹	ISCC⁶²	Bonsucro⁶³
Background	The Roundtable on Sustainable Biomaterials (RSB) is an international initiative that promotes and supports the sustainability of biomaterials production and processing, bringing together companies, farmers, NGOs and inter-governmental agencies. While the RSB was set up in 2007 as a means of ensuring the sustainability of liquid biofuels for transport, in 2013, it expanded its scope to include biomaterials.	International Sustainability and Carbon Certification ("ISCC") is a German certification system that provides sustainability solutions for traceable and deforestation-free supply chains of agricultural, forestry, waste and/or residue raw materials, non-bio renewables and recycled carbon materials and fuels.	Bonsucro is a multi-stakeholder non-profit organization that issues certifications to promote sustainable practices in the sugarcane sector. The mission of the standard is to work towards improving the economic, social and environmental viability of sugarcane production.
Types of Certification	<ul style="list-style-type: none"> Promoting sustainable biomaterials. 	<ul style="list-style-type: none"> Promoting sustainable supply chain practices. 	<ul style="list-style-type: none"> Bonsucro Production Standard, including Bonsucro Production Standard for Smallholder Farmers; Bonsucro Chain of Custody Standard
Minimum requirements⁶⁴	The RSB sets minimum requirements in the areas of legality, planning, monitoring and continuous improvement, GHG emissions, human and labour rights, rural and social development, local food security, conservation, soil, water and air management, use of technology, inputs and management of waste, land rights and chain of custody. The RSB standard requires that biofuels achieve 50% lower lifecycle GHG emissions compared with a fossil fuel baseline. Each Principle also	The ISCC system has core sustainability criteria requirements that must be met. In addition to the core requirements of ISCC PLUS, voluntary add-ons can be added to adapt ISCC PLUS certificates to meet specific market requirements. Verification of GHG emissions is considered voluntary and can be added by applying as an add-on.	The Bonsucro Production Standard is comprised of 6 Principles. Each Principle is supported by a set of criteria and indicators (including core indicators) that help auditors assess compliance. In order to achieve certification, members must achieve full compliance with the 16 core indicators, as well as satisfy a minimum of 80% of all the indicators. An indicator which applies to a mill and farm must be met by both

⁶¹ RSB, "About certification" at: <https://rsb.org/certification/about-certification/>.

⁶² International Sustainability Carbon Certification (ISCC): <https://www.iscc-system.org/>

⁶³ Bonsucro, Bonsucro The global sugarcane platform: <http://www.bonsucro.com/wp-content/uploads/2017/04/Bonsucro-PS-STD-English-2.pdf>

⁶⁴ The Standard includes a specific methodology to calculate GHG emissions from biofuels, which are set under the EU Renewable Energy Directive (EU RED) and Revised Fuel Quality Directive as a part of the Standard's Principle 6: (i) for installations starting operations after a specified date in 2015, GHG emission savings from the use of biofuels and bioliquids shall be at least 60% less than the fossil fuel comparator, and (ii) for installations starting operations before a specified date in 2015, GHG emissions savings from the use of biofuels and bioliquids shall be at least 35% less than fossil fuel comparator (as established under the EU RED).

	includes type of feedstock as a specific indicator of compliance.		entities in order to be considered satisfied.
Scope of certification or programme	The RSB certification addresses key risks such as human and labour rights, supply chain, resource management and land and biodiversity use through its criteria.	Different certifications are available (ISCC PLUS, ISCC EU, ISCC Solid Biomass NL and ISCC Non-GMO) depending on the type of market suppliers are targeting; food, bio-based products, feed and energy. Within each specific certification, different types of agricultural materials are covered. ISCC PLUS includes all types of agricultural and forestry raw materials, waste and residues, non-bio renewables, recycled carbon materials and fuels.	The Standard can be applied globally to any sugarcane mill, and their supplying area, who are looking to sell sugarcane derived products certified under the Bonsucro label. The Standard evaluates how the practices have been implemented at both the mill and farm levels and assesses the sustainable production of sugarcane and all sugarcane derived products in respect of economic, social and environmental dimensions.
Verification of standards and risk mitigation	Certified entities undergo a self-assessment process and, afterwards, receives a visit from a third-party auditor. Annual audits will also take place after the validation.	Certified entities undergo third party verifications audits to ensure compliance with the sustainability requirements existing based on legal requirements or voluntary agreements.	Certified entities undergo third party audits to ensure compliance with the criteria and continuous improvement.
Third party expertise and multi-stakeholder process	RSB is a full member of the ISEAL Alliance and respects its Codes of Good Practice for multi-stakeholder sustainability standards. RSB's benchmarks are available with Rainforest Alliance, the Sustainable Agriculture Network, the Forest Stewardship Council, Bonsucro and the IFC Performance standards.	Standard setting is aligned with the UN Global Compact, the ISEAL Standard Setting Code and ISAE 3000.	Standard setting is aligned with the ISEAL Standard Setting Code, the ISEAL Assurance Code, the ISEAL Impacts Code, and the EU Renewables Directive (EU RED).
Performance display			
Qualitative considerations	The RSB certification is considered strong by organisations such as WWF, IUCN and NRDC. In 2017, RSB certified 50 industrial facilities and 56,784 hectares of farmland.	Global recognition across more than 100 countries. There are over 23,000 ISCC certified supply chains with approximately 3,500 system users. For ISCC PLUS, no certification schemes other than ISCC are currently accepted which means that all economic operators along the supply chain must demonstrate that the ISCC sustainability criteria have been fulfilled. ISCC focuses on Stage 1 of the biofuel product life cycle; feedstock production and collection.	Global recognition across more than 40 countries with approximately 500 members. Bonsucro has a robust and transparent system in place to ensure that requirements are regularly met. The Bonsucro Production Standard focuses on achieving sustainable production of sugarcane in respect to economic, social and environmental dimensions, while the Bonsucro Chain of Custody Standard focuses on the entire supply chain, including production, processing and trade.

Appendix 3: Forestry Certification Schemes

	FSC ⁶⁵	PEFC ^{66,67}
Background	Founded in 1993 after the 1992 Earth Summit in Rio failed to produce any international agreements to fight against deforestation, FSC aims to promote sustainable forest management practice.	PEFC was founded in 1999 in response to the specific requirements of small- and family forest owners as an international umbrella organization providing independent assessment, endorsement and recognition of national forest certification systems.
Basic Principles	<ul style="list-style-type: none"> • Compliance with laws and FSC principles • Tenure and use rights and responsibilities • Indigenous peoples' rights • Community relations and workers' rights • Benefits from the forests • Environmental impact • Management plans • Monitoring and assessment • Special sites – high conservation value forests (HCVF) • Plantations 	<ul style="list-style-type: none"> • Maintenance and appropriate enhancement of forest resources and their contribution to the global carbon cycle • Maintenance and enhancement of forest ecosystem health and vitality • Maintenance and encouragement of productive functions of forests (wood and no-wood) • Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems • Maintenance and appropriate enhancement of protective functions in forest management (notably soil and water) • Maintenance of socio-economic functions and conditions • Compliance with legal requirements
Governance	<p>The General Assembly, consisting of all FSC members, constitutes the highest decision-making body.</p> <p>At the General Assembly, motions are proposed by one member, seconded by two more, and deliberated and voted on by all members. Members are entitled to vote to amend the bylaws, initiate new policies, and clarify, amend or overturn a policy decision by the board.</p> <p>Members apply to join one of three chambers – environmental, social, or economic – that are further divided into northern and southern sub-chambers.</p> <p>Each chamber holds 33.3% of the weight in votes, and within each chamber the votes are weighted so that the North and South hold an equal portion of authority, to ensure influence is shared equitably between interest groups and countries with different levels of economic development.</p> <p>The votes of all individual members in each sub-chamber represent 10% of the total vote of the sub-chamber, while the votes of organizational members make up the other 90%.</p> <p>The members vote for the board of directors, which is accountable to the members. There is an international board elected by all members and a US board, elected by the US-based members.</p>	<p>PEFC's governance structure is formed by the General Assembly (GA) which is the highest authority and decision-making body. It is made up of all PEFC members, including national and international stakeholders.</p> <p>Members vote on key decisions including endorsements, international standards, new members, statutes and budgets. All national members have between one and seven votes, depending on membership fees, while international stakeholder members have one vote each.</p> <p>The Board of Directors supports the work of the GA and together the GA and the Board make the formal approval of final draft standards. Standards are developed by working groups.</p> <p>In general, PEFC's governance structure is more representative of industry and government stakeholders than of social or environmental groups, which gives industry and governments more influence in the decision-making process. However, the organization does include stakeholders from all sectors.</p>
Scope	FSC is a global, multi-stakeholder owned system. All FSC standards and policies are set by a consultative process. There is an FSC Global standard and for certain countries FSC National standards. Economic, social, and environmental interests have equal weight in the standard setting process. FSC follows the ISEAL Code of Good Practice for Setting Social and Environmental Standards.	Multi-stakeholder participation is required in the governance of national schemes as well as in the standard-setting process. Standards and normative documents are reviewed periodically at intervals that do not exceed five years. The PEFC Standard Setting standard is based on ISO/IEC Code for good practice for standardization (Guide 59) ⁶⁸ and the ISEAL Code of Good Practice for Setting Social and Environmental Standards.

⁶⁵ Forest Stewardship Council, FSC: <https://ca.fsc.org/en-ca>

⁶⁶ The Brazilian Forest Certification Program (CERFLOR) was formally endorsed by PEFC in 2005 and has since formed alignment. As such, Sustainalytics' analysis of PEFC's framework, guidelines and credibility can be applied to CERFLOR. See more, at: <https://www.pefc.org/discover-pefc/our-pefc-members/national-members/brazilian-forest-certification-programme-cerflor>

⁶⁷ Programme for the Endorsement of Forest Certification, PEFC: <https://www.pefc.org/>

⁶⁸ ISO, ISO/IEC Guide 59:2019: <https://www.iso.org/standard/23390.html>

<p>Chain-of-Custody</p>	<ul style="list-style-type: none"> • The Chain-of-Custody (CoC) standard is evaluated by a third-party body that is accredited by FSC and compliant with international standards. • CoC standard includes procedures for tracking wood origin. • CoC standard includes specifications for the physical separation of certified and non-certified wood, and for the percentage of mixed content (certified and non-certified) of products. • CoC certificates state the geographical location of the producer and the standards against which the process was evaluated. Certificates also state the starting and finishing point of the CoC. 	<ul style="list-style-type: none"> • Quality or environmental management systems (ISO 9001:2008 or ISO 14001:2004 respectively) may be used to implement the minimum requirements for chain-of-custody management systems required by PEFC. • Only accredited certification bodies can undertake certification. • CoC requirements include specifications for physical separation of wood and percentage-based methods for products with mixed content. • The CoC standard includes specifications for tracking and collecting and maintaining documentation about the origin of the materials. • The CoC standard includes specifications for the physical separation of certified and non-certified wood. • The CoC standard includes specifications about procedures for dealing with complains related to participant's chain of custody.
<p>Non-certified wood sources</p>	<p>FSC's Controlled Wood Standard establishes requirements to participants to establish supply-chain control systems, and documentation to avoid sourcing materials from controversial sources, including:</p> <ol style="list-style-type: none"> Illegally harvested wood, including wood that is harvested without legal authorization, from protected areas, without payment of appropriate taxes and fees, using fraudulent papers and mechanisms, in violation of CITES requirements, and others, Wood harvested in violation of traditional and civil rights, Wood harvested in forests where high conservation values are threatened by management activities, Wood harvested in forests being converted from forests and other wooded ecosystems to plantations or non-forest uses, Wood from management units in which genetically modified trees are planted. 	<p>The PEFC's Due Diligence System requires participants to establish systems to minimize the risk of sourcing raw materials from:</p> <ol style="list-style-type: none"> forest management activities that do not comply with local, national or international laws related to: <ul style="list-style-type: none"> operations and harvesting, including land use conversion, management of areas with designated high environmental and cultural values, protected and endangered species, including CITES species, health and labor issues, indigenous peoples' property, tenure and use rights, payment of royalties and taxes. genetically modified organisms, forest conversion, including conversion of primary forests to forest plantations.
<p>Accreditation/verification</p>	<p>FSC-accredited Certification Bodies (CB) conduct an initial assessment, upon successful completion companies are granted a 5-year certificate. Companies must undergo an annual audit every year and a reassessment audit every 5 years. Certification Bodies undergo annual audits from Accreditation Services International (ASI) to ensure conformance with ISO standard requirements.</p>	<p>Accreditation is carried out by an accreditation body (AB). Like a certification body checks a company meets the PEFC standard, the accreditation body checks that a certification body meets specific PEFC and ISO requirements. Through the accreditation process PEFC has assurance that certification bodies are independent and impartial, that they follow PEFC certification procedures.</p> <p>PEFC does not have their own accreditation body. Like with the majority of ISO based certifications, PEFC relies on national ABs under the umbrella of the International Accreditation Forum (IAF). National ABs need to be a member of the IAF, which means they must follow IAF's rules and regulations.</p>
<p>Conclusion</p>	<p>Sustainalytics views both FSC and PEFC as being robust, credible standards that are based on comprehensive principles and criteria that are aligned with ISO. Both schemes have received praise for their contribution to sustainable forest management practices⁶⁹ and both have also faced criticism from civil society actors.^{70,71} In certain instances, these standards go above and beyond national regulation and are capable of providing a high level of assurance that sustainable forest management practices are in place. However, in other cases, the standards are similar or equal to national legislation and provide little additional assurance. Ultimately, the level of assurance that can be provided by either scheme is contingent upon several factors including the certification bodies conducting audits, national regulations and local context.</p>	

⁶⁹ FESPA, FSC, PEFC and ISO 38200: <https://www.fespa.com/en/news-media/blog/fsc-pefc-and-iso-38200>

⁷⁰ Yale Environment 360, Greenwashed Timber: How Sustainable Forest Certification Has Failed: <https://e360.yale.edu/features/greenwashed-timber-how-sustainable-forest-certification-has-failed>

⁷¹ EIA, PEFC: A Fig Leaf for Stolen Timber: <https://eia-global.org/blog-posts/PEFC-fig-leaf-for-stolen-timber>

Appendix 4: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Peru
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Peru Sustainable Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	July 19, 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:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> 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 – Support for Vulnerable Groups and People in Vulnerable Situations; Access to Affordable Housing, Education and Essential Health Services; Support for MSMEs and Social Programs to Alleviate and/or Prevent Unemployment; Green Buildings; Renewable Energy; Energy Efficiency; Low Carbon Transport; Resilient and Efficient Water and Wastewater Management; Sustainable Management of Natural Resources, Land Use and Marine Protected Areas; Sustainable Agriculture; and Sustainable Waste Management – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that activities in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 6, 7, 8, 11, and 15.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input checked="" type="checkbox"/> Other (please specify):
Sustainable Management of Natural Resources, Land Use and Marine Protected areas; Sustainable Agriculture; Sustainable Waste Management |

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

Use of proceeds categories as per SBP:

- | | |
|---|--|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socio-economic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input checked="" type="checkbox"/> Other (please specify):
Support for Vulnerable Groups and People in Vulnerable Situations |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Peru's internal process in evaluating and selecting projects is integrated into the Government's multi-year investment planning process. The Ministry of Economy and Finance will lead the Governance Structure for Sustainable Bonds to assess projects and will ultimately be responsible for project selection. Peru's Environmental and Social Risk Mitigation process are applicable to all allocation decisions made under the Framework. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the Issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Peru's processes for management of proceeds is carried out by the Ministry of Economy and Finance. Peru's Ministry of Economy and Finance will be in charge of allocating proceeds to eligible projects and intends to reach full allocation at the earliest convenience after issuance. Pending allocation, proceeds will be managed by the General Directorate of the Public Treasury in the Treasury General Account and in accordance with the Government of Peru's regulatory framework and treasury policies. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the Issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Peru's Ministry of Economy and Finance will publish allocation and impact reports starting a year after issuance. The allocation report will include information such as a brief description of projects and amounts disbursed and will be published until full allocation. Both reports will be published on the website of the Ministry of Economy and Finance. Sustainalytics views Peru's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify):
Percentage of proceeds allocated per project or program,
Percentage of proceeds allocated for financing and refinancing,
Percentage of co-financing per project or program (if applicable) | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |
| <input checked="" type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (please specify): |
- Number of jobs created, Installed renewable energy capacity (in MW), Annual renewable energy generation (in MWh), Number of low carbon vehicles deployed by type of transport (e.g. number of trains/buses), Volume of water collected and / or treated (m3), Area of land or ocean conserved/recovered (km2), Area (hectares) cultivated with agroforestry and / or silvopastoral systems, Number of waste treatment plants built, etc

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Means of Disclosure

- | | |
|---|--|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): |
| | This information will be published on the website of the Ministry of Finance |
| <input checked="" type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): The Allocation Report will be subject to external audit. | |

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.)

<https://www.gob.pe/mef>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input checked="" type="checkbox"/> Verification / Audit | <input type="checkbox"/> 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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Named

2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider



The **Green Bond Principles**



The **Social Bond Principles**