

1. Project Description. The objective of the proposed transaction is to raise financing from the capital markets for the purchase of photovoltaic systems in Mexico. The transaction will provide a revolving warehouse loan facility to a special purpose vehicle structured to be refinanced through a securitization for which the IIC will provide a Partial Credit Guaranty. Iliosson S.A. de C.V., a Mexican subsidiary of SolarCity Corporation, or a subsidiary thereof (“Iliosson”) will originate, sell, operate, maintain and service the photovoltaic systems on residential, industrial and commercial properties in Mexico (the “PV systems” or “sub projects”). This transaction will enable the financing of the purchase of the PV Systems from Iliosson. SolarCity Corporation is the number one residential and commercial solar provider in the US, with more than 100,000 new installations in 2015.

2. Environmental and Social Categorization and Rationale. This transaction is classified as an FI-2 under the IIC’s Sustainability Policy. Based upon the nature of this transaction (i.e. a loan to finance the purchase of small-scale residential, commercial and industrial solar rooftop facilities), there are likely to be minimal to moderate indirect environmental, social or health and safety (ESHS) and labor impacts and risks. The average solar installation size is estimated to be 310kW. No individual project can exceed 5% of the total loan amount or 10MW in capacity.

3. Environmental and Social Risks and Impacts, and Management Project environmental and social risks will include occupational health and safety and labor-related issues, in each case commonly associated with small-scale construction. As seller, operations and maintenance provider, Iliosson will be required to manage these risks through the development and implementation of an Environmental and Social Management System (ESMS). Environmental and workplace safety management is a well-established function at SolarCity Corporation. Corporate ESHS policies are currently being developed for the Mexico operations. These will detail policy requirements specific to local legislation, in addition to good practice standards specific to health, physical hazards, equipment safety, and safety planning and training. In accordance with the IIC Sustainability Policy, Iliosson will develop an IFC Performance Standard 1 compliant ESMS. The ESMS will include at a minimum (i) the development of an Environmental and Social Policy that clearly states the requirements and standards that apply to the sub-projects; (ii) internal capacity within Mexico to manage related ESHS sub-project risks; (iii) procedures to identify and categorize E&S risks; (iv) an external communications and grievance mechanism; and (v) emergency preparedness procedures.