

SECOND PARTY OPINION

on the sustainability of BOAD's Sustainability Framework

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



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

Green/Social Project Categories	⇒ Four Social Categories ⇒ Seven Green Categories
Project locations	WEAMU countries ¹
Existence of framework	Yes
Share of refinancing	To be disclosed for each bond issuance
Look back period	36 months

Issuer

Controversial Activities

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

- Alcohol
- Fossil fuels industry
- High interest rate lending
- Pornography
- Animal welfare
- Coal
- Human embryonic stem cells
- Reproductive medicine
- Cannabis
- Gambling
- Military
- Tar sands and oil shale
- Chemicals of concern
- Genetic engineering
- Nuclear power
- Tobacco
- 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 Framework is coherent with BOAD's strategic sustainability priorities and sector issues, and that it contributes to achieving the Issuer's sustainability commitments.

¹ The West African Economic and Monetary Union (WEAMU) is composed of: Benin, Burkina Faso, Ivory Coast, Guinea Bissau, Mali, Niger, Senegal and Togo.



Keys findings

V.E is of the opinion that the BOAD's Sustainability Bond Framework is **aligned** with the four core components of the GBP & SBP.

Use of Proceeds – aligned with the GBP & SBP

- Eligible Categories are clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, the target populations for social categories and the location of Eligible Projects.
- The Environmental and Social Objectives are clearly defined, these are relevant for all the eligible categories and set in coherence with sustainability objectives defined in international standards.
- The Expected Environmental and Social Benefits are clear, these are considered relevant, measurable, and will be quantified for all the eligible categories in the reporting.
- The Issuer has committed to transparently communicate the estimated share of refinancing prior to each bond issuance. The look-back period for refinanced eligible categories will be equal or less than 36 months from the issuance date, in line with market practices.

Evaluation and Selection - aligned with the GBP & SBP and best practices identified by VE

- The process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer, it is considered well-structured in all the evaluation and selection steps (including the proposal, selection, validation and monitoring of Eligible Projects). The roles and responsibilities are clear and include relevant internal expertise. The process will be publicly disclosed in the Framework.
- Eligibility criteria (selection and exclusion) for project selection have been clearly defined by the Issuer, for all of the 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 the Framework). The process is considered advanced: it combines identification, management, mitigation, monitoring, control and corrective measures for all Eligible Categories.

Management of Proceeds - aligned with the GBP & SBP and best practices identified by VE

- The Process for the Management and Allocation of Proceeds is clearly defined and detailed and is publicly available in the Framework.
- The allocation period will be 24 months or less.
- Net proceeds of the Bond will be tracked by the Issuer in an appropriate manner and attested in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- The Issuer has committed that as long as the Bond is outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to eligible projects made during that period.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the bond framework within 12 months.



Reporting - aligned with the GBP & SBP

- The Issuer has committed to report on the Use of Proceeds annually, until Bond maturity and later in case of any material change. The report will be publicly available until bond maturity.
- The reporting will cover relevant and exhaustive information related to the allocation of Bond proceeds and to the expected sustainable benefits of the categories. The Issuer has also committed to report on material developments and controversies related to the Eligible Projects.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible categories will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds to Eligible Projects until bond maturity and this verification will also be made publicly available. Indicators used to report on environmental and social benefits of the eligible projects will be verified internally by the Issuer.

Contact

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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 Bonds² (“Bonds”) to be issued by West African Development Bank (the “Issuer”, “BOAD”, or “the Bank”) in compliance with the Sustainability Bond Framework (the “Framework”) created to govern their issuance.

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”).

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 commitments, the Bond’s potential contribution to sustainability and its alignment with the four core components of the GBP & SBP 2018.
- Issuer: we assessed the Issuer’s management of potential stakeholder-related ESG controversies and its involvement in controversial activities³.

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

We carried out our due diligence assessment from November 19th to December 18th, 2020. 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

² The “Sustainable Bonds” are to be considered as the bonds to be potentially issued, subject to the discretion of the Issuer. The name “Sustainable Bonds” has been decided by the Issuer: it does not imply any opinion from V.E.

³ 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 BOAD's strategic sustainability priorities and sector issues, and that it contributes 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, Public Development Banks have an important role to play in catalysing investments to environmental and social projects and in contributing to achieving the SDGs.

Lending is a key vehicle for policy change and promoting national and international goals. The main objectives of Public Development Banks are to promote sustainable socio-economic development by financing investments, improving funding opportunities and enhancing employment in their countries of operations. These efforts provide a direct contribution to human development and social well-being, and more generally to the fundamental objectives underlined by the UN Sustainable Development 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. In addition, as public institutions, Development Banks can develop channels to boost private sector investments in the green and social economy.

BOAD is an international public institution that aims at promoting the balanced development of its member countries, namely: Benin, Burkina Faso, Ivory Coast, Guinea Bissau, Mali, Niger, Senegal, and Togo, and foster economic integration within West Africa. BOAD appears to acknowledge its mission in facing the aforementioned challenges and has formalised a strategy to contribute to these.

BOAD has set up a new Strategic Plan 2021-2025 named DJOLIBA within which the Issuer has identified five priority areas that will be monitored for their implementation with targeted objectives:

1. Transport infrastructure and ICT/digitalisation;
2. Production and equitable access to energy and natural resources;
3. Agricultural production and food security;
4. Real estate (including tourism infrastructure) and housing, including social housing;
5. Health and Education.

The Issuer has stated that it will focus on social and employment impacts, by focusing its interventions on financing the missing links in global and regional value chains in the industrial and agricultural sectors and will support small-scale family farming. To support sustainable economic development, the Bank finances national infrastructure that facilitates private sector investment, focusing on projects with capacity for job creation and fighting poverty. The Bank has a specific focus on gender diversity, with a Gender Policy implemented in the operations processes in 2012, focusing on gender equality as a development objective.



With regards to environmental challenges and climate change, BOAD is accredited as a regional implementation entity for the financial mechanisms under the United Nations Framework Convention on Climate Change (UNFCCC)⁴, including the Adaptation Fund, the Global Environment Facility (GEF) and the Green Climate Fund (GCF). The BOAD has developed policies and procedures aiming for environmental protection and good management of natural resources in all the operations it finances. The BOAD has several strategies to respond to the needs of WAEMU Member States in terms of climate adaptation and mitigation, including accelerating climate investments and integrating the climate dimension in all its projects.

By creating a Framework to finance or refinance new or existing eligible green or social activities and assets related to Affordable basic infrastructure, Access to essential services Economic and financial transition, Access to housing & property, Renewable energy, Sustainable mobility, Green Buildings, Pollution Prevention and Control Sustainable water and wastewater management, Environmentally sustainable management of living natural resources and land use and Climate Resilience, the Issuer coherently aligns with its sustainability strategy and commitments and addresses important sustainability issues of the sector.

⁴ <https://www.boad.org/en/climate/>

ISSUANCE

The Issuer has described the main characteristics of the Bonds within a formalised Sustainability Bond Framework which covers the four core components of the GBP 2018 and SBP 2020 (the last updated version was provided to V.E on December 17th, 2020). The Issuer has committed to make this document publicly accessible on the BOAD's website⁵, in line with good market practices.

Alignment with the Green Bond Principles

Use of Proceeds



The net proceeds of the Bonds will exclusively finance or refinance, in part or in full, projects falling under seven Green Project Categories and four Social Project Categories ("Eligible Categories"), as indicated in Table 1.

- Eligible Categories are clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, the target populations for social categories and the location of Eligible Projects.
- The Environmental and Social Objectives are clearly defined, these are relevant for all the eligible categories and set in coherence with sustainability objectives defined in international standards.
- The Expected Environmental and Social Benefits are clear, these are considered relevant, measurable, and will be quantified for all the eligible categories in the reporting.
- The Issuer has committed to transparently communicate the estimated share of refinancing prior to each bond issuance. The look-back period for refinanced eligible categories will be equal or less than 36 months from the issuance date, in line with market practices.

BEST PRACTICES

- ⇒ Content, eligibility and exclusion criteria are clear and in line with international standards for all categories.
- ⇒ Relevant environmental and social benefits are identified and measurable for all project categories.
- ⇒ The Issuer has committed to transparently communicate the estimated share of refinancing prior to each bond.

⁵ <https://www.boad.org/>

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

- Nature of expenditures: Medium and long-term loans including concessional loans, Financing of short-term operations and Credit or refinancing facilities to national financial institutions.
- Location of Eligible Projects/Assets: West African Economic and Monetary Union (WAEMU) countries, namely: Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal and Togo.

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Affordable basic infrastructure	Development of projects providing & expanding access to clean water	Projects to increase the capacity for the production and/or storage of drinking water in view of providing access to an improved water source to additional population, through the construction of new facilities or the rehabilitation and/or extension of existing facilities (water drilling, modern equipped wells, equipped water sources, mini drinking water supply, drinking water treatment plant, water towers and storage tarpaulins, drinking water fountains and special connections, supply and distribution pipes). <i>Target population: General public particularly underserved, owing to a lack of quality access to essential goods and services</i>	<p>Access to basic infrastructure</p> <p>–</p> <p>Increased access to clean water</p> <p>Increased access to sanitation</p> <p>Increased access to electricity and heat</p> <p>Increased access to communication networks</p> <p>Increased access to key social infrastructures</p>	<p>The definition of this category is clear and detailed, including the description and eligibility criteria. The target populations have been clearly identified.</p> <p>The intended social objective is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, relevant, measurable, and will be quantified in the reporting.</p>
	Development of projects providing & expanding access to sanitation	Projects to increase (i) wastewater treatment capacity, (ii) access to stand-alone sanitation through the construction of new facilities or the rehabilitation and/or extension of existing facilities. <i>Target population: Populations in rural, semi-urban and urban areas not served or underserved due to lack of quality access to essential goods and services</i>		
	Development of electricity transmission and distribution infrastructure	Development of electricity transmission and distribution infrastructure enabling population located in areas with a low electricity connection rate ⁶ to be connected to the grid.		

⁶ Low electricity connection rate to be understood as district and/or town with a share of population having access to electricity below 50%.

	<i>Target population: Population having no access to the electricity</i>
Development of off grid production facilities of low carbon electricity	<p>Off grid production facilities of low carbon electricity such as solar panel kits or biogas facilities produced from animal & agricultural organic sources avoiding conflict of utilization of the resources, deforestation and land us.</p> <p><i>Target population: General public particularly underserved, owing to a lack of quality access to essential goods and services</i></p>
Development of telecom network and related Telecom infrastructure	<p>Projects to create, extend or improve mobile coverage, in order to provide Internet access in areas at risk of digital exclusion;</p> <p>Areas at risk of digital inclusion are defined as areas which are either unconnected or underserved;</p> <p>Projects to create or extend optic fiber network in rural areas.</p> <p><i>Target population: Unconnected⁷ or underserved population⁸, Population non connected to the optic fiber in rural areas</i></p>
Development of rural and feeder roads and public transport	<p>Development & revamping of rural / feeder roads in areas that lack connectivity, or in areas lacking access to key social infrastructure (e.g. healthcare, schools).</p> <p><i>Target population: Rural population⁹ living more than 2 km away from an all-season road¹⁰</i></p>

⁷ No service exists (fixed or mobile) by any operator

⁸ There is at least mobile service by one operator with 2G EDGE or 3G service. The backhaul or access capacity of the given site does not allow for a quality Internet experience. For the avoidance of doubt, a quality Internet experience is defined as more than 1,5 Mbps per user measured on average over a given period of time on the user device. Usually (but not necessarily) involves disperse population (at least 10 km from a relevant municipality and/or less than 3000 inhabitants)

⁹ Poverty in the WAEMU is higher in rural area than in urban area. While the poverty rate is 27.5 percent in urban areas, it is 54.0 percent in rural areas. Poverty rates in urban and rural areas are defined here using national poverty lines. More information available: <https://www.imf.org/~media/Files/Publications/CR/2019/1WAUEA2019002.ashx>

¹⁰ As per the Rural Access Index (RAI) developed by the World Bank to measure the proportion of the rural population who live within 2 km of an all-season road. It is included in the Sustainable Development Goals as indicator 9.1.1., providing a way of measuring progress towards Goal 9 and Target 9.1. <https://datacatalog.worldbank.org/dataset/rural-access-index-rai>

Access to essential services	Development of projects expanding education and training facilities	<p>Construction and improvement of public schools, and related equipment, furniture and sanitary facilities;</p> <p>Construction and improvement of public universities.</p> <p><i>Target population: Young people under 24, people with socio-professional integration difficulties (all ages), without training or professional experiences, long-term unemployed</i></p>	<p>Access to essential services</p> <p>–</p> <p>Increased access to education</p> <p>Increased access to food</p> <p>Increase access to healthcare services</p>	<p>The definition of this category is clear and detailed, including the description and eligibility criteria. The target populations have been clearly identified.</p> <p>The intended social objective is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, relevant, measurable, and will be quantified in the reporting.</p>
	Development of programs, initiatives and projects dedicated to agricultural transformation aiming at ensuring food security	<p>Programs, initiatives and projects dedicated to agricultural transformation such as:</p> <ul style="list-style-type: none"> • construction of water reservoirs, implementation of hydro-agricultural development projects for water control, supply and distribution of organic inputs market gardening and construction of warehouses; • production subsidies to small and medium farmers for basic food products¹¹ (staple food programs) aiming at ensuring food security <p><i>Target population: Farmers living in rural areas marked by food insecurity</i></p>		
	Development of projects contributing to Access to free/subsidized healthcare	<p>Construction, development or improvement of healthcare infrastructure and services (basic health care programs, laboratories, health centers, hospitals, ambulances, health equipment and supplies);</p> <p>Programs fighting against disease and epidemics (Covid, Ebola, malaria, tuberculosis, infectious and tropical diseases);</p> <p>Health personnel training;</p> <p>Maternal and infant health, nutrition;</p> <p>Social welfare schemes.</p> <p><i>Target population: Underserved, owing to a lack of quality access to essential goods and services, Sick, elderly or vulnerable people</i></p>		

¹¹ The composition of the basic food products is taken from the national food balance sheets published by the UN Food and Agriculture Organization (FAO). Basic food products include corn, wheat, maize, soybeans, rice, beans, fruits, vegetables, and milk, among others.

Economic and financial transition	Programs, initiatives and institutions, dedicated to the promotion of job creations, return to employment and labour market entry opportunities	<p>Programs, initiatives providing and increasing access to finance for Small and Medium Sized companies¹² in view of promoting job creations, return to employment and labour market entry opportunities including crop insurance scheme for rural population.</p> <p><i>Target population: Small and Medium Sized companies</i></p>	<p>Economic and financial transition</p> <p>–</p> <p>Financing of SMEs</p> <p>Increased access to banking solutions</p>	<p>The definition of this category is clear and detailed, including the eligibility criteria of SMEs, and SMEs impacted by the Covid crisis. The target populations have been clearly identified.</p> <p>The intended social objective is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, relevant, measurable, and will be quantified in the reporting.</p>
	Programs, initiatives and projects in response to the Covid crisis	<p>Financing of Small and Medium Sized companies with (re)financing difficulties due to the sanitary crisis impact aiming at job preservation;</p> <p>Programs, initiatives launched by financial institutions allowing suspension of prompt notices for principal repayment due to the Covid crisis.</p> <p><i>Target population: Financial institutions allowing financing to SMEs whose economic activities have been affected by the Covid crisis</i></p>		
	Access to essential financial and insurance services	<p>Programs, initiatives and projects aiming at inclusive economic growth by providing access to banking solutions, insurance and financial services for individuals.</p> <p><i>Target population: General public particularly underserved, owing to a lack of access to essential financial and insurance services¹³, Women¹⁴, Young people</i></p>		

¹² Companies with less than 250 employees and revenues below 3 086 017 925 FCFA

¹³ In 2017, ownership of an account at a financial institution in the WAEMU varied from 9.5 percent (Niger) to 34.1 percent (Togo), compared to almost 37 percent and above 40 percent in African and Asian benchmark countries, respectively. More information on the IMF 2019 report <https://www.imf.org/~media/Files/Publications/CR/2019/1WAUEA2019002.ashx>

¹⁴ Gender gaps are wide in WAEMU, with men almost three times as likely to own an account than women in Mali, and almost twice as likely in Ivory Coast and Benin, while mobile money account ownership appears somewhat more equally distributed. More information on the IMF 2019 report <https://www.imf.org/~media/Files/Publications/CR/2019/1WAUEA2019002.ashx>

Access to housing & property	Programs, initiatives and institutions, dedicated to promotion of social housing	<p>Programs, initiatives and institutions, dedicated to supporting the construction of social housing for population living in poverty¹⁵.</p> <p><i>Target population: Population living in poverty</i></p>	<p>Access to social housing</p> <p>–</p> <p>Increased social housing offer</p>	<p>The definition of this category is clear and detailed, including the description and eligibility criteria. The target populations have been clearly identified.</p> <p>The intended social objective is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, relevant, measurable, and will be quantified in the reporting.</p>
Renewable energy	Development, construction, installation and maintenance of hydroelectricity production facilities	Hydro power below 25MW; and Hydro Power above 25MW with emissions intensity below 100gCO ₂ e/kWh (or a power density greater than 5MW/m ²) using the G-res tool (developed by the International Hydropower Association and the UNESCO Chair for Global Environmental Change), or a site-specific assessment in line with the IEA Hydro Framework ¹⁶ .	<p>Climate change mitigation</p> <p>–</p> <p>GHG emissions avoidance</p>	<p>The definition of this category is clear and detailed, including the description and eligibility criteria.</p> <p>The intended environmental objective is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, relevant, measurable, and will be quantified in the reporting.</p> <p>Areas for improvement consist in:</p> <ul style="list-style-type: none"> - Applying an emissions threshold for small hydropower plants, - Applying an emissions threshold for bioenergy.
	Development, construction, installation and maintenance of Solar Facilities	Development, construction, installation and maintenance of Solar Facilities (such as Photovoltaic or Thermodynamic plants).		
	Development, construction, installation and maintenance of Wind Facilities	Development, construction, installation and maintenance of Onshore Wind Facilities.		

¹⁵ Population living below the national Poverty Line as per http://www.uemoa.int/sites/default/files/bibliotheque/projet_communicationresultats_ehcvn_juin2020_13072020_obs.pdf

¹⁶ as described in the 'Guidelines for the Quantitative Analysis of Net GHG Emissions from Reservoirs' <http://www.ieahydro.org/annex-xii-hydropower-and-the-environment>



	<p>Development, construction, installation and maintenance of Bioenergy facilities (Biomass, Biogas and Biofuels)</p>	<p>Development, construction, installation of Bioenergy facilities fed by sustainable sources of local raw material (such as organic waste) avoiding conflict of utilization of the resources, deforestation and land use;</p> <p>Development, construction, installation of anaerobic digestion of sewage sludge treatment facilities dedicated to biogas production used directly for the generation of electricity and/or heat or upgraded to bio-methane and equipped with a methane leakage monitoring measure.</p>		
	<p>Development, construction, installation and maintenance of Energy Storage Facilities aiming at promoting the development of Renewable energies</p>	<p>Development, construction, installation and maintenance of Energy Storage Facilities (aiming at promoting the development of Renewable energies and/or replacing peak electricity produced by less environmentally friendly units¹⁷).</p>		
<p>Sustainable mobility</p>	<p>Development, construction, installation and maintenance of electric rail transportation & vehicles for the movement of goods and people as well as related infrastructure projects</p>	<p>Electrified rail transport equipment and infrastructure for freight and/or passenger transport & acquisition of new electric rolling stock.</p>	<p>Climate change mitigation</p> <p>–</p> <p>Avoiding GHG emissions</p>	<p>The definition of this category is clear and detailed, including the description and eligibility criteria.</p> <p>The intended environmental objective is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, relevant, measurable, and will be quantified in the reporting.</p>

¹⁷ Such as Pumped Hydro technology complying with the Climate Bond Initiative criteria set out in the June 2019 version. Hydrogen production and power-to-gas are excluded. (<https://www.climatebonds.net/files/files/Hydropower%20Criteria%20Document.pdf>)

Green Buildings	Development of new buildings or acquisition of existing buildings Major renovation or Restructuring of existing buildings	The buildings receiving an Edge certification ¹⁸ ; Projects demonstrating at least 30% of energy consumption savings post refurbishment (for buildings and plants).	Climate change mitigation – Avoiding GHG emissions	The definition of this category is clear and detailed, including the description and eligibility criteria. The intended environmental objective is relevant and set in coherence with sustainability objectives defined in international standards. The expected benefits are clear, relevant, measurable, and will be quantified in the reporting.
Pollution Prevention and Control	Projects of waste reduction, collection, recycling and sustainable treatment	Projects to increase non-hazardous waste collection and processing (removal, processing, recycling, composting), either through the construction of new waste management systems and facilities or through the expansion/improvement of existing ones, limited to sorting, recycling or recovery final purpose.	Climate change mitigation – Avoiding GHG emissions	The definition of this category is clear and detailed, including the description and eligibility criteria. The intended environmental objective is relevant and set in coherence with sustainability objectives defined in international standards. The expected benefits are clear, relevant, measurable, and will be quantified in the reporting.
Sustainable water and wastewater management	Projects of water resources' protection and management	Projects dedicated to the protection of water resources, water stress mitigation, water drainage capacity, efficiency in water distribution including irrigation system to promote water saving and recovery; Projects dedicated to the construction or extension of centralized wastewater systems including collection (sewer network) and treatment.	Water protection – Development of efficient water systems	The definition of this category is clear and detailed, including the description and eligibility criteria. The intended environmental objective is relevant and set in coherence with sustainability objectives defined in international standards. The expected benefits are clear, relevant, measurable, and will be quantified in the reporting.




¹⁸ As per developed by IFC to certify resource-efficient and Zero Carbon buildings. <https://edgebuildings.com/>


Environmentally sustainable management of living natural resources and land use	Projects contributing to land use/soil protection, prevention of desertification and soil erosion	Projects dedicated to fight against desertification, restore degraded land and decontamination of grounds; Projects contributing to fight against deforestation and sustainable forestry development with label FSC and PEFC.	Biodiversity and land protection – Increase sustainable forestry practices Increase the development of sustainable and organic agriculture	The definition of this category is clear and detailed, including the description and eligibility criteria. The intended environmental objective is relevant and set in coherence with sustainability objectives defined in international standards. The expected benefits are clear, relevant, measurable, and will be quantified in the reporting.
	Projects contributing to biodiversity conservation	Programs for the protection and restoration of ecosystems and priority species (including reforestation, protection of protected areas, restoration of degraded land, forest management, etc.).		
	Projects contributing to sustainable agriculture	Projects promoting sustainable agricultural practices such as organic agriculture. These projects follow the climate-smart approach, with techniques that aim at reduction GHG emissions, and increase of resilience to climate change.		
Climate Resilience: Land and Water related hazards	Projects dedicated to the minimization of drought risks & flood risks	Projects dedicated to strengthening resilience and adaptive capacity to drought risks, flood risks, climate-related hazards and natural disasters such as: <ul style="list-style-type: none"> • early warning systems for monitoring and forecasting water and climate related hazards; • construction, and maintenance of adaptation measures and or infrastructure (e.g. incorporation of submergible transformers, switches, pumps). 	Climate change adaptation – Development of adaptation and warning infrastructures	The definition of this category is clear and detailed, including the description and eligibility criteria. The intended environmental objective is relevant and set in coherence with sustainability objectives defined in international standards. The expected benefits are clear, relevant, measurable, and will be quantified in the reporting.







SDG Contribution

The Eligible Categories are likely to contribute to 13 of the United Nations’ Sustainable Development Goals (“SDGs”), namely:

ELIGIBLE CATEGORY	SDG	SDG TARGETS
All Eligible Categories		<p>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</p> <p>1.a Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions</p> <p>1.b Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions</p>
Access to essential services		<p>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</p> <p>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</p>
Environmentally sustainable management of living natural resources and land use		<p>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</p>
Access to essential services		<p>3.1 By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births</p> <p>3.2 By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births</p> <p>3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases</p> <p>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</p> <p>3.c Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States</p> <p>3.d Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks</p>

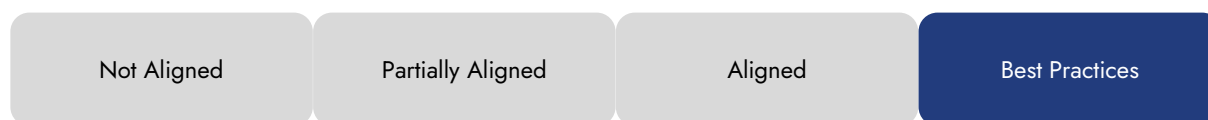
ELIGIBLE CATEGORY	SDG	SDG TARGETS
Access to essential services		<p>4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes</p> <p>4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</p>
All Eligible Categories, through the Gender dimension integrated in the project appraisal process		<p>5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p> <p>5.c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels</p>
Affordable basic infrastructure		<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>
Sustainable water and wastewater management		<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>
Affordable basic infrastructure Renewable energy Green Buildings		<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>
Economic and financial transition		<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>
Affordable basic infrastructure		<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.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>9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020</p>
Access to housing & property Sustainable mobility		



ELIGIBLE CATEGORY	SDG	SDG TARGETS
Green Buildings		11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries 11.c Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials
Pollution Prevention and Control		12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Renewable energy Sustainable mobility Green Buildings		SDG 13 consists in taking urgent action to combat climate change and its impacts
Climate Resilience: Land and Water related hazards		13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning
Environmentally sustainable management of living natural resources and land use		15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements 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



Evaluation and Selection of Eligible Projects



- The process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer, it is considered well-structured in all the evaluation and selection steps (including the proposal, selection, validation and monitoring of Eligible Projects). The roles and responsibilities are clear and include relevant internal expertise. The process will be publicly disclosed in the Framework.
- Eligibility criteria (selection and exclusion) for project selection have been clearly defined by the Issuer, for all of the 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 the Framework). The process is considered advanced: it combines identification, management, mitigation, monitoring, control and corrective measures for all Eligible Categories (see detailed analysis on pages 32 - 34).

Process for Project Evaluation and Selection

For the purpose of the Bonds, a Sustainability Bond Committee (“the Committee”) has been created. The Committee is composed of members of the Climate, Infrastructure, Private sector, Development Result, Treasury, Disbursement, and IT Directorates, and will be chaired by the Resource Mobilization Directorate.

The Committee is responsible for:

- Validating the compliance of the Projects with the Eligible Green & Social definitions;
- Selecting the “pool” of Eligible Green and Social Projects (“Eligible Projects”) to be financed/refinanced under the Framework;
- Monitoring of Eligible Green and Social Projects management (ensuring that they are still eligible under the framework);
- Deciding (if necessary) to replace Eligible Green and Social Projects that have become ineligible;
- Validating disbursements of net proceeds to Green and Social Eligible Projects portfolio and management of unallocated funds (pending allocation);
- Monitoring the auditors work and their annual assignments;
- Updating the Framework and eligibility criteria according to the best market standards and practices, as well as any new Bank guidance on sustainable development strategy;
- Deciding on new issues in line with the Bank’s Framework and general policy;
- Preparing reporting documents for investors and any other communication related to the Bank’s “sustainable” issuance program.



The traceability and verification of the selection and evaluation of the projects is ensured throughout the process, including the procedures in case a project is no longer eligible:

- The Issuer reports that it will monitor continued compliance of selected projects with the selection and exclusion criteria specified in the Framework throughout the life of the Bond and has provided details on content, frequency and duration and on the procedure adopted in case of non-compliance;
- The Issuer reports that it will monitor potential ESG controversies associated with the projects throughout the life of the instrument and has provided details on frequency, content and procedures in case a controversy is found on a project. In case of a major controversy on an Eligible Green & Social Project, BOAD will provide investors with information on key issues at stake and actions put in place by BOAD;
- The Issuer has provided information on how it will ensure traceability of decisions taken regarding project evaluation, selection and monitoring: the Committee will meet twice a year and will produce a decision report and meeting minutes.

Eligibility Criteria

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

- The selection criteria are based on the definitions of the Eligible Categories in Table 1 in the Use of Proceeds section.
- The following activities have been excluded in the Framework (page 19):
 - Projects related to Acquisition, Development, Operation and maintenance of new or existing fossil fuel-based electricity generation capacity or heating systems (including, but not limited to, coal, oil or natural gas-powered assets);
 - In the specific context of Sustainability mobility: Projects for infrastructure dedicated to the transport of fossil fuels or blended fossil fuels;
 - In the specific context of Pollution Prevention and Control: Projects dedicated to Waste-to-Energy;
 - Projects related to water desalination;
 - Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES;
 - Production or trade in weapons and munitions;
 - Production or trade in alcoholic beverages (excluding beer and wine);
 - Production or trade in tobacco;
 - Gambling, casinos and equivalent enterprises;
 - Production or trade in unbonded asbestos fibers;
 - Drift net fishing in the marine environment using nets in excess of 2.5 km in length;
 - Production or activities involving harmful or exploitative forms of forced labor/harmful child labor;
 - Production or trade in wood or other forestry products other than from sustainably managed forests.



BEST PRACTICES

- ⇒ Eligibility and exclusion criteria for project selection are clearly defined and detailed for all of the eligible categories.
- ⇒ The Issuer reports that it will monitor compliance of selected projects with eligibility and exclusion criteria specified in the Framework throughout the life of the instrument and has provided details on content, frequency, duration and on the procedure adopted in case of non-compliance.
- ⇒ The Issuer reports that it will monitor potential ESG controversies associated with the projects throughout the life of the instrument and has provided details on frequency, content and procedures in case a controversy is found on a project.



Management of Proceeds



- The Process for the Management and Allocation of Proceeds is clearly defined and detailed and is publicly available in the Framework.
- The allocation period will be 24 months or less.
- Net proceeds of the Bond will be tracked by the Issuer in an appropriate manner and attested in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- The Issuer has committed that as long as the Bond is outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to eligible projects made during that period.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the bond framework within 12 months.

Management Process

- The net proceeds of the Bonds will be placed in the BOAD's deposit account opened in the books of the Central Bank of West African States (BCEAO).
- The tracking of the allocation of proceeds to the Eligible Green & Social Projects Portfolio will be done by the Sustainability Bond Committee through the Bank's Operating Systems. A register will be established to monitor the allocation of proceeds to the Eligible Green & Social Project portfolio on a notional basis, to avoid double accounting, especially in situation of co-lending with other Financial Partners.
- BOAD will attempt to allocate the net proceeds of the bonds to Eligible Green & Social Projects within the calendar year following the year the Bond was issued.
- Pending the full allocation of the net proceeds to the eligible Green & Social Projects, the Sustainability Bond Committee will keep record of the remaining balance of unallocated proceeds and invest such unallocated amount in cash and/or money market products invested in socially responsible investment funds (SRI) on a best effort basis.
- In case of projects postponement, cancelation, divestment or ineligibility, or in case an Eligible Project has matured, the Issuer has committed to replace the no longer Eligible Project by a new Eligible Project within 12 months following the decision of reallocation.

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 divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the bond framework within 24 months.



Monitoring & Reporting



- The Issuer has committed to report on the Use of Proceeds annually, until Bond maturity and later in case of any material change. The report will be publicly available until bond maturity.
- The reporting will cover relevant and exhaustive information related to the allocation of Bond proceeds and to the expected sustainable benefits of the categories. The Issuer has also committed to report on material developments and controversies related to the Eligible Projects.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible categories will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds to Eligible Projects until bond maturity and this verification will also be made publicly available. Indicators used to report on environmental and social benefits of the eligible projects will be verified internally by the Issuer.

Indicators

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

- Allocation of proceeds: The indicators selected by the Issuer to report on the allocation of proceeds are relevant and exhaustive.

REPORTING INDICATORS
⇒ The list of Eligible Green & Social Projects, with their related description earmarked to each Sustainability Bonds: Name of Project, Country, Project category, When relevant: Geospatial considerations such as rural/urban areas;
⇒ The split of Eligible Green & Social Projects' categories (re)financed;
⇒ The share of allocated proceeds vs total project costs (in % share);
⇒ The share of financing vs refinancing (in % share of net proceeds);
⇒ The share of co-financing for the Eligible Green & Social Projects (i.e. in case of joint investment or joint financing).



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

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	ENVIRONMENTAL AND SOCIAL BENEFIT OUTCOME AND IMPACT INDICATORS
Affordable basic infrastructure	Development of projects providing & expanding access to clean water	Volume of clean water produced in m ³ Number of new water treatment plants built Number of new beneficiaries of clean water connections
	Development of projects providing & expanding access to sanitation	Volume of wastewater treated in m ³ Number of wastewater treatment plants Number of new beneficiaries of wastewater connections to the network
	Development of electricity transmission and distribution infrastructure	Number of new beneficiaries of electricity connections to the network
	Development of off grid production facilities of low carbon electricity	Number of off-grid kits, number of beneficiaries (number of people, number of households, number of villages) Avoided emissions (in tCO ₂ e)
	Development of telecom network and related infrastructure Telecom	Number of persons connected to a telecoms network (internet, other) Number of beneficiaries
	Development of rural and feeder roads and public transport	Length of road construction with equitable access (km) Reduction of travel time Number & location of isolated beneficiaries
Access to essential services	Development of projects expanding education and training facilities	Number of students reached Number of education facilities built or improved Number of new education capacities created
	Development of programs, initiatives and projects dedicated to agricultural transformation aiming at ensuring food security	Number of farmers beneficiaries of water related installations Number of farmers beneficiaries of agricultural transformation trainings Number of farmers beneficiaries of production subsidies
	Development of projects contributing to Access to free/subsidized healthcare	Number of Healthcare infrastructure and services created or rehabilitated (including the number of beds created). Number of medicines beneficiaries, Number of vaccines, Number of health services' beneficiaries (including the share of women & young people located in rural areas) Hours of health personnel training



ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	ENVIRONMENTAL AND SOCIAL BENEFIT OUTCOME AND IMPACT INDICATORS
Economic and financial transition	Programs, initiatives and institutions, dedicated to promotion of job creations, return to employment and labour market entry opportunities	Number of beneficiaries provided with access to financial services, including share of micro companies, small companies, mid-sized companies Number of loans to women-owned & young people SMEs
	Programs, initiatives and projects in response to the Covid crisis	Number & types of activities, beneficiaries provided with access to financial support Number of jobs supported
	Access to essential financial and insurance services	Numbers of population with access to bank accounts or mobile money Number of beneficiaries including women and young people in rural areas
Access to housing & property	Programs, initiatives and institutions, dedicated to promotion of social housing	Number of individuals/ families benefiting from subsidized housing Financial effort of households to purchase housing
Renewable energy	Development, construction, installation and maintenance of Small hydroelectricity production facilities	Annual renewable energy production in MWh (in full operational phase) Annual contribution to GHG emissions avoided in tons of CO2 equivalent Installed renewable capacity in MW
	Development, construction, installation and maintenance of Solar Facilities	
	Development, construction, installation and maintenance of Wind Facilities	
	Development, construction, installation and maintenance of Bioenergy facilities (Biomass, Biogas and Biofuels)	
	Development, construction, installation and maintenance of Energy Storage Facilities aiming at promoting the development of Renewable energies	
Sustainable mobility	Development, construction, installation and maintenance of electric rail transportation & vehicles for the movement of goods and people as well as related infrastructure projects	Modal shift (number of additional public transport users) Emissions of greenhouse gas avoided (t eq.CO2)
Green Buildings	Development of new buildings or acquisition of existing buildings	Annual Energy intensity (KWh) per sqm Annual reduced/avoided GHG emissions (t eq.CO2)

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	ENVIRONMENTAL AND SOCIAL BENEFIT OUTCOME AND IMPACT INDICATORS
	Major renovation or Restructuring of existing buildings	Annual reduced/avoided GHG emissions (t eq.CO2) Energy savings (in %)
Pollution Prevention and Control	Projects of waste reduction, collection, recycling and sustainable treatment	Number of persons benefitting from improved waste management services Tons of waste from selective collection sent to sorting sites to be prepared for recycling Metric tons of material recovered Metric tons of compost produced Metric tons of Avoided emissions (CO ₂ eq)
Sustainable water and wastewater management	Projects of water resources' protection	% technical performance from drinking water distribution / loss rate Volumes of water saved (in m3) Surface equipped with equipment for optimizing water management (in ha)
Environmentally sustainable management of living natural resources and land use	Projects contributing to land use/soil protection, prevention of desertification and soil erosion	Areas reforested (in ha) Areas under restoration/rehabilitation (ha) Areas conserved &/or recovered (ha)
	Projects contributing to biodiversity conservation	Areas conserved &/or with restoration of ecosystems and priority species (ha)
	Projects contributing to sustainable agriculture	Areas newly dedicated or converted to organic agriculture (in ha)
Climate Resilience: Land and Water related hazards	Projects dedicated to the minimization of drought risks & flood risks	Number of additional storm tanks Drainage networks built in km Weather radars Number of evacuation shelters Number of people and/or enterprises benefitting from measures to mitigate the consequences of floods and droughts

The reporting process is structured and based on relevant internal expertise, as set in the BOAD's manual of monitoring and evaluation procedures for the results of development projects financed by the BOAD. The Bank's Operational Directorates oversee data collection at project level through internal tools, including a biannual monitoring and evaluation mission of development results. The consolidation and aggregation of indicators is made at eligible categories level by the Development Results and Evaluation Directorate.

An area for improvement consists in committing to an external verification of the indicators used to report on environmental and social benefits of the eligible categories.



BEST PRACTICES

- ⇒ The Issuer will report on the Use of Proceeds until bond maturity.
- ⇒ The Issuer report will be publicly available.
- ⇒ The reporting will cover relevant information related to the allocation of Bond proceeds and to the expected sustainable benefits of the projects. The Issuer has also committed to report on material development related to the projects, including ESG controversies.
- ⇒ The indicators selected by the Issuer are exhaustive with regards to allocation reporting.
- ⇒ 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 and social benefits of the Eligible categories will be disclosed publicly.

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	ELIGIBLE SUB-CATEGORY	EXPECTED IMPACT	ANALYSIS
Affordable basic infrastructure	Development of projects providing & expanding access to clean water	ADVANCED	Water access is a key challenge for West African Economic and Monetary Union (WAEMU) countries. The target population has been identified at a regional level, namely: general public in WEAMU countries. The category is likely to provide long term social improvement for the intended target.
	Development of projects providing & expanding access to sanitation	ADVANCED	Access to sanitation is a key challenge for WAEMU countries. The target population has been identified at a regional level, namely: general public in WEAMU countries. The category is likely to provide long term social improvement for the intended target.
	Development of electricity transmission and distribution infrastructure	ADVANCED	Broadening access to electricity is a major challenge for WAEMU countries. The target population has been identified precisely ¹⁹ and appears to be the most in need. The category is likely to provide long term social improvement for the intended target.
	Development of offgrid production facilities of low carbon electricity	ADVANCED	Broadening access to electricity is a major challenge for WAEMU countries. The target population has been identified at a regional level, namely: general public in WEAMU countries. The category is likely to provide long term social improvement for the intended beneficiaries.
	Development of telecom network and related infrastructure Telecom	ADVANCED	Broadening access to telecom infrastructures is a major challenge for WAEMU countries. The target population has been identified specifically based on the existence and the efficiency of the current network. The category is likely to provide long term social improvement for the intended beneficiaries.
	Development of rural and feeder roads and public transport	ADVANCED	Access to transportation for farmers is a crucial issue for WAEMU countries. The target population has been identified precisely, namely: rural population living more than 2 km of an all-season road. The category is likely to provide long term social improvement for the intended beneficiaries.

¹⁹ Low electricity connection rate to be understood as district and/or town with a share of population having access to electricity below 50%.

Access to essential services	Development of projects expanding education and training facilities	ADVANCED	Access to education including higher education is a major challenge for WAEMU countries. The target population has been identified ²⁰ and appears to be the most in need. The category appears to be empowering for the population.
	Development of programs, initiatives and projects dedicated to agricultural transformation aiming at ensuring food security	ADVANCED	Ensuring food for all and developing agriculture is a crucial challenge in the region. The target population has been identified precisely and appears to be the most relevant, namely: farmers living in rural areas marked by food insecurity. The category appears to be empowering for the population through knowledge transfer.
	Development of projects contributing to Access to free/subsidized healthcare	ADVANCED	Access to healthcare for all and fighting against epidemics is a crucial issue for WAEMU countries. The target population has been identified at regional level. The category is likely to provide long term social improvement for the intended beneficiaries, and empowerment through the training of health personnel.
Economic and financial transition	Programs, initiatives and institutions, dedicated to promotion of job creations, return to employment and labour market entry opportunities	ROBUST	Economic development is a crucial issue for WAEMU countries. Eligibility criteria have been set so that only SMEs (>250 employees) are financed, however there is no filtering criteria for the SMEs beyond the general exclusion criteria. The category is likely to provide long term social improvement for the intended beneficiaries.
	Programs, initiatives and projects in response to the Covid crisis	ROBUST	The objective of this category appears to be to prevent companies from going bankrupt because of the Covid 19 crisis. The target population has been identified as SMEs impacted by Covid, thanks to financial filtering criteria. The category appears to be providing a temporary social improvement through maintaining companies and employment, rather than long-term improvement.
	Access to essential financial and insurance services	ROBUST	Economic development is a crucial issue for most WAEMU countries. The target population has been identified broadly, however data on local gender gap has been provided and shows the importance of targeting women in this region. Further details on the type of eligible financial services would ensure long-term impact and accompanying financial education could ensure empowerment.
Access to housing & property	Programs, initiatives and institutions, dedicated to promotion of social housing	ADVANCED	Access to social housing is a crucial challenge for WAEMU countries. The target population has been clearly identified: population living below the poverty line. The category is likely to provide long term social improvement for the intended beneficiaries.

²⁰ Young people under 24, people with socio-professional integration difficulties (all ages), without training or professional experiences, long-term unemployed

Renewable energy	Development, construction, installation and maintenance of Small hydroelectricity production facilities	ADVANCED	Financing renewable energy is one key issue for development banks. Intended hydropower can be either below 25 MW which is very unlikely to have a large impact on settlements, or above 25 MW, which can have negative impacts on the population. Due to the screening criteria (100 gCO ₂ eq/kWh threshold), the category should not adversely impact the initial objective of climate mitigation. The category is adopting internationally recognized standards, but there are more stringent thresholds available in the market for small size hydropower plants ²¹ .
	Development, construction, installation and maintenance of Solar Facilities	ADVANCED	Financing renewable energy is one key issue for the development banks. Solar panels and especially CSP are the most land requiring mean of producing electricity and can therefore compete with other land usages. Information on the sourcing of panels and if the majority will be installed on roof or on ground could be valuable for minimising negative impacts. The category follows the best technologies available in the sector to contribute to the claimed objective of climate mitigation.
	Development, construction, installation and maintenance of Wind Facilities	ADVANCED	Financing renewable energy is one key issue for development banks. The category follows the best alternative available in the sector to contribute to the claimed objective.
	Development, construction, installation and maintenance of Bioenergy facilities (Biomass, Biogas and Biofuels)	ROBUST	Financing renewable energy is one key issue for development banks. To ensure that these projects contribute to climate mitigation, energy efficiency or emissions thresholds should be set. The project is using a technology that aims to contribute to the claimed objective of climate mitigation, adopting internationally recognized standards for anaerobic digestion of sludge, but there are more stringent thresholds/standards available in the market with regards to biomass sourcing and emissions thresholds.
	Development, construction, installation and maintenance of Energy Storage Facilities aiming at promoting the development of Renewable energies	ADVANCED	The category includes solar batteries and pumped storage hydropower. Hydrogen and power-to-gas have been excluded from this category. The category is adopting a technology that aims to contribute to the claimed objective, adopting internationally recognized standards.
Sustainable mobility	Development, construction, installation and maintenance of electric rail transportation & vehicles for the movement of goods and people as well as related infrastructure projects	ADVANCED	Long term infrastructure financing is a key role for development financing institutions. The category should entail positive impact for locally and globally. Electric rail transport for freight and passenger has a positive lock in effect. Due to the long-term perspective of this type of project, the current carbonation of the electricity mix is less relevant than for shorter term electric means of transportation (such as cars). The category follows the best alternative available in the sector to contribute to the claimed objective of climate mitigation.

²¹ The size criteria (hydropower plants <25W) does not ensure the respect of the 100 gCO₂eq/kWh threshold.

Green Buildings	Development of new buildings or acquisition of existing buildings, Major renovation or Restructuring of existing buildings	ADVANCED	Financing green buildings is a priority for development financing institutions. Acquisition and construction of efficient buildings have less of an impact than renovation. Construction has an absolute effect on energy consumption. The category follows the best alternative available in the sector to contribute to the claimed objective of climate mitigation.
Pollution Prevention and Control	Projects of waste reduction, collection, recycling and sustainable treatment	ADVANCED	Financing waste management is a key priority for development banks, a long-term investment and with a particular need in the region. Waste treatment has both local and global positive impacts. The category is adopting a technology that aims to contribute to the claimed objective of pollution prevention and control, adopting internationally recognized standards, but there are more stringent thresholds available in the market for composting assets.
Sustainable water and wastewater management	Projects of water resources' protection	ADVANCED	Financing of water and wastewater infrastructure is very relevant for development banks. The category should provide only positive impacts. Although the issuer has provided examples, V.E lacks precise information on the intended eligible technologies.
Environmentally sustainable management of living natural resources and land use	Projects contributing to land use/soil protection, prevention of desertification and soil erosion	ADVANCED	Soil protection and the prevention of desertification are relevant issues for development banks in the region. This category should have positive local and global impacts. Sustainable forestry follows the FSC and PEFC labels.
	Projects contributing to biodiversity conservation	ADVANCED	The category includes projects relating to reforestation, protection of protected areas, restoration of degraded land, forest management, etc. Protection and restoration of ecosystems are relevant for conservation of biodiversity.
	Projects contributing to sustainable agriculture	ADVANCED	Sustainable agriculture is a key priority for development banks in the region. The Issuer has defined eligible agriculture projects as following the climate-smart approach, ensuring climate mitigation and adaptation.
Climate Resilience: Land and Water related hazards	Projects dedicated to the minimization of drought risks & flood risks	ADVANCED	Developing online tools or early warning methods to allow people to detect risks to property from floods, storms and other climate related hazards is a key element to adapt to climate change, and particularly relevant for development banks in the region.

OVERALL 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 are considered advanced. They combine identification, management, mitigation, monitoring, control, and corrective measures.

The BOAD has a Policy for Environmental and Social Management in project funding²², which details their system of environmental and social safeguards throughout the project cycle, and how environmental and social management are integrated in their operations.

The BOAD has also shared their policy on the verification of environmental and social conformity of the BOAD, detailing the scope, principles and organisational structures. This policy highlights independent verification and expertise, and who is responsible within BOAD for the implementation of these verifications, ensuring transparency and accountability.

Integration of Environmental and Social factors in project selection and evaluation

Environmental and Social factors are integrated in the project selection process, monitoring and control at different stages:

- In the first stage of project identification, the Operational Directorate and Climate and Environment Directorate of BOAD are responsible for drafting a Concept Note ("Fiche d'Entrée en Portefeuille"), which includes the first draft of an environmental and social impacts analysis. This preliminary screening triggers safeguard policies, depending on the classification in risk categories, according to the scope, magnitude and intensity of the potential impacts of the project (further details can be found in Appendix B of the Framework). This is reviewed by the BOAD's internal teams and submitted to the Commitment Committee ("Comité des Engagements"), which makes recommendations to strengthen the analysis of the potential Environmental and Social impacts of the projects.
- In the second stage of appraisal, the Project Appraisal Document ("Proposition de Prêt") is drafted. A more detailed and in-depth environmental and social impact analysis, and the gender equality analysis are conducted by the Operational Directorate and the Climate & Environment Directorate, with the contribution of the Evaluation Directorate on a desk review analysis.
- During the appraisal stage, a field mission is conducted. The Operational Directorate and the Environment Directorate add to the Project Appraisal Document the terms of reference of the field mission. The field missions have several objectives: to observe the elements described in the environmental impact assessment, to know the location of the project to evaluate its sensitivity, to interact with national environmental authorities to ensure they are involved in the implementation of the project, and to discuss with the populations impacted by the project to ensure their adherence to the project, and collect their grievances. The conclusions of this field mission assessment are integrated in the Project Appraisal Document.
- Based on the desk review and field mission, the Climate and Environment Directorate and the Operational Directorate develop an environmental and social management plan ("Plan de gestion environnementale et sociale", or "PGES") with monitoring indicators, and responsibilities for monitoring and implementation. The costs of proposed measures are also estimated, to be included in the total cost of the project. The PGES is a contractual document that is attached to the loan agreement, with conditions integrated in the loan agreement to ensure that core measures will be implemented.

²² "Politique d'intervention en matière de gestion environnementale et sociale dans le financement des projets", which can be found at <https://www.boad.org/politiques-procedures-directives/>



- During the project implementation stage, certain environmental and social conditions must be met to receive disbursements. The BOAD conditions the first disbursement on receiving the environmental permit for the project, and the proof of compensation of people affected by the project. These conditions ensure that the environmental and social aspects of the project's implementation of the project are reviewed and validated by the national authorities, and that the populations living in the project location are not exposed to distress because of the project.
- Throughout their implementations, the Climate & Environment Directorate and the Operational Directorate review the projects' Environmental and Social indicators through quarterly and yearly reports to follow the implementation of the PGES clauses. The implementation of the PGES is monitored by the environmentalist on the project team. The verification of the application of environmental clauses is made through the project supervision missions, and the study of the quarterly reports by the BOAD.
- The Issuer reports that in case the environmental clauses are not respected, recommendations are sent by mail to the borrower (Government, private partners' CEOs). In case the contractual clauses are not respected, disbursements can be suspended until commitments are made by the public or private partner.

Environmental Risks

As described above, an environmental and social impact assessment is required for all projects financed by the bank. The training of employees is included in the projects, and the monitoring of environmental and social indicators is required. The PGES identifies, monitors, and proposes mitigation or compensation measures for environmental risks and potential negative impacts, including GHG emissions. These measures are monitored both by the Bank and by the structure in charge of the environment in the countries where the projects are implemented. Regarding climate adaptation, current measures are taken on a case-by-case basis following best practices. A climate risk evaluation tool is currently being developed, to classify projects according to climate risk, and implement due diligences involving the promoter and beneficiaries to implement climate adaptation measures.

The Bank has several environmental policies that apply to all funded projects²³, in particular:

- Policy on pollution prevention, which covers all types of pollution (accidental hydrocarbon spills, air, water, soil, etc).
- Policy on biodiversity conservation, natural habitats and forest management. This policy prevents the BOAD from supporting projects that imply a modification or a significant degradation of critical natural habitats, which include existing protected areas, zones officially proposed to be classified as protected areas following the classification criteria of the International Union for Conservation of Nature, ancestral lands protected by local traditional communities, areas with high biodiversity conservation potential, and areas important for rare, vulnerable or endangered species (the full definition of critical natural habitats can be found in annex of the BOAD's policy).
- Policy on the sustainable management of natural resources, covering the responsible use of natural resources in construction and infrastructure, including their end of life.

Social and Governance Risks

The Bank has several social and governance policies that apply to all funded projects²⁴, in particular:

- Policy on native populations.

²³ The full list is available at: <https://www.boad.org/politiques-procedures-directives/>

²⁴ The full list is available at: <https://www.boad.org/politiques-procedures-directives/>



- Policy on labour and working conditions.
- To ensure dialogue with local stakeholders and consultations, the bank has a policy on information dissemination, and conducts public consultations as part of the PGES.
- Policy on the management of grievances: through an independent mechanism, any stakeholder who has been harmed by a project financed by the Bank can require the Bank to act in alignment with its own environmental and social policies, rules, procedures and directives.
- Policy on ethics and combatting fraud and corruption. The General Control (“Contrôle Général”) implements and monitors projects in this regard.
- Policy against money laundering.
- Policy on anti-competitive practices.

In addition, the BOAD has a dedicated policy on Gender, that integrates the gender dimension in its priorities and operations processes, to implement their objective of promoting gender mainstreaming as a means of development in the region. This is reflected on the project level by dedicated gender analyses and due diligences at different stages of project selection and implementation. A preliminary gender analysis is done at the stage of project identification and the drafting of the Concept Note. During the field mission in the appraisal stage, meetings are organised between the authorities in charge of integrating the gender dimension and the project promoters, to ensure a coherent and effective integration of gender in the project.



ISSUER

Management of ESG Controversies

As of today, the review conducted by V.E did not reveal any ESG controversy against the BOAD 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"), the TEG proposal for a Green Bond Standard, 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/or 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;²⁵
- 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

NB: The Issuer's ESG Performance has been part of the scope of the due diligence conducted for this Second Party Opinion. The assessment of the Issuer's overarching sustainability strategy and policies has been done in the coherence and E&S risks sections.

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).

²⁵ 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.



- **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).

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.



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Transparency on the relation between V.E and the Issuer: V.E has not carried out any audit mission or consultancy activity for the BOAD. No established relation (financial or commercial) exists between V.E 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.

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