

SECOND PARTY OPINION

on the sustainability of IDB Invest's Sustainable Debt Framework

V.E is of the opinion that IDB Invest's Sustainable Debt Framework is **aligned** with the four core components the Green Bond Principles 2018 and the Social Bond Principles 2020.

Framework

Contribution to Sustainability :



- Advanced
- Limited
- Robust
- Weak

	Weak	Limited	Robust	Advanced
Expected impacts	Advanced			
ESG risks management	Advanced			

SDG Mapping



Characteristics of the Framework

Project Categories	⇒ Green: 6 categories ⇒ Social: 4 categories divided in 7 subcategories
Project locations	Latin America
Existence of framework	Yes
Share of refinancing	To be communicated for each issuance
Look back period	No more than 24 months in each issuance

Issuer

Controversial Activities

The Issuer appears to not be involved in any of the 17 controversial activities screened under our methodology:

- | | | | |
|---|--|---|--|
| <input type="checkbox"/> Alcohol | <input type="checkbox"/> Fossil fuels industry | <input type="checkbox"/> High interest rate lending | <input type="checkbox"/> Pornography |
| <input type="checkbox"/> Animal welfare | <input type="checkbox"/> Coal | <input type="checkbox"/> Human embryonic stem cells | <input type="checkbox"/> Reproductive medicine |
| <input type="checkbox"/> Cannabis | <input type="checkbox"/> Gambling | <input type="checkbox"/> Military | <input type="checkbox"/> Tar sands and oil shale |
| <input type="checkbox"/> Chemicals of concern | <input type="checkbox"/> Genetic engineering | <input type="checkbox"/> Nuclear power | <input type="checkbox"/> Tobacco |
| <input type="checkbox"/> Civilian firearms | | | |

Controversies

Number of controversies	None
Frequency	NA
Severity	NA
Responsiveness	NA

Coherence

- Coherent
- Partially coherent
- Not coherent

We are of the opinion that the contemplated Sustainability Bond Framework is coherent with IDB Invest's strategic sustainability priorities and sector issues and contributes to achieving the Issuer's sustainability commitments.



Keys findings

V.E is of the opinion that IDB Invest's Sustainable Debt Framework is aligned with the four core components the Green Bond Principles 2018 ("GBP") and the Social Bond Principles 2020 ("SBP").

Use of Proceeds - aligned with GBP/SBP

- The **Eligible Categories** are clearly defined. The Issuer has communicated the nature of investments and the location of Eligible Categories. It has a formalized set of internal tools to define the eligibility criteria (selection and exclusion) of Eligible Projects, as well as formalized tools to identify the target population for the Social Eligible Categories.
- The **Environmental and Social Objectives** are clearly defined, these are relevant for all the Eligible Projects and set in coherence with sustainability objectives defined in international standards.
- The **Expected Environmental Benefits** are clear and precise, these are considered relevant, measurable, and will be quantified for all the eligible projects in the reporting.
- The Issuer has committed to report the **share of refinancing** in for each issuance. The look-back period for refinanced assets will be equal or less than 24 months, in line with good market practices.

Evaluation and Selection - aligned with GBP/SBP

- The **Evaluation and Selection Process** of the Eligible Categories has been clearly defined and detailed, it is considered well-structured (including evaluation, selection, validation and monitoring of Eligible Projects). The roles and responsibilities are clearly defined by the Issuer and include relevant internal and external experts. The process will be disclosed in the Framework.
- **Eligibility Criteria** (selection and exclusion) for project selection have been clearly defined by the Issuer for all Eligible Categories.
- The process applied to identify and manage potentially **material E&S risks associated with the Eligible Projects** is publicly disclosed in the herewith SPO and in public policies of the Issuer. The Process is considered advanced: it combines monitoring, identification, and corrective and preventive measures for all Eligible Projects (see detailed analysis on pages 26 - 28).

Management of Proceeds - aligned with GBP/SBP

- The Process for the **allocation and management of proceeds** is clearly defined and will be publicly disclosed in this SPO.
- The **allocation period** for the proceeds will be shorter or equal to 24 months.
- The net proceeds of the Debts will be placed in the IDB Invest's General Treasury Account and will be tracked by the Issuer in an **appropriate manner and attested to in a formal internal process**.
- The intended types of **temporary placements for the balance of the unallocated net proceeds** are publicly disclosed in the Framework.
- The Issuer has committed that as long as the Debt is outstanding the **balance of the tracked net proceeds** will be periodically adjusted to match allocations to eligible Project financed during that period.
- The Issuer has provided information on the procedure that will be applied in case of project **divestment or postponement** of the Eligible Categories and it has committed to reallocate the proceeds to projects that are compliant with the Framework.



Reporting - aligned with GBP/SBP

- The Issuer has committed to report on the Use of Proceeds annually **until the Debt maturity**. The report will be publicly disclosed on the Issuer's website.
- The reporting will cover relevant and exhaustive information related to the **allocation of Debt proceeds** and to the **expected sustainable benefits** at Category level. The Issuer has also committed to communicate on material changes and/or **potential ESG controversies** related with the Eligible Projects.
- The reporting **methodology and assumptions** used to report on environmental and social benefits of the Eligible Projects will be publicly disclosed in the impact report.
- An **external auditor** will verify the allocation of funds to Eligible Projects/Categories until full allocation and in case of material changes.
- Indicators used to report on environmental and social benefits of the Eligible Categories will be **verified internally** by the Issuer. For Green categories, IDB invest will require external verifications on the environmental benefits to its clients when relevant.

Contact

Sustainable Finance Team | VEsustainablefinance@vigeo-eiris.com



SCOPE

V.E was commissioned to provide an independent opinion (thereafter “Second Party Opinion” or “SPO”) on the sustainability credentials and management of the Sustainable Debt (“Debts”) to be issued by IDB Invest (the “Issuer”) in compliance with the Sustainability Debt Framework (the “Framework”).

Our opinion is established according to V.E’s Environmental, Social and Governance (“ESG”) exclusive assessment methodology and to the latest version of the ICMA’s Green Bond Principles (“GBP”) - edited in June 2018 - and Social Bond Principles (“SBP”) - edited in June 2020 - voluntary guidelines (referred together as the “GBP & SBP”) and the Sustainability Bonds Guidelines - edited in June 2018 -.

Our opinion is built on the review of the following components:

- Issuance: we assessed the Framework, including the coherence between the Framework and the Issuer’s environmental and social commitments, the Debts’ potential contribution to sustainability and its alignment with the four core components of the GBP & SBP.
- Issuer: we assessed the Issuer’s management of potential stakeholder-related ESG controversies and its involvement in controversial activities¹.

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, and (ii) information provided from the Issuer, through documents and interviews conducted with the Issuer’s managers and stakeholders involved in the Debts issuance, held via a telecommunications system.

We carried out our due diligence assessment from November 9 to January 11, 2021. We consider that we were provided with access to all the appropriate documents and interviewees we solicited. To this purpose we used our reasonable efforts to verify such data accuracy.

Scope of External Reviews

<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input type="checkbox"/>	Independent verification of impact reporting
<input checked="" type="checkbox"/>	Independent verification of funds allocation	<input type="checkbox"/>	Climate Bond Initiative Certification

¹ The 17 controversial activities screened by V.E are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

COHERENCE

Coherent
Partially coherent
Not coherent

We are of the opinion that the contemplated Framework is coherent with IDB Invest's strategic sustainability priorities and sector issues and contribute to achieving the Issuer's sustainability commitments.

In 2015, the United Nations Member States adopted the 2030 Agenda for Sustainable Development with the 17 Sustainable Development Goals (SDGs), recognising the urgent challenge of achieving sustainable development, including combating climate change. Reaching these goals requires the transition of all economic sectors towards sustainable development models, and the immediate action of all public and private actors. In particular, development financial institutions have an important role to play in catalysing investments to projects with clear environmental and social benefits that contribute to the achievement of the SDGs.

In particular, lending is a key vehicle for policy change and promoting national and international goals. Through the integration of environmental and social risks in the assessments of loans and project financing, as well as in investment activities, development banks can influence clients' behaviour towards more environmentally and socially friendly activities and products. Development banks play a key role in enabling projects and initiatives that are not served by the markets or national governments, and in boosting private sector investments in the green and social economy.

IDB Invest appears to acknowledge its mission in facing the aforementioned challenges and has formalised strategies and put in place systems to mobilize financing sources towards projects with positive environmental and or social impact.

IDB Invest has the mission of promoting the economic development of its member countries in Latin America and the Caribbean, through investment activities guided by the IDB Group's Strategy. IDB Invest partners with the private sector in Latin America and the Caribbean to provide financing and technical assistance for the development of projects in sectors such as energy, agriculture, manufacturing, social infrastructure, transport, tourism, water and sanitation, financial institutions, investment funds and technology and telecommunications.

The mandate of IDB Invest is to maximize development impact while maintaining financial sustainability. In order to comply with this mandate, IDB Invest has developed its Impact Management Framework², which guides the investment decision by considering environmental and/or social impact and as economic characteristics of the projects.

IDB Invest applies its Impact Management Framework (IMF) throughout the project cycle, considering three pillars:

- i) **Strategic Selectivity**, which allows for the selection of projects with the greatest impact potential, focusing on key priority areas and vulnerable population: climate change, gender equality and diversity, MSMEs, as well as serving the region's smaller economies including small and island countries in Latin-American. The Strategic Selectivity pillar guides the business development process to select projects with a high potential impact.
- ii) **Development Impact**, which prioritizes impact first from deal origination to ex-post evaluation, in addition to ensuring financial sustainability and;
- iii) **Systemic Approach**, which maximizes IDB Invest's limited resources focusing on projects with the potential to transform markets or industries through demonstration effects, market linkages, or knowledge and innovation, as well as those with strong catalytic capacity to mobilize private investment for sustainable development.

² <https://www.idbinvest.org/en/impact-management-framework>



In addition, IDB Invest issued a new Environmental and Social Sustainability Policy³ which was approved by the Board of directors on April 2020 and it is effective since 15th December, 2020. This new Sustainability Policy was Issued to enhance the environmental and social sustainability of the investment projects financed by IDB Invest through the application of robust environmental and social risk management standards. It also conveys IDB Invest's commitment to sustainable development, as the foundation of its approach to risk management, as well as its development mandate. The Sustainability Policy applies to all activities undertaken and operations financed by IDB Invest, including, among others, direct and indirect financing and technical assistance services. The Sustainability Policy Includes IDB Invest commitments, roles and responsibilities during Environmental and Social Appraisal and Supervision, its Governance system and its Independent Consultation and Investigation Mechanism. IDB Invest's Environmental and Social Sustainability Policy is applied to all the projects financed by IDB Invest. It also conveys IDB Invest's commitment to sustainable development, as the foundation of its approach to risk management, as well as its development mandate.

IDB Invest's sustainability commitments address all relevant environmental and social issues, including pollution prevention, climate change adaptation and mitigation, biodiversity protection, disaster risk, human and labour rights, gender equality, indigenous people right, labour conditions, health and safety, among others.

³ https://www.idbinvest.org/en/consultation/environmental-and-social-sustainability?_ga=2.150630646.1315758359.1606351048-180867304.1603714247

ISSUANCE

The Issuer has described the main characteristics of the Debts within a formalized Sustainability Debt Framework which covers the four core components of the Green Bond Principles 2018 (“GBP”) and the Social Bond Principles 2020 (“SBP”) (the last updated version was provided to V.E on December 17, 2020). The Issuer has committed to make this document publicly accessible on IDB Invest’s website, in line with good market practices.

Alignment with the Green Bond Principles and the Social Bond Principles

Use of Proceeds



The net proceeds of the Debts will exclusively finance or refinance, in part or in full, projects falling under 10 Eligible Categories, six Green Project Categories (“Eligible Green Categories”), as indicated in Table 1 and four Social Project Categories divided in seven subcategories (“Eligible Social Categories”) as indicated in Table 2.

- The Eligible Categories are clearly defined. The Issuer has communicated the nature of investments and the location of Eligible Categories. It has a formalized set of internal tools to define the eligibility criteria (selection and exclusion) of Eligible Projects, as well as formalized tools to identify the target population for the Social Eligible Categories.
- The Environmental and Social Objectives are clearly defined, these are relevant for all the Eligible Projects and set in coherence with sustainability objectives defined in international standards.
- The Expected Environmental Benefits are clear and precise, these are considered relevant, measurable, and will be quantified for all the eligible projects in the reporting.
- The Issuer has committed to report the share of refinancing for each issuance. The look-back period for refinanced assets will be equal or less than 24 months, in line with good market practices.

IDB Invest’s Impact Measurement System

IDB Invest has a formalized Impact Measurement System, which includes the DELTA (Development Effectiveness Learning, Tracking, and Assessment) a fact-based scoring system that systematically assess the expected impact of each investment, including indicators to track the project’s contribution to identified SDG targets. This set of formalized impact assessment tools provides V.E a reasonable assurance on the potential positive environmental and/or social impact of the Eligible Projects financed or refinance by the Debts even though Eligible Categories are generally described in the Framework.

- The potential environmental and/or social impact of each investment is assessed with the DELTA tool, that assigns a score from zero to 10 to each IDB Invest investment. This score is tracked and updated throughout implementation of the project.
- In addition to DELTA’s score, each project has a results matrix with specific indicators and targets that are relevant to its theory of change and impact objective.



- DELTA's score considers the quality of evidence analyzed to score the level of impact of the projects assessed. If the evidence given by the client of the environmental or social Impacts of the project is weak or not convincing, the score decreases.
- DELTA has three key deliveries in terms of scoring:
 - Alignment: with SDG, priorities of the country and IDB Invest Strategic Selectivity priorities.
 - Project Score: Generates an impact rating based on two elements: Development Outcome and Additionality.
 - Evaluability Score: ensure that results can be properly measured and evaluated at project completion

In terms of impact identification, the project score⁴ is the most important element in the DELTA tool, which consists of:

- Economic analysis: Estimates the net benefits of the investment to the economy and society (Economic & Social Rate of Return).
- Stakeholder analysis: Complements the economic analysis by assessing the types of beneficiaries reached and the type of benefits generated.
- Sustainability analysis: Ensures that the project is financially sustainable and meets ESG requirements.
- Additionality: Ensure that IDB Invest provides financing beyond what is available in the market and contributes to better project outcomes.

Instruments for targeting the vulnerable population

The mechanism to identify the target population and the impact of the project on this population is considered adequate and relevant, and it covers all Eligible Social Categories. This mechanism is integrated in the DELTA tool, which gives a higher score to projects addressing most vulnerable populations regarding the Strategic Selectivity. In addition, this mechanism includes a list of potential target populations such as low-income population, SMEs and Microenterprises, Women led SMEs/microenterprises and excluded or diverse population, depending on the nature and socioeconomic context of the Eligible Project.⁵

Nature of investments

For all the Social and Environmental categories, IDB Invest will allocate the proceeds in debt instruments oriented to finance (i)Project finance, (ii)Corporate general purpose (as long as the proceeds are linked to projects generating Social or Environmental benefits) and/or Financial Intermediaries.

- Location of Eligible Projects: Latin America

BEST PRACTICES

- ⇒ Relevant environmental and social benefits are identified and measurable for all project categories
- ⇒ The expected benefits will be published ex ante with clear baselines for all the Eligible Projects.
- ⇒ The Issuer has committed to transparently communicate the estimated share of refinancing for each Bond issuance in the Bond's roadshows.
- ⇒ The look-back period for refinanced assets is equal or less than 24 months, in line with good market practices

⁴ More conceptual details of these aspect can be found in the IDB Invest Impact Management Framework: <https://idbinvest.org/en/publications/idb-invests-impact-management-framework-managing-portfolio-impact>

⁵ For further details in the target population definition see indicators for social Projects in the Framework.

Table 1. V.E' analysis of Eligible Green Categories, Sustainability Objectives and Expected Benefits as presented in the Issuer's Framework

ELIGIBLE CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Renewable Energy	Renewable energy Eligible Projects include (non exhaustive list): <ul style="list-style-type: none"> - Power generation projects from renewable sources (wind, solar, hydro⁶, biomass⁷, geothermal, ocean power) - Transmission lines and distribution systems to enable the penetration of renewable energy generation 	Climate change mitigation Avoidance of GHG emissions	The definition of this category is clear. Green Eligible Projects aim to contribute to one clear environmental objective. The Issuer has identified the expected benefits that are measurable and relevant. The expected benefits will be quantified in the post-issuance reporting.
Energy Efficiency	Energy Efficiency Eligible Projects include (non exhaustive list): <ul style="list-style-type: none"> - Energy efficiency projects such as street lighting (LED), Boiler Upgrades, Heat recovery for hot water, among others. 	Climate change mitigation Avoidance of GHG emissions	The definition of this category is clear. Energy Efficiency investments, as all IDB Invest investments, undergo an impact assessment that will measure the expected impact to assess the significance of energy savings according to the industry or type or project. Green Eligible Projects aim to contribute to one clear environmental objective. The Issuer has identified the expected benefits that are measurable and relevant. The expected benefits will be quantified in the post-issuance reporting.
Clean Transport	Eligible Projects include (non exhaustive list): <ul style="list-style-type: none"> - Clean public transportation (i.e : electric, hybrid, hydrogen, CNG and LPG). - Replacement of bus motors. Based on a reduction of at least 20% in particulate matter. 	Climate change mitigation Avoidance of GHG emissions Air Quality Reduction of Particular Matter	The definition of this category is clear. Green Eligible Projects aim to contribute to one clear environmental objective. The Issuer has identified the expected benefits that are measurable and relevant. The expected benefits will be quantified in the post-issuance reporting.

⁶ Hydro power plants up to 50MW

⁷ Bio-digestors or biomass plants using crop waste material (from food and fiber production) or processing by-products such as bagasse, timber waste and animal manure

ELIGIBLE CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E.'S ANALYSIS
Environmentally sustainable management of living natural resources and land use	Eligible projects include (non exhaustive list): <ul style="list-style-type: none"> - Climate smart agriculture measures. - Reforestation, biodiversity, and ecosystems conservation. - Conversion of non-certified production to third-party certified⁸ 	Sustainable land use Avoidance of land degradation Ecosystem protection Maintenance of ecosystem essential functions Protection of forests Promotion of sustainable forestry	The definition of this category is clear. Green Eligible Projects aim to contribute to three clear environmental objectives. The Issuer has identified the expected benefits that are measurable and relevant. The expected benefits will be quantified in the post-issuance reporting.
Climate change adaptation ⁹	Eligible projects include (non exhaustive list): <ul style="list-style-type: none"> - Projects that promote innovative green infrastructure to adaptation to disaster risks and climate change, including risk management for droughts, floods, and sea level rise. - Green lines on lending. 	Climate change adaptation Increasing resilience of infrastructure against severe climate conditions	The definition of this category is partially clear. Green Eligible Projects aim to contribute to two clear environmental objectives. The Issuer has identified the expected benefits that are measurable and relevant. The expected benefits will be quantified in the post-issuance reporting.
Sustainable water and wastewater management	Eligible projects include (non exhaustive list): <ul style="list-style-type: none"> - Investments to ensure adequate management of the availability, quality and use of water resources. 	Protection of water resources Ensuring availability and quality of water resources	The definition of this category is clear. Green Eligible Projects aim to contribute to one clear environmental objective. The Issuer has identified the expected benefits that are measurable and relevant. The expected benefits will be quantified in the post-issuance reporting.

⁸ Agriculture: Better Cotton Initiative, Bonsucro, IFOAM, ISCC (Food, Bio-Based Products, Feed, Energy), ProTerra, Rainforest Alliance Standard, Roundtable on Responsible Soy (RTRS), Roundtable on Sustainable Palm Oil (RSPO), Roundtable on Sustainable Biomass (RSB), Soil Association Organic Sustainable Forestry: Forest Stewardship Council (FSC), Program for the Endorsement of Forest Certification (PEFC)

⁹ According to IDB Invest, several projects under this categories are transversal and the climate change adaptations might be a component of other projects and/or categories.





Table 2. V.E' analysis of Eligible Social Categories, Sustainability Objectives and Expected Benefits as presented in the Issuer's Framework

ELIGIBLE CATEGORIES	SUB CATEGORIES AND DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Affordable basic infrastructure	Health infrastructure Eligible Projects include (non exhaustive list): <ul style="list-style-type: none"> - Health infrastructure - Deployment of Information and Communication Technologies (ICTs) in hospitals and clinics. 	<p>Access to Health</p> <p>Enhance the response of the health system services</p> <p>Increase the access to healthcare services</p>	<p>The definition of this category is clear.</p> <p>The target population has been clearly identified</p> <p>Social Eligible Projects aim to contribute to three clear social objectives.</p> <p>The Issuer has identified the expected benefits that are measurable and relevant. The expected benefits will be quantified in the post-issuance reporting.</p>
	Education infrastructure Eligible Projects include (non exhaustive list): <ul style="list-style-type: none"> - Expansion or upgrade of learning spaces (schools, universities, private education services providers to complement public sector offering, etc) - Information and communication technologies, to improve teaching and learning processes, promoting initiatives to close the gender and ethnic gaps in the education sector - Projects that promote access to education programs 	<p>Access to Education</p> <p>Increase access to preschool, elementary, middle and high-school and university education.</p> <p>Promote programmes that improve the quality of education at all levels.</p>	
	Transport Eligible Project include (non exhaustive list): <ul style="list-style-type: none"> - Expansion of the coverage and upgrade of transportation networks (roads, ports, railways, and airports). - Urban mass transit systems (BRT, metro, etc.). 	<p>Connectivity</p> <p>Increase access to basic transport infrastructure and services</p>	

<p>Access to essential services</p>	<p>Water and Sanitation Eligible projects include (non exhaustive list):</p> <ul style="list-style-type: none"> - Water and sanitation services - Wastewater collection and treatment 	<p>Access to sanitation and energy</p> <p>Promote access to sanitation and energy services to vulnerable people</p>	<p>The definition of this category is clear.</p> <p>The target population has been clearly identified</p> <p>Social Eligible Projects aim to contribute to one clear social objective.</p> <p>The Issuer has identified the expected benefits that are measurable and relevant. The expected benefits will be quantified in the post-issuance reporting.</p>
<p>Food security, sustainable food systems and employment generation and programs to alleviate unemployment from socio-economic crises</p>	<p>Agribusiness & Manufacturing Eligible projects include (non exhaustive list):</p> <ul style="list-style-type: none"> - Modernization and productivity increase in agriculture or firms. - Investments to boost sector growth and exports. - Projects that benefit a region with a high incidence of poverty/economic vulnerability, or target beneficiaries from the poor or vulnerable strata. 	<p>Food security</p> <p>Guarantee access to safe, nutritive and affordable food</p> <p>Job creation</p> <p>Mitigating unemployment from economic crises</p> <p>Socioeconomic development</p> <p>Generate jobs in areas with high economic vulnerability</p>	<p>The definition of this category is clear.</p> <p>The target population has been clearly identified</p> <p>Social Eligible Projects aim to contribute to three clear social objectives.</p> <p>The Issuer has identified the expected benefits that are measurable and relevant. The expected benefits will be quantified in the post-issuance reporting.</p>
<p>Socio-economic advancement and empowerment</p>	<p>Financial institutions & Fintechs Eligible projects include (non exhaustive list):</p> <ul style="list-style-type: none"> - Loans & guarantees to underserved segments such as SMEs and women-owned/led SMEs. - Financial inclusion and microfinance - Factoring, supply chain financing, and trade finance - Digitalization of Financial institutions. 	<p>Financial inclusion</p> <p>Promote access to financing for small businesses</p> <p>Reduce inequality</p> <p>Increase income for vulnerable population such as low-income population and women</p>	<p>The definition of this category is clear.</p> <p>The target population has been clearly identified</p> <p>Social Eligible Projects aim to contribute to two clear social objectives.</p> <p>The Issuer has identified the expected benefits that are measurable and relevant. The expected benefits will be quantified in the post-issuance reporting.</p>
	<p>Telecom Eligible projects include (non exhaustive list):</p> <ul style="list-style-type: none"> - TMT services: including fixed or mobile broadband, and mobile voice services. - Rehabilitation/ reinforcement of long-haul network infrastructure and overloaded urban networks and associated facilities. 	<p>Connectivity</p> <p>Increase access to telecommunication services</p>	<p>The definition of this category is clear.</p> <p>The target population has been clearly identified</p> <p>Social Eligible Projects aim to contribute to one clear social objective.</p> <p>The Issuer has identified the expected benefits that are measurable and relevant. The expected benefits will be quantified in the post-issuance reporting.</p>



SDG Contribution

The Eligible Categories are likely to contribute to 14 of the United Nations’ Sustainable Development Goals (“SDGs”), namely:

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Socio-economic advancement and empowerment		1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
Employment generation and programs to alleviate unemployment from socio-economic crises		1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters
Access to essential services		
Affordable basic infrastructure		
Affordable basic infrastructure		2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round
Food security and sustainable food systems and employment generation and programs to alleviate unemployment from socio-economic crises		2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment
Climate change adaptation		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.
		2.a Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries
Affordable basic infrastructure: Health infrastructure		3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
Clean transportation		3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
Sustainable water and wastewater management		
Affordable basic infrastructure: Education infrastructure		4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all

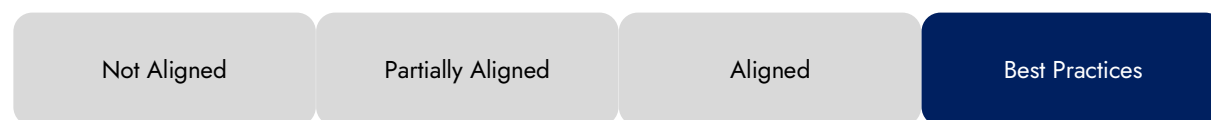
ELIGIBLE CATEGORY	SDG	SDG TARGETS
Socio-economic advancement and empowerment		<p>5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws</p>
Sustainable water and wastewater management		<p>6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all</p> <p>6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations</p> <p>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</p> <p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p>
Renewable energy Energy efficiency		<p>7.1 By 2030, ensure universal access to affordable, reliable and modern energy services</p> <p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p>7.3 By 2030, double the global rate of improvement in energy efficiency</p> <p>7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support</p>
Food security and sustainable food systems and employment generation and programs to alleviate unemployment from socio-economic crises Socio-economic advancement and empowerment		<p>8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries</p> <p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors</p> <p>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</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</p>

ELIGIBLE CATEGORY	SDG	SDG TARGETS
<p>Food security and sustainable food systems and employment generation and programs to alleviate unemployment from socio-economic crises</p> <p>Socio-economic advancement and empowerment</p> <p>Affordable basic infrastructure</p>		<p>9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.</p> <p>9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries</p> <p>9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets</p> <p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</p> <p>9.a Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States</p>
<p>Affordable basic infrastructure: Health and Education infrastructure</p>		<p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>
<p>Clean transportation</p>		<p>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.</p> <p>11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p> <p>11.c Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials</p>
<p>Food security and sustainable food systems and employment generation and programs to alleviate unemployment from socio-economic crises</p>		<p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p> <p>12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses</p>

ELIGIBLE CATEGORY	SDG	SDG TARGETS
<p>Renewable energy</p> <p>Energy efficiency</p> <p>Clean Transportation</p> <p>Climate change adaptation</p>		<p>UN SDG 13 consists of taking urgent action to combat climate change and its impacts. States can contribute to this goal by investing in renewable energy, green buildings, and reducing greenhouse gas emissions from transport operations through the transition towards electric vehicles.</p> <p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p>13.2 Integrate climate change measures into national policies, strategies and planning</p>
<p>Environmentally sustainable management of living natural resources and land use</p>		<p>15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, forests, wetlands, mountains and drylands, in line with obligations under international agreements</p> <p>15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally</p> <p>15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world</p> <p>15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species</p>



Evaluation and Selection of Eligible Projects



- The Evaluation and Selection Process of the Eligible Categories has been clearly defined and detailed, it is considered well-structured (including evaluation, selection, validation and monitoring of Eligible Projects). The roles and responsibilities are clearly defined by the Issuer and include relevant internal and external experts. The process will be disclosed in the Framework.
- Eligibility Criteria (selection and exclusion) for project selection have been clearly defined by the Issuer for all Eligible Categories.
- The process applied to identify and manage potentially material E&S risks associated with the Eligible Projects is publicly disclosed in the herewith SPO and in public policies of the Issuer. The Process is considered advanced: it combines monitoring, identification, and corrective and preventive measures for all Eligible Projects (see detailed analysis on pages 26 -28).

Process for Project Evaluation and Selection

IDB Invest has an Impact Management Framework (IMF), which is a project analysis tool that integrates the complete project lifecycle and integrates impact and financial considerations into portfolio management. The IMF is structured in three pillars: Strategic Selectivity, Development Impact and Systemic Approach. The Strategic Selectivity pillar consists in conducting a cross screening of the major environmental and social needs in Latin-American, based on the country's, sector's and industry's environmental and social challenges. Once an investment opportunity is identified, projects enter a formalized and structured evaluation and approval process which is comprised of the following steps:

- Client Engagement: The key purpose of this stage is to gather preliminary information to determine the viability of the prospective project and to confirm the client's alignment with IDB Invest's strategic priorities and policy requirements. This first stage is conducted by the Business Department who presents a Concept Note for the prospective client, which must be approved by the Sector Head involved depending on the industry.
- Path to approval: Once the Concept note is approved, a dedicated team is created to develop the Investment Proposal in line the IDB Invest's policies. The team is composed by the Investment Officer, E&S Officer, Lawyers and technical experts if needed. The key elements of this stage are conducting a due diligence and an in-depth analysis of the transactions' credit and non-credit components, considering financial, legal, and E&S risks aspects, in order to establish the requirements of the company and/or the project to be financed. The due diligence includes the use of an internal impact assessment tool called 'DELTA¹⁰', which assess the financial and non-financial benefits of all the projects assessed. The DELTA score is a key decision-making factor in IDB Invest's portfolio approach, together with IDB Invest's Financial Contribution Rating, which assesses each transaction's contribution to IDB Invest's long-term financial sustainability strategy. Proposed investments need to meet certain impact and financial rating thresholds in the tool to move forward in the process, in fact, the project must have a score over 5 to be eligible. DELTA includes a decreasing financial contribution requirement for impactful projects identified. Once the due diligence is carried out, the Investment Proposal is created,

¹⁰ The tool is described in p16 and in public policies of IDB Invest.



which includes the negotiation of terms and conditions dealt with the client, creditworthiness, DELTA information¹¹, legal, and ESG risk management¹².

- Closing and First Disbursement: For the decision-making process, and based on the information given in the Investment Proposal, the approval of each project is conducted in the Investor Decision Meeting (IDM) which is an instance where a Business Delegate (chairman) and a Credit Risk Official takes the decision of investment. The Business Delegate makes the investment decision and the Credit Risk Official can either approve the decision or exercise its right to veto, in which case the decision escalates to the next IDM level. There are 3 IDM levels, and the decision may scale depending on the credit rating of the client and the amount of the investment, riskier investment will need more approvals. The highest level of the IDM is composed by the CIO (Chief Investment Officer) and the CRO (Chief Risk Officer) of IDB Invest. The whole process may take up to 48 hours. Following approval of the transaction, legal documents are duly prepared, negotiated and signed with the client and any relevant transaction counterparties. Finally, the Board of Directors validates the investment decision. In case of material changes between the IDM and the Board of Directors approval, IDM reviews the changes and either approves or rejects the Investment Note. Once the relevant legal documents are signed, the disbursement procedure is initiated. The procedure encompasses the verification of the client's compliance with conditions defined for the first disbursement or issuance of a guarantee.
- Supervision and Recovery: After the first disbursement, the selected clients/projects become part of the Portfolio Management of IDB Invest. Portfolio Managers are responsible of investment supervision, which is done annually, and which also undergoes a review by the Risk Official and the Environmental and Social experts. The purpose of transaction supervision is: (i) to monitor IDB Invest's exposure at both the transaction and portfolio levels, to promptly detect material facts and circumstances, including E&S risks, integrity, reputational, business conflicts of interest or corporate governance risks that may affect any of the transactions in order to react with preemptive actions to address in a timely manner any situation that could jeopardize IDB Invest's interests or successful transaction implementation; and (ii) to monitor the progress of each transaction in reaching development objectives established ex-ante (including E&S requirements) to promptly detect deviations and circumstances that may affect the likelihood of reaching developmental goals and to implement corrective actions when possible. Once the investment reaches an early operating maturity, IDB Invest conducts a final self-evaluation of each project conducted by the Office of Evaluation and Oversight (OVE) who is an officer external to the project. This evaluation compares the expected and real impact of each project through a systematic assessment of its relevance, efficiency, effectiveness, and sustainability, as well as the main lessons learned, which feed into the design of new operations. Additionally, for some investments an in-depth evaluation is conducted to build the impact evidence base that allows to generate rigorous causal evidence about the effectiveness of these investments.

The Issuer assesses potential environmental and social risks and impacts of all projects in which it considers investing. The assessment seeks the compliance with host country laws and regulations and IDB Invest's Sustainability Policy and Exclusion List¹³ prior to final approval.

¹¹ See Annex 1 of the Framework with detail explanation of the Developmental Impact review for projects

¹² See Annex 2 of the Framework with the detail environmental due diligence for project review and in our E&S Risk management section, p22-25

¹³ Please see section 2.1.3 of the Framework with the Exclusion List



The traceability and verification of the selection and evaluation of the projects is ensured throughout the process:

- Verification of the project's compliance with the eligibility criteria and the identification of potential ESG controversies in the projects financed is carried out in the **Supervision and Recovery** step as described above. In case of non-compliance or if controversies identified, depending on the case, IDB invest will delay the disbursement, apply penalties or finish in advance the relationship.
- All steps of the project evaluation, selection and approval process are kept in an internal tracking system called MAESTRO. In addition, each investment approval along the evaluation and selection process generates a legal resolution.

Eligibility Criteria

The process relies on explicit eligibility, selection and exclusion criteria, relevant to the environmental and social objectives defined for the Eligible Categories.

- The selection criteria are based on definitions in the Eligible Categories in the Use of Proceeds section (Please refer to Tables 1 and 2) and the process in place to select investment opportunities
- Eligible Projects have to be located in Latin American countries.
- IDB Invest applies exclusionary criteria for certain controversial activities on social and environmental issues. The list of these activities is in section 2.1.3 of the Sustainability Debt Framework. We consider that the exclusionary criteria are relevant, since it covers the main issues related to environmental and social responsibility, in line with good market practices.

BEST PRACTICES

- ⇒ Eligibility and exclusion criteria for project selection are clearly defined and detailed for all of the Eligible Projects
- ⇒ The Issuer reports that it will monitor compliance of selected Eligible Projects with eligibility and exclusionary criteria specified in the Framework throughout the life of the Debt.
- ⇒ The Issuer reports that it will monitor potential ESG controversies¹⁴ associated with its Eligible Projects throughout the life of the Debt and has provided details on the frequency, content and procedures in case a controversy is found related to the projects.

¹⁴ ESG controversies are monitored through IDB Group's Consultation and Investigation Mechanism (MICI) - <https://www.iadb.org/en/mici/mici-independent-consultation-and-investigation-mechanism>



Management of Proceeds



- The Process for the allocation and management of proceeds is clearly defined and will be publicly disclosed in this SPO.
- The allocation period for the proceeds will be shorter or equal to 24 months.
- The net proceeds of the Debts will be placed in the IDB Invest's General Treasury Account and will be tracked by the Issuer in an appropriate manner and attested to in a formal internal process.
- The intended types of temporary placements for the balance of the unallocated net proceeds are publicly disclosed in the Framework.
- The Issuer has committed that as long as the Debt is outstanding the balance of the tracked net proceeds will be periodically adjusted to match allocations to eligible Project financed during that period.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement of the Eligible Categories and it has committed to reallocate the proceeds to projects that are compliant with the Framework.

Process and Traceability of the Management of Proceeds

- The net proceeds of the Debts will be credited to the Issuer's treasury liquidity portfolio and will be adequately managed by IDB Invest's Treasury Division in assets of high liquidity and low risk, aligned with its conservative treasury investment guidelines.
- The proceeds of the debt issuances will be allocated annually on a nominal equivalence basis to a pool of Eligible Projects. The Issuer will maintain a portfolio of Eligible Projects that will always be bigger than the amount issued.

In case the Eligible Projects portfolio is smaller than the Debts' net proceeds outstanding, IDB Invest has committed to fill the gap and load the Eligible Project Portfolio with new Eligible Projects in less than 24 months.

BEST PRACTICES

- ⇒ The allocation period is 24 months or less.
- ⇒ The Issuer has provided information on the procedure that will be applied in case of project/asset divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the Debt framework within 24 months.



Monitoring & Reporting



- The Issuer has committed to report on the Use of Proceeds annually until the Debt maturity. The report will be publicly disclosed on the Issuer's website.
- The reporting will cover relevant and exhaustive information related to the allocation of Debt proceeds and to the expected sustainable benefits at Project level. The Issuer has also committed to communicate on material changes and/or potential ESG controversies related with the Eligible Projects.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Projects will be publicly disclosed in the impact report.
- An external auditor will verify the tracking and allocation of funds to Eligible Projects/Categories until full allocation and in case of material changes.
- Indicators used to report on environmental and social benefits of the Eligible Categories will be verified internally by the Issuer. For Green categories, IDB invest will require external verifications on the environmental benefits to its clients when relevant depending on the nature of the project.

Indicators

The Issuer has committed to transparently communicate at Eligible Project level, on:

- Allocation of proceeds: The indicators selected by the Issuer to report on the allocation of proceeds cover the relevant information.

REPORTING INDICATORS

- ⇒ Debt product outstanding balance under the framework by country and sector.
- ⇒ The proportion of financing vs refinancing (%)
- ⇒ Share of Debt proceeds pending of allocation and management of those funds until allocation (if applicable)
- ⇒ List of projects which have been added to Eligible Projects with their respective amounts.
- ⇒ The share of Co-finance
- ⇒ Case studies



- Environmental and social benefits: The potential indicators selected by the Issuer to report on the environmental and social benefits are clear and relevant.

ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Renewable energy	<ul style="list-style-type: none"> • Installed power generation from renewable energy sources (MW) • New/Upgraded Power Transmission Lines - Kilometers (Km) 	<ul style="list-style-type: none"> • Energy generated from renewable sources (MWh) • CO2 avoidance
Energy efficiency		<ul style="list-style-type: none"> • Energy savings (MWh), • Fossil fuels saved (gal).
Clean transportation	<ul style="list-style-type: none"> • Value of investments in resilient and/or low-carbon infrastructure. 	<ul style="list-style-type: none"> • CO2 avoidance • Avoidance of PM emissions
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> • Area of Land under Sustainable Management Practices (ha) • Habitat that is sustainably managed applying ecosystem-based approaches (hectares) • Increased agricultural potential through improvements in soil quality, for example reduced soil erosion, increased soil carbon content or reduced soil salinity. (e.g. Δ tones/hectare/year (soil erosion)) 	
Climate change adaptation	<ul style="list-style-type: none"> • Number of people directly supported by the project to adapt to climate change (disaggregated by gender) • Reduced weather-related damage • Meters of coastline protected 	
Sustainable water and wastewater management	<ul style="list-style-type: none"> • Wastewater treated (M3) 	<ul style="list-style-type: none"> • Water savings (M3)

ELIGIBLE CATEGORIES	SOCIAL BENEFITS INDICATORS
Affordable basic infrastructure	<p>Educational Infrastructure:</p> <ul style="list-style-type: none"> • Students benefited by education projects (#) • Students from underserved and/ or diverse or excluded population benefited by education projects (#) <p>Educational Facilities Built or Upgraded</p> <p>Health Infrastructure:</p> <ul style="list-style-type: none"> • Beneficiaries receiving health services (#) • Beneficiaries from underserved and/or diverse or excluded population receiving health services (#)

Affordable basic infrastructure (continued)	<p>Transport:</p> <ul style="list-style-type: none"> Roads built or upgraded (km) Urban Rail and Bus Mass Transit Systems Built or Upgraded - Kilometers (Km) Average Daily Passenger Traffic - Passengers (#) Container Cargo Handling Capacity - TEUs/year
Access to essential services	<ul style="list-style-type: none"> Households with improved access to water or sanitation (#) Household from underserved and/or diverse or excluded populations with improved access to water or sanitation (#) Average hours of Continuous Water Supply per Day Household from underserved and/or diverse or excluded populations with improved access to energy services (#)
Food security and sustainable food systems	<ul style="list-style-type: none"> Farmers with improved access to agricultural services and investments (#) Production capacity (TBD based on specific project)
Employment generation and programs to alleviate unemployment from socio-economic crises	<ul style="list-style-type: none"> Beneficiaries of employment support initiatives (#) Women beneficiaries of economic empowerment initiatives (#) Jobs supported (#) Total value of sales (\$ Million) Value of exports sales (\$ Million) Enterprises provided with technical assistance (#)
Socio-economic advancement and empowerment	<p>Telecom:</p> <ul style="list-style-type: none"> Beneficiaries with new access to at least a 4G mobile network (%) Kilometers of New Lines or of lines upgraded (long-haul/backhaul/metro, fiber optics or other technologies) <p>Financial Institutions</p> <ul style="list-style-type: none"> Amount of international trade supported (\$) Beneficiaries with new access to at least a 4G mobile network (%) Micro, small, medium enterprises financed (#) Value of Loans Disbursed to micro, small and medium enterprises (\$ Million) Women beneficiaries of economic empowerment initiatives (#)

BEST PRACTICES

- ⇒ The issuer will report annually and publicly on the allocation of funds until Debt maturity, and in the event of material changes, and on the environmental and social benefits until the maturity of the Debt.
- ⇒ The indicators selected by the Issuer are exhaustive with regards to allocation reporting
- ⇒ The reports will cover relevant information related to allocation of funds and expected sustainable benefits of eligible Categories. The Issuer also commits to report on material development related to the projects, including ESG controversies.¹⁵
- ⇒ The indicators selected by the Issuer are clear and relevant and cover all expected benefits associated with the Eligible Categories
- ⇒ The reporting methodology and assumptions used to report on environmental benefits of the Eligible Categories will be publicly disclosed.

¹⁵ ESG controversies are monitored through IDB IGroup's Independent Consultation and Investigation Mechanism (MICI)

Contribution to sustainability

Expected Impacts

The potential positive Impact of the Eligible Projects on environmental and social objectives is considered to be **Advanced**.

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Renewable energy (excluding Hydropower)	ADVANCED	Climate mitigation is a worldwide priority, and the Eligible Projects to be financed under this category aim at increasing renewable energy installed capacity with a clear positive environmental impact. The projects are aligned with recognized international standards.
Renewable energy (only Hydropower)	ROBUST	Small Hydropower projects to be financed will contribute to increasing renewable energy installed capacity with a clear positive environmental impact. However, the maximum size of the hydropower plants (up to 50MW) is not clearly aligned with international standards.
Energy efficiency	ADVANCED	The Eligible Projects financed under this category will bring overall positive environmental impacts as they aim to reduce energy consumption in different sectors in the medium-long term. Energy Efficiency investments will undergo a pre-investment impact assessment that will measure the expected impact to assess the significance of energy savings according to Business as Usual.
Clean transportation (Electric)	ADVANCED	The Eligible Projects financed under this category will bring overall positive impacts locally (in particular in terms of climate change mitigation and air quality improvement) by promoting clean transportation, especially electronic vehicles.
Clean transportation (Hybrid and Gas)	LIMITED	The Eligible Projects financed under this category will bring overall positive impacts locally (in particular in terms of air quality improvement) by promoting clean transportation. However, there is no visibility on thresholds of performance suggested by international standards for clean transportation on non-electric transportation.
Environmentally sustainable management of living natural resources and land use	ADVANCED	The Eligible Projects to be financed under this category will bring overall positive impact locally to contribute to sustainable management of land resources and avoid land erosion. The projects will be aligned with international standards and/or recognized guidelines.
Climate change adaptation	ROBUST	The Eligible Projects to be financed under this category aim at reducing the risk of adverse impact or substantially reduce the adverse impact of the current and expected future climate hazards on that economic activity without increasing the risk of an adverse impact on other people, nature and assets.
Sustainable water and wastewater management	ROBUST	The Eligible Projects to be finance under this category will bring overall positive impacts locally as they seek to efficiently manage water, reduce water leakage and avoid water pollution. Although, the projects would use environment friendly technology, there is no visibility on the alignment with international standards.



ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Affordable basic infrastructure (Health)	ADVANCED	The Eligible Projects to be finance under this category will bring overall positive social benefits in the long-term in terms of improving the access to health services. This topic is of particular importance in Latin America where countries continue to face major challenges according to the UNSDSN SG Index. Eligible Projects target the general population, including underserved population.
Affordable basic infrastructure (Education)	ADVANCED	The Eligible Projects financed under this category will bring overall positive social impact in the long-term in terms of improving the access to education, which provides tools for social empowerment. This topic is of particular importance in Latin America where countries continue to face major challenges according to the UNSDSN SG Index. Eligible Projects target the general population, including underserved population
Affordable basic infrastructure (Transport)	ROBUST	The Eligible Projects financed under this category will bring overall positive social impacts in the long term in terms of improving the access to infrastructure for economic development and human well-being. This topic is of particular importance in Latin America where countries continue to face major challenges according to the UNSDSN SG Index.
Access to essential services	ADVANCED	The Eligible Projects financed under this category will bring overall positive social impacts in the long term in terms of improving the access to essential services. This topic is of particular importance in Latin America where countries continue to face significant challenges according to the UNSDSN SG Index. Eligible Projects target the general population, including underserved population.
Food security, sustainable food systems and employment generation and programs to alleviate unemployment from socio-economic crises	ADVANCED	The Eligible Projects financed under this category will bring overall positive social impacts in the long term in terms of employment, development of manufacture & agriculture industry and food security This topic is of particular importance in Latin America where countries continue to face significant challenges according to the UNSDSN SG Index. In terms of target population, the Issuer has declared that projects are focused on poor areas in the LATAM region.
Socio-economic advancement and empowerment (Telecom)	ROBUST	The Eligible Projects financed under this category will bring overall positive social impacts in the long term in terms to access to information and IT services, which represent a lever for economic growth and entrepreneurship. This topic is of importance in Latin America where countries continue to face significant challenges according to the UNSDSN SG Index.
Socio-economic advancement and empowerment (Financial Institutions & Fintech)	ADVANCED	The Eligible Projects financed under this category will bring overall positive social impacts in the long term in terms of financial inclusion. This topic is of importance in Latin America where countries continue to face significant challenges according to the UNSDSN SG Index. In terms of target population, the Issuer has declared that projects are directed to underserved segments (SMEs, SMEs led by women and microfinance).
OVERALL ASSESSMENT	ADVANCED	



ESG Risks Identification and Management systems in place at project level

The identification and management of the environmental and social risks associated with the Eligible Projects is considered **advanced**.

	GREEN AND SOCIAL CATEGORIES
Environmental Risks	ADVANCED
Social Risks	ADVANCED
Ethical Risks	ADVANCED
OVERALL ASSESSMENT	ADVANCED

IDB Invest ESG Risks Due Diligence

IDB Invest's Environmental and Social Sustainability Policy is applied to all the projects financed by the bank. In addition, clients have to comply with the Performance Standards on Environmental and Social Sustainability of the International Finance Corporation (IFC).

In order to identify and assess the most material Issues for each project to be financed, the Issuer applies PS 1 (Environmental and Social Assessments) and PS 2 (Labor and Working Conditions) for all cases, and PS3 (Resource Efficiency and Pollution Prevention) in the majority of cases. The other Performance Standards may be triggered depending on the nature and locations of the projects when relevant.

For each project there is a project leader, and environmental and social (E&S) officer and Governance officer who participate in the risk assessment process. Projects are classified in three categories depending on the global risk (financial and E&S): Category A, B or C, where Category A are the high-risk projects and Category C are low-risk projects. In addition, IDB Invest may use external consultants for high-risk projects in E&S issues, who produce an independent report and also monitor the project if it's needed (always for Category A projects and for Category B depending on the type of project).

Before the investment approval, in case some E&S gaps are identified in the project or client, IDB Invest set some objectives and targets to address these E&S challenges during the life of the project. For Category A Projects, the E&S requirements tend to be higher and required in a shorter period of time than the other categories. Portfolio Managers oversee investment supervision once the financing is done. The supervision of Projects is conducted annually by the Risk Officer, the E&S Officer and external experts if needed. In these supervisions the evolution of E&S objectives and targets set before the approval of the financing are evaluated. In case of no compliance, delays in the disbursement, penalties or finishing the relation in advanced may be applied depending on the case.

Stakeholders may submit complaints regarding an IDB Invest investment to the project grievance mechanism or through IDB Invest's Management-led grievance mechanism. Stakeholders are able to submit complains regarding Social, Environmental or other issues throughout the Independent Consultation and Investigation Mechanism (MICI).



Environmental risks

IDB Invest promotes good industrial practices and resource efficiency strategies to minimize waste and pollution, and greenhouse gas emissions in the projects it finances in accordance with PS 3 (Resource Efficiency and Pollution Prevention). IDB Invest requires its clients to apply relevant Environmental Health and Safety (EHS) Industry Sector Guidelines.

The Issuer also screens and assesses climate-related risks that may affect its investments. The extent of such screening and assessment is commensurate with the potential risks and impacts of the proposed investments. IDB Invest requires its clients to assess and manage natural hazards and climate change risks in accordance with PS 1, 3 and 4 when relevant. In addition to the emergency preparedness and response requirements in PS 1, IDB Invest also requires that clients disclose information on their emergency preparedness and response activities to Affected Communities. In case a significant disaster risk is identified in the due diligence, IDB Invest requires projects to include design measures to decrease the vulnerability and protect human health and economic assets.

IDB Invest is committed to the protection, conservation, management and sustainable use of biodiversity, natural resources and ecosystem services in accordance with PS 6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources). IDB Invest requires its clients to include measures to safeguard critical habitats and to protect, and where feasible, enhance natural habitats, biodiversity and corresponding ecosystem services.

Social Risks

IDB Invest requires all its clients to have in place an approach to assess potential Human Rights and Labour Rights risks and impacts. IDB Invest is guided by the International Bill of Human Rights and the eight core conventions of the International Labor Organization.

IDB Invest promotes an engagement between the client and stakeholders, specially potentially affected communities. Where potentially Affected Communities are identified, IDB Invest requires its clients to establish an Stakeholders Engagement Planning and the disclosure of relevant information of the potential risk that might disproportionately affect vulnerable and disadvantaged groups, to describe measures in place to avoid or minimize these risks and a grievance mechanism to receive and facilitate resolution of concerns and grievances about the client's environmental and social performance in accordance with PS 1 (Assessment and Management of Environmental and Social Risks and Impacts).

In terms of Health and Safety, IDB Invest requires good labour relations and practices, including a worker grievance redress mechanism in accordance with PS 2 (Labor and Working Conditions) and good working conditions and health and safety practices and standards in accordance with PS 2 and the EHS Guidelines.

The Issuers Sustainability Policy also includes provisions on Gender Equality, Indigenous People, Persons with disabilities and other vulnerable groups.

Ethical Risks

In terms of business ethics, IDB Invest applies a framework of policies and procedures for their staff and clients. IDB Invest is part of international initiatives to promote integrity and transparency including the International Financial Institutions Anti-Corruption Task Force, which developed the Uniform Framework for Preventing and Combating Fraud and Corruption, and the Agreement for Mutual Enforcement of Debarment Decisions, by which the participating financial institutions pledge to enforce each other's sanctions against corruption. At group level, IDB constantly updates a list of sanctioned firms and/or individuals¹⁶ that have been found engaging in fraudulent, corrupt, collusive, coercive or obstructive practices.

In the due diligence, IDB Invest applies its Anti-money Laundering Framework. In addition, clients are checked against blacklist or sanction lists in order to identify 'red flags'. The project team for each client Invest studies the composition

¹⁶ <https://www.iadb.org/en/transparency/sanctioned-firms-and-individuals>



of the Board of Directors, executives and senior management of the client in order to understand the group structure and ultimately owner until 5% of ownership.

The compliance of the IDB Group's integrity policies is ensured by i) the Office of Institutional Integrity (OII) which is responsible for investigating allegations of fraud and corruption in IDB Group-financed activities, and taking efforts to prevent them, ii) the Office of Evaluation and Oversight (OVE) which evaluates the performance and development effectiveness of the activities of the IDB Group and iii) the Independent Consultation and Investigation Mechanism (MICI), an independent mechanism that includes a dispute resolution function (Consultation Phase) and which reports directly to IDB Executive Board.

Another mechanism that IDB Invest has incorporated to identify and manage risks from a business ethics perspective was the adoption of the Corporate Governance Development Framework (CGDF), a common methodology amongst Development Finance Institutions for assessing corporate governance of investee companies. Under the CGDF, IDB Invest carries out the following activities: (i) integrates corporate governance in its investment operations, (ii) establishes an internal corporate governance function, (iii) provides training and capacity building, (iv) collaborates with other signatories, and (v) reports annually on implementation. Through its technical assistance activities, IDB Invest provides private sector companies in Latin America and the Caribbean with direct corporate governance support, capacity-building programs, and other forms of assistance.



ISSUER

Management of ESG Controversies

As of today, the review conducted by V.E did not reveal any ESG controversy against IDB Invest over the last four years.

Involvement in Controversial Activities

The Issuer appears to be not involved in any of the 17 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from V.E.

METHODOLOGY

In V.E's view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, V.E provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company; then the Executive Director in charge of Methods, Innovation & Quality; and finally, V.E's Scientific Council. All employees are signatories of V.E's Code of Conduct, and all consultants have also signed its add-on covering financial rules of confidentiality.

COHERENCE

Scale of assessment: not coherent, partially coherent, coherent

This section analyses whether the activity to be financed through the selected instrument is coherent with the Issuer's sustainability priorities and strategy, and whether it responds to the main sustainability issues of the sector where the Issuer operates.

ISSUANCE

Alignment with the Green and/or Social Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework has been evaluated by V.E according to the ICMA's Green Bond Principles - June 2018 ("GBP") and the Social Bond Principles - June 2020 ("SBP"), and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds and Loans standards. V.E evaluates the clarity of the definition of the Eligible Categories, as well as the definition and the relevance of the primary sustainability objectives. We evaluate the descriptions of the expected benefits in terms of relevance, measurability and quantification. In addition, we map the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process is assessed by V.E on its transparency, governance and relevance. The eligibility criteria are assessed on their clarity, relevance and coverage vs. the intended objectives of the Eligible Projects.

Management of proceeds

The process and rules for the management and the allocation of proceeds are assessed by V.E on their transparency, traceability and verification.

Reporting

The monitoring and reporting process and commitments defined by the Issuer are assessed by V.E on their transparency, exhaustiveness and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

V.E's assessment of activities' contribution to sustainability encompasses both the evaluation of their expected positive impacts on environmental and/or social objectives, as well the management of the associated potential negative impacts and externalities.

Expected positive impact of the activities on environmental and social objectives

The expected positive impact of activities on environmental and/or social objectives to be financed by the Issuer or Borrower is assessed on the basis of:

- i) the relevance of the activity to respond to an important environmental objective for the sector of the activity; or to respond to an important social need at country level;¹⁷
- ii) the scope of the impact: the extent to which the expected impacts are reaching relevant stakeholders (i.e. the issuer, its value chain, local and global stakeholders); or targeting those populations most in need;
- iii) the magnitude and durability of the potential impact of the proposed activity on the environmental and/or social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);
- iv) only for environmental objectives, the extent to which the activity is adopting the best available option.

Activities' ESG risk management

The identification and management of the potential ESG risks associated with the eligible projects/activities are analysed on the basis of V.E's ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

ISSUER

Management of stakeholder-related ESG controversies

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation based on unproven facts.

V.E reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

V.E provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- **Frequency:** reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- **Severity:** the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the company, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- **Responsiveness:** ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

¹⁷ The importance of a specific social need at country level is assessed on the basis of the country performance on the priority SDG that the project is targeting using data from Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G., Woelm, F. 2020. The Sustainable Development Goals and COVID-19. Sustainable Development Report 2020. Cambridge: Cambridge University Press



The impact of a controversy on a company’s reputation reduces with time, depending on the severity of the event and the company’s responsiveness to this event. Conventionally, V.E’s controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in controversial activities

17 controversial activities have been analysed following 30 parameters to screen the company’s involvement in any of them. The company’s level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the company.

V.E’S ASSESSMENT SCALES

Scale of assessment of Issuer’s ESG performance or strategy and financial instrument’s Contribution to sustainability		Scale of assessment of financial instrument’s alignment with Green and/or Social Bond and Loan Principles	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the sustainability objective. An advanced expected impact combined with an advanced to robust level of E&S risk management & using innovative methods to anticipate new risks.	Best Practices	The Instrument’s practices go beyond the core practices of the ICMA’s Green and/or Social Bond Principles and/or of the Loan Market Association’s Green Loan Principles by adopting recommended and best practices.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. A robust expected impact combined with an advance to robust level of assurance of E&S risk management or an advanced expected impact combined with a limited level of assurance of E&S risk management.	Aligned	The Instrument has adopted all the core practices of the ICMA’s Green and/or Social Bond Principles and/or of the Loan Market Association’s Green Loan Principles.
Limited	Commitment to the objective of sustainability has been initiated or partially achieved; fragmentary evidence of command over the issues. A limited expected impact combined with an advanced to limited level of assurance of E&S risk management; or a robust expected impact combined with a limited to weak level of assurance of E&S risk management; or an advance expected impact combined with a weak level of assurance of E&S risk management.	Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA’s Green and/or Social Bond Principles and/or of the Loan Market Association’s Green Loan Principles, but not all of them.
Weak	Commitment to social/environmental responsibility is non-tangible; no evidence of command over the issues. A weak expected impact combined with an advanced to weak level of assurance of E&S risk management or a limited expected impact with a weak level of assurance of E&S risk management.	Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA’s Green and/or Social Bond Principles and/or of the Loan Market Association’s Green Loan Principles.



DISCLAIMER

Transparency on the relation between V.E and the Issuer: V.E has carried out several audit missions for IDB invest. No other established relationship (financial or commercial) exists between Vigeo Eiris and the Issuer. V.E's conflict of interest policy is covered by its Code of Conduct, which can be found at <http://vigeo-eiris.com/wp-content/uploads/2018/07/Code-of-Conduct-Vigeo-Eiris-EN.pdf>.

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bond, based on the information which has been made available to V.E. V.E has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by V.E neither focuses on the financial performance of the Bond, nor on the effective allocation of its proceeds. V.E is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction.

Restriction on distribution and use of this opinion: The deliverables remain the property of V.E. The draft version of the Second Party Opinion by V.E is for information purpose only and shall not be disclosed by the client. V.E grants the Issuer/Borrower all rights to use the final version of the Second Party Opinion delivered for external use via any media that the Issuer/Borrower shall determine in a worldwide perimeter. The Issuer/Borrower has the right to communicate to the outside only the Second Party Opinion complete and without any modification, that is to say without making selection, withdrawal or addition, without altering it in any way, either in substance or in the form and shall only be used in the frame of the contemplated concerned bond(s) issuance. The Issuer acknowledges and agrees that V.E reserves the right to publish the final version of the Second Party Opinion on V.E's website and on V.E's internal and external communication supporting documents.

© 2020 Vigeo SAS and/or its licensors and subsidiaries (collectively, "V.E"). All rights reserved.

V.E provides its customers with data, information, research, analyses, reports, quantitative model-based scores, assessments and/or other opinions (collectively, "Research") with respect to the environmental, social and/or governance ("ESG") attributes and/or performance of individual issuers or with respect to sectors, activities, regions, stakeholders, states or specific themes.

V.E'S RESEARCH DOES NOT ADDRESS NON-ESG FACTORS AND/OR RISKS, INCLUDING BUT NOT LIMITED TO: CREDIT RISK, LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. V.E'S RESEARCH DOES NOT CONSTITUTE STATEMENTS OF CURRENT OR HISTORICAL FACT. V.E'S RESEARCH: (i) DOES NOT CONSTITUTE OR PROVIDE CREDIT RATINGS OR INVESTMENT OR FINANCIAL ADVICE; (ii) IS NOT AND DOES NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES; AND (iii) DOES NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. V.E ISSUES ITS RESEARCH WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

V.E'S RESEARCH IS NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE V.E'S RESEARCH WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER. V.E'S RESEARCH IS NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT V.E'S PRIOR WRITTEN CONSENT.

ALL INFORMATION CONTAINED HEREIN IS OBTAINED BY V.E FROM SOURCES BELIEVED BY IT TO BE ACCURATE AND RELIABLE. BECAUSE OF THE POSSIBILITY OF HUMAN OR MECHANICAL ERROR AS WELL AS OTHER FACTORS, HOWEVER, ALL INFORMATION CONTAINED HEREIN IS PROVIDED "AS IS" WITHOUT WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND, INCLUDING AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. V.E IS NOT AN AUDITOR AND CANNOT IN EVERY INSTANCE INDEPENDENTLY VERIFY OR VALIDATE INFORMATION IT RECEIVES.

To the extent permitted by law, V.E and its directors, officers, employees, agents, representatives, licensors and suppliers (together, "**V.E Parties**") disclaim liability to any person or entity for any (a) indirect, special, consequential, or incidental losses or damages, and (b) direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded); on the part of, or any contingency within or beyond the control of any **V.E Party**, arising from or in connection with the information contained herein or the use of or inability to use any such information.

Additional terms For PRC only: Any Second Party Opinion or other opinion issued by V.E: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.