

# SECOND PARTY OPINION

on the Sustainability of the Republic of Benin's SDG Bond Framework

V.E considers that the Republic of Benin's SDG Bond Framework is aligned with the four core components of ICMA's Green Bond Principles 2021 (GBP) and Social Bond Principles 2021 (SBP) and is in line with best practices identified by V.E

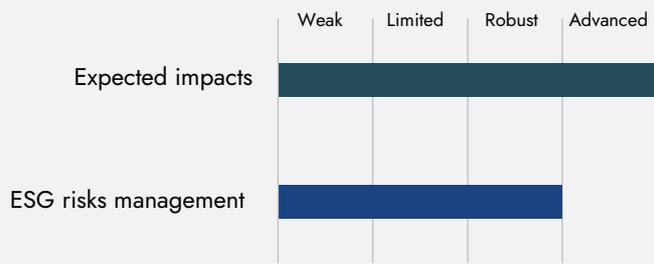


## Framework

Contribution to Sustainability:



- Advanced
- Limited
- Robust
- Weak



SDG Mapping

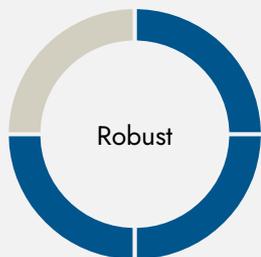


Characteristics of the Framework

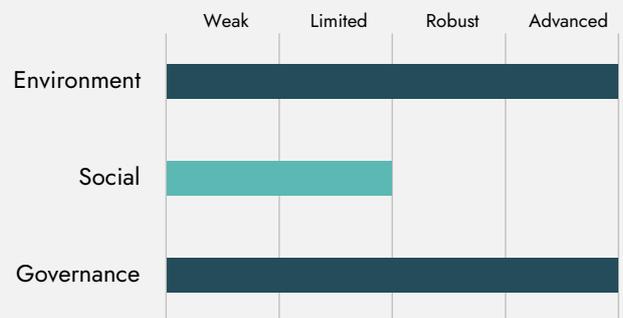
Green and Social Eligible Categories	12 Categories, including: agriculture, water and wastewater, health, housing, education, energy, connectivity, biodiversity
Project location	Benin
Target population	Defined for all categories
Existence of framework	Yes
Share of refinancing	To be disclosed for each bond issuance
Look back period	24 months

## Issuer

ESG Performance as of June 2021



- Advanced
- Limited
- Robust
- Weak



## Coherence

- Coherent
- Partially coherent
- Not coherent

V.E considers that the Republic of Benin's SDG Bond Framework is coherent with the Republic of Benin's Government's strategic sustainability priorities, and that it contributes to the achievement of its sustainability commitments and targets.



## Key findings

V.E considers that The Republic of Benin's SDG Bond Framework is aligned with the four core components of the GBP & SBP and best practices identified by V.E.

### Use of Proceeds – aligned with GBP & SBP and best practices identified by VE

- The Eligible Categories are clearly defined and detailed, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and location of Eligible Expenditures, as well as the target population for the Social Expenditures.
- 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 and precise, 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 expenditures will be equal or less than 24 months from the issuance date, in line with good market practices.

### Evaluation and Selection – aligned with GBP & SBP and best practices identified by VE

- The process for Expenditure 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, monitoring of Eligible Categories. The roles and responsibilities are clear and include relevant internal and external expertise. The Process will be publicly disclosed in Framework.
- Eligibility criteria (selection and exclusion) for expenditure 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 projects is publicly disclosed (in the herewith SPO and in the Framework). The Process is considered robust: it combines monitoring, identification and corrective measures for all eligible expenditures (see detailed analysis on pages 33-37).

### Management of Proceeds – aligned with 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 extend to maximum the next two calendar years after the issuance date.
- The net proceeds of the Bond will be tracked by the Issuer in an appropriate manner and attested to 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 expenditures made during that period.
- The Issuer has provided information on the procedure that will be applied in case of project/asset divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the bond framework within three to twelve months.



#### Reporting – aligned with GBP & SBP and best practices identified by VE

- The Issuer has committed to report on the Use of Proceeds annually, until Bond maturity. The report and verification will be publicly available until bond maturity.
- The reporting will cover relevant information related to the allocation of Bond proceeds and to the expected sustainable benefits of the eligible expenditures. The Issuer has also committed to report on material developments/issues/controversies related to the Eligible Expenditures.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Expenditures.
- An external auditor will verify the tracking and allocation of funds to Eligible Expenditures until bond maturity. The Indicators used to report on environmental and social benefits of the Eligible Expenditures are verified internally by the relevant public administrations and the National Institute of Statistics, as well as partnerships with international organisations for some indicators, until bond maturity.

#### Contact

Sustainable Finance Team | [VEsustainablefinance@vigeo-eiris.com](mailto:VEsustainablefinance@vigeo-eiris.com)



# SCOPE

---

V.E was commissioned to provide an independent opinion (thereafter “Second Party Opinion” or “SPO”) on the sustainability credentials and management of the SDG Bonds<sup>1</sup> (“Bonds”) to be issued by the Republic of Benin (the “Issuer”, “Benin”) in compliance with the SDG 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 2021 - and Social Bond Principles (“SBP”) - edited in June 2021 - 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 sustainability commitments, the Bond’s potential contribution to sustainability and its alignment with the four core components of the GBP & SBP 2021.
- Issuer: we have assessed the sustainability performance of the Issuer (Sovereign Sustainability Rating©).

Our sources of information are multi-channel, 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 Benin Government and stakeholders involved in the Benin Government SDG Bond issuance, held via a telecommunications system.

We carried out our due diligence assessment from June 14<sup>th</sup> to July 9<sup>th</sup>, 2021. We consider that we were provided with access to all the appropriate documents and interviewees we solicited. To this purpose we used our reasonable efforts to verify such data accuracy.

## Type of External Reviews supporting this Framework

<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

---

<sup>1</sup> The “SDG Bond” is to be considered as the bond to be potentially issued, subject to the discretion of the Issuer. The name “SDG Bond” has been decided by the Issuer: it does not imply any opinion from V.E.

# COHERENCE

---

Coherent
Partially coherent
Not coherent

V.E considers that the Republic of Benin's SDG Bond Framework is coherent with the Republic of Benin's Government's strategic sustainability priorities, and that it contributes to the achievement of its sustainability commitments and targets.

In 2015, the 193 member states of the United Nations adopted the 2030 Agenda for Sustainable Development, which includes 17 Sustainable Development Goals (SDGs), 169 targets and 232 global indicators. The 2030 Agenda "provides a shared blueprint for peace and prosperity for people and the planet, now and in the future". With a 10-year deadline for achieving the SDGs, world leaders have called for a "Decade of Action" at the SDG summit in September 2019. Achieving these goals requires the transition of all economic sectors to sustainable development models, and immediate action by all public and private actors. In particular, national governments must mobilise to achieve the Sustainable Development Goals, through regional and global leadership, by integrating sustainability into policies, budgets, institutions, and regulatory frameworks, and by working with all stakeholders.

National governments must lead the climate action to limit global warming and protect the environment, and at the same time reduce inequalities by putting in place national policies and action plans that ensure sustainable and inclusive growth.

Benin declares to have put the 2030 Agenda at the centre of the long-term orientation of the country, through its national planning, and at the continent level, by committing to implementing the African Union's Agenda 2063.

In order to implement the 2030 Agenda, Benin has adopted measures to integrate the 17 SDGs into its national planning, budgetary and fiscal policies, notably within (i) the Government's Action Programme (*Programme d'Actions du Gouvernement*, or "PAG"), (ii) the National Development Plan 2018-2025 (*Plan National de Développement 2018-2025*, or "PND") and (iii) the Growth Programme for Sustainable Development (*Programme de Croissance pour le Développement Durable*, or "PC2D").

Since December 2016, the Beninese government has developed an institutional architecture dedicated to the implementation of the 2030 Agenda. Different committees have been created to implement the Government Action Programme (PAG) for the 2016-2021 period, linked to the key SDGs. The PAG foresees large-scale investments in areas such as agriculture, tourism, culture, infrastructure, the digital economy, and information technology.

As part of the enactment of the PAG, structured governance around the SDGs is being put in place in line with the implementation of the Ten-Year Framework of Action for Accelerating the Implementation of the SDGs in Benin (the *Cadre décennal d'action pour l'accélération de la mise en œuvre des ODD*, or "CDA-ODD 2021-2030"). The latter is based on the Millennium Development Goals (MDG) Acceleration Framework, developed by the United Nations Development Programme (UNDP), whose objective was to identify and implement solutions to the MDG bottlenecks by chosen area of intervention.

In 2017, the Republic of Benin defined development priorities during a process that brought together actors from the public sector (central administrations, communes, parliamentarians), civil society, the private sector, and technical and financial partners in the form of thematic groups organised around the SDGs. The process is structured around two main actions:

- (i) Prioritising the most pressing SDG targets: identification of forty-nine priority targets.
- (ii) Assessing the costs of achieving the SDGs by 2030 ("costing"): the budgeting of the costs of achieving the SDGs is based on the four pillars of the National Development Plan (PND) 2018-2025: People, Prosperity, Planet and Peace.

According to the Issuer, the National Development Plan (PND) 2018-2025 aims to promote a reorganisation of public spending towards welfare-generating programmes, and is specifically aimed at the most disadvantaged populations. The long-term objective of the PND is to achieve sustained, sustainable and inclusive growth of at least 10% by 2025, based on the development of agro-industry, tourism and services within a more effective national and local governance framework, with a focus on improving human capital and infrastructure. The PND is structured around four major themes:

- Human capital and well-being of the population
- Economic productivity and competitiveness
- Environment, climate change and territorial development
- Governance

In addition, in March 2018, the Republic of Benin adopted the Growth Programme for Sustainable Development (PC2D) 2018-2021, which is a short-term implementation stage of the PND.

The Issuer reports that the PC2D is an instrument for the sustainable recovery of the Beninese economy aimed at addressing the following challenges:

- Improving the overall and sectoral competitiveness of the economy
- Reducing inequalities in access to basic social services. In order to effectively combat poverty, in addition to reviving economic growth, the strategies adopted must also integrate the fight against inequalities, by implementing appropriate redistribution policies
- Correct the disparities between the different areas of the country
- Improve the management of public affairs. The implementation of quality governance, at all levels, is a prerequisite for increasing the capacity to effectively implement development policies

Finally, it is important to underline Benin's commitment, following the Paris Agreement, to contribute to the global effort to reduce its GHG emissions by 16.17% by 2030, as well as the climate change adaptation measures envisaged in terms of agriculture, water management, forestry, coastline, health and energy.

# FRAMEWORK

---

The Issuer has described the main characteristics of the Bonds within a formalized SDG Bond Framework which covers the four core components of the GBP & SPB 2021 (the last updated version was provided to V.E on July 9<sup>th</sup>, 2021). The Issuer has committed to make this document publicly accessible on the official website of the Ministry of Economy and Finance<sup>2</sup>, in line with good market practices.

## Alignment with the Green and Social Bond Principles

### Use of Proceeds



The net proceeds of the Bonds will exclusively finance or refinance, in part or in full, projects falling under twelve Green and Social Eligible Expenditures Categories (“Eligible Categories”), as indicated in Table 1.

- The Eligible Categories are clearly defined and detailed, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and location of Eligible Expenditures, as well as the target population for the Social Expenditures.
- 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 and precise, 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 expenditures will be equal or less than 24 months from the issuance date, in line with good market practices.

#### BEST PRACTICES

- ⇒ The definition and eligibility criteria (selection and exclusion) are clear 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 issuance.
- ⇒ The look-back period for refinanced assets is equal or less than 24 months, in line with good market practices.

<sup>2</sup> <https://finances.bj/>

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

- Nature of expenditures: Goods and services, current transfers and subsidies, public investment, personnel expenditures
- Location of Eligible Expenditures: Benin

ELIGIBLE CATEGORIES <sup>3</sup>	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Development of a sustainable and productive agriculture	<ul style="list-style-type: none"> <li>- Support measures to strengthen subsistence agriculture through better accessibility to rural land, the development of arable land, better irrigation, and the facilitation of the installation of new farmers</li> <li>- Extension of warning and management systems for climatic disasters affecting the agricultural sector (floods, storms, etc.)</li> <li>- Financing of agricultural insurance and disaster management mechanisms</li> </ul> <p><u>Target population:</u> Youth, especially first-time buyers of agricultural land, food producers, food retailers, agricultural cooperatives.</p>	<p><u>Food Security</u> Reduction of the proportion of the population facing food insecurity</p> <p><u>Socio-economic development</u> Increased support for producers/farmers/retailers</p> <p><u>Adaptation to climate change</u> Protection of farmers from disasters</p>	<p>The Eligible Category is clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and location at national level. The target populations have been clearly identified.</p> <ul style="list-style-type: none"> <li>- The Issuer includes additional relevant eligibility and exclusion criteria (Annex B of the Framework) to promote sustainable agricultural practices in all Eligible Expenditures, such that the agricultural production ecosystem must maintain a diversity of non-harvested species that support production (soil micro-organisms, pollinators) and those in the wider environment that support the diversity of agro-ecosystems (agricultural, pastoral, forestry and aquatic) through limited use of pesticides, as well as additional criteria for cotton, including certifications and external verifications.</li> <li>- An area for improvement is to include additional criteria to promote the development of sustainable agricultural practices, for example through certifications, in all Eligible Expenditures, in line with best practices.</li> </ul> <p>The environmental and social objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected environmental and social benefits are clear, considered relevant, measurable, and will be quantified in the reporting.</p>

<sup>3</sup> See the eligibility and exclusion criteria defined in Annex B: 'Detailed rationale for each category of eligible expenditure' of the Framework Document.

ELIGIBLE CATEGORIES <sup>3</sup>	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Access to drinking water and wastewater treatment	<ul style="list-style-type: none"> <li>- Construction, operation and maintenance of infrastructure that increases water production, transport, treatment and storage capacity</li> <li>- Provision of low-cost connections for low-income households</li> <li>- Construction of hydraulic infrastructure for non-animal agricultural land (irrigation, water supply, drainage, wastewater disposal and flood control facilities)</li> </ul> <p><u>Target population:</u> Populations living in informal settlements and/or rural areas, populations without functional modern water points, populations (especially rural) not connected to sewerage systems.</p>	<p><u>Access to affordable basic infrastructure</u></p> <p>Increased access/connection to drinking water</p> <p><u>Sustainable water and wastewater management</u></p> <p>Increased water production, transport, treatment and storage capacity</p>	<p>The Eligible Category is clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and location at national level. The target populations have been clearly identified.</p> <ul style="list-style-type: none"> <li>- The Issuer stated in internal documentation that it has taken measures to ensure that water infrastructure does not create water stress, notably under the responsibility of the National Agency for Water Supply in Rural Areas (Agence Nationale d'Approvisionnement en Eau Potable en Milieu Rural, ANAEPRM).</li> <li>- Of note, although the main objective of this eligible category is social, environmental standards encourage the integration of energy efficiency and consumption criteria to also cover climate change mitigation objectives and benefits.</li> </ul> <p>The environmental and social objective are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected environmental and social benefits are clear, considered relevant, measurable, and will be quantified in the reporting.</p>

ELIGIBLE CATEGORIES <sup>3</sup>	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Improving health for all	<ul style="list-style-type: none"> <li>- Development and/or extension of social protection mechanisms enabling patients to have free access to health professionals (general practitioners, specialists) and related treatment and care (e.g. free treatment of malaria for pregnant women and children under 5)</li> <li>- Training and remuneration of state health personnel, doctors, midwives and nurses</li> <li>- Expenditure on developing and upgrading health infrastructures (financing of hospital centres, palliative care units, university health centres, acquisition of equipment, including scanners and imaging) and care for populations that have been excluded or distanced from the health care system until then (e.g. the elderly at the end of their lives)</li> <li>- Financing of dispensaries, health centres, maternity wards and housing for health workers</li> </ul> <p><u>Target population:</u> Beneficiary patients in the 77 municipalities of Benin<sup>4</sup>, people suffering from chronic/acute diseases, all patients in the Beninese hospital system and elderly people who are distanced from the conventional health system, health personnel/caregivers, young women and women with limited access to sexual reproductive health.</p>	<p><u>Access to and quality of health services and infrastructure</u></p> <ul style="list-style-type: none"> <li>Increase in access to healthcare for vulnerable populations</li> <li>Increase in the proportion of the population with access to health insurance</li> <li>Improvement in health infrastructure</li> <li>Improvement in the availability and quality of patient care</li> <li>Improvement of the working conditions of health professionals</li> </ul>	<p>The Eligible Category is clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and location at national level. The target populations have been clearly identified.</p> <p>The social objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected social benefits are clear, considered relevant, measurable, and will be quantified in the reporting.</p>

<sup>4</sup> According to the scope established the Ensurance for the Reinforcement of Human Capital, *l'Assurance pour le renforcement du capital humain* (ARCH).

ELIGIBLE CATEGORIES <sup>3</sup>	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Decent housing for the poor	<ul style="list-style-type: none"> <li>- Construction of housing ensuring safe and decent living conditions (access to electricity, drinking water, collective sanitation, with a minimum surface area in m<sup>2</sup> per inhabitant, ensuring a minimum of luminosity, ventilation, absence of humidity, and safety of the building)</li> <li>- (Re)housing of populations living in informal housing (public financing of rents and/or organisations in charge of the allocation and management of social housing)</li> </ul> <p><u>Target population:</u> Populations living in overcrowded and/or informal housing, populations living in housing exposed to natural hazards (risk of seepage, dampness, flooding), poor populations (poverty in living and monetary conditions).</p>	<p><u>Access to affordable housing</u></p> <p>Increase the proportion of the population with access to affordable, safe and decent housing</p>	<p>The Eligible Category is clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and location at national level. The target populations have been clearly identified.</p> <p>The social objective is clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected social benefit is clear, considered relevant, measurable, and will be quantified in the reporting.</p>

ELIGIBLE CATEGORIES <sup>3</sup>	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Expansion of educational services and improvement of support services for pupils and students	<ul style="list-style-type: none"> <li>- Maintenance and/or rehabilitation of public schools and universities</li> <li>- Construction of new schools and universities, equipped with state-of-the-art materials to stimulate scientific and technical fields in particular</li> <li>- Personnel costs (payroll and costs of acquiring goods and services) for teachers and teaching staff</li> <li>- Current transfers and subsidies to finance scholarships for students (social and/or merit-based), allowances for teachers, coverage of school fees, free school canteen programmes, purchase of schoolbooks</li> </ul> <p><u>Target population:</u> Beninese students from primary to higher education, and in particular children from families with modest incomes with a special focus on young girls.</p>	<p><u>Access to and quality of education-related services and infrastructure</u></p> <p>Improvement of the capacity and quality of teaching infrastructure for pupils and students</p> <p>Increase in primary and secondary school enrolment</p> <p>Increase in access to higher education</p> <p>Improvement of the working conditions of teachers and educational teams</p>	<p>The Eligible Category is clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and location at national level. The target populations have been clearly identified.</p> <ul style="list-style-type: none"> <li>- The Issuer has stated in internal documentation that it takes into account a series of environmental factors in the construction of new buildings for schools and universities, to ensure temperature management, efficient water use, renewable energy, and green spaces.</li> </ul> <p>The social objective is clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected social benefit is clear, considered relevant, measurable, and will be quantified in the reporting.</p>

ELIGIBLE CATEGORIES <sup>3</sup>	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
<p>Access to low-carbon, reliable and affordable energy</p>	<ul style="list-style-type: none"> <li>- Construction of solar power plants and on-shore/off-shore wind farms</li> <li>- Electrification programmes for urban or rural localities and connection to the electricity distribution network of off-grid populations more than 10 kilometres from the conventional network if the electrification rate is respectively below 50% and 10%<sup>5</sup></li> <li>- Community infrastructure electrification projects ("off-grid energy facilities") for populations more than 10km from the conventional grid, supplied by renewable sources of energy (solar).</li> </ul> <p><u>Target population:</u> The entire population of Benin, but in particular the inhabitants of rural areas poorly connected to the conventional electricity network (mostly in the north of Benin)</p>	<p><u>Renewable energy</u></p> <p>Increase the share of renewable energy in the national energy mix (installed capacity and production)</p> <p>CO<sub>2</sub> emissions avoided</p> <p><u>Access to affordable basic infrastructure</u></p> <p>Increase the proportion of the population with access to electricity</p> <p>Increase the proportion of urban and rural localities electrified</p>	<p>The Eligible Category is clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and location at national level. The target populations have been clearly identified.</p> <p>The environmental and social objective are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected environmental and social benefits are clear, considered relevant, measurable, and will be quantified in the reporting.</p>

<sup>5</sup> Please refer to the Framework for the full details on the eligibility criteria, which include the integration of renewable energy in the energy mix.

ELIGIBLE CATEGORIES <sup>3</sup>	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Connectivity and digital inclusion throughout the territory	<ul style="list-style-type: none"> <li>- Extension of the very high-speed network, in particular in rural areas</li> <li>- Expansion of the capacity to take charge of and improve the quality of educational services in Benin's public education system through the use of digital technologies</li> <li>- Generalisation of e-services and digitalisation of the public administration</li> <li>- Programmes for the deployment of digital tools for training purposes and collaboration between teachers and students to broaden their operational skills</li> <li>- Digital infrastructures<sup>6</sup> for financial inclusion and entrepreneurship</li> </ul> <p><u>Target population:</u> Beninese rural and urban population with little or no internet connection, students at different levels of education in Benin</p>	<p><u>Access to basic services</u></p> <p>Increased connectivity and digital inclusion throughout the territory</p> <p>Increased access to and availability of digital services</p>	<p>The Eligible Category is clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and location at national level. The target populations have been clearly identified.</p> <p>The social objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected social benefits are clear, considered relevant, measurable, and will be quantified in the reporting.</p>

<sup>6</sup> The Issuer reports that digital infrastructures are infrastructures that must allow people to access the Internet, facilitate access to bank credits and facilitate access to digital terminals.

ELIGIBLE CATEGORIES <sup>3</sup>	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Supporting employment and financial inclusion of young people, women, and entrepreneurs in rural areas	<ul style="list-style-type: none"> <li>- Development and support, and/or funding of skills training for the full integration of young workers</li> <li>- Expenditure to support SMEs/mid-sized companies employing young workers through, for example, subsidised financing mechanisms (tax incentives)<sup>7</sup></li> <li>- Financial endowment dedicated to microfinance for the empowerment of vulnerable populations (women, landlocked rural populations)</li> </ul> <p><u>Target population:</u> Young workers in the process of entering the labour market, young unemployed graduates, women entrepreneurs, entrepreneur in rural areas who work in an SME/mid-sized company.</p>	<p><u>Socioeconomic advancement and empowerment</u></p> <p>Improvement in the employment rate of young people</p> <p>Development of SMEs and microfinance</p>	<p>The Eligible Category is clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and location at national level. The target populations have been clearly identified.</p> <p>The social objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected social benefits are clear, considered relevant, measurable, and will be quantified in the reporting.</p>

<sup>7</sup> The Issuer has further specified in internal documentation the following criteria: Young people are targeted according to their age (under 25), their sector of activity (craft activities, agricultural sector) but above all their level of education (not beyond primary school). The size of their business can also be a targeting factor (between 5 and 99 permanent employees, share capital of 1 million to 50 million CFA francs).

ELIGIBLE CATEGORIES <sup>3</sup>	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Developing sustainable <sup>8</sup> urban living environments and infrastructure for all	<ul style="list-style-type: none"> <li>- Rehabilitation of insalubrious areas and neighbourhoods</li> <li>- Sustainable development of common spaces for shopping, recreation and leisure</li> <li>- Waste prevention, reduction, reuse and recycling systems<sup>9</sup> and/or facilities (excluding incineration, landfill and disposal)</li> <li>- Infrastructure for transport with no direct GHG emissions<sup>10</sup></li> </ul> <p><u>Target population:</u> The entire Beninese population and in particular the inhabitants of the areas concerned by sanitation and affected by the direct and indirect effects of the construction sites, informal traders in Beninese markets and unconnected Beninese entrepreneurs, populations of urban centres.</p>	<p><u>Access to quality infrastructure</u> Improvement of the quality of urban common spaces</p> <p><u>Pollution Prevention and Control</u> Reduction of waste production at source</p> <p>Improvement of waste collection and management</p> <p><u>Clean Transportation</u> CO<sub>2</sub> emissions avoidance</p>	<p>The Eligible Category is clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and location at national level. The target populations have been clearly identified.</p> <p>The environmental and social objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected environmental and social benefits are clear, considered relevant, measurable, and will be quantified in the reporting.</p>

<sup>8</sup> The Issuer defines “sustainable infrastructure” in the Framework’s annex as one that (i) has a smaller carbon footprint than conventional infrastructure, (ii) is socially inclusive for all communities and users (inhabitants and direct users of the space, neighbouring communities, visitors, traders), (iii) with implementation and planning criteria aimed, for example, at reducing urban heat islands due to anarchic urbanisation (largely informal) and urban congestion caused by a failure of the urban traffic networks and (iv) avoiding massive population displacements (less than 200 people, following the example of the threshold defined by the African Development Bank) and having been the subject of consultation with the populations.

<sup>9</sup> For example, the Issuer reports that it is envisaged to provide households with bins to enable an optimal collection system.

<sup>10</sup> Only transport without direct GHG emissions (zero tailpipe emissions) is eligible.

ELIGIBLE CATEGORIES <sup>3</sup>	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
<p>Preservation of lake and coastal areas, reasoned economic exploitation of Benin's coastal areas</p>	<ul style="list-style-type: none"> <li>- Programmes to fight coastline erosion in urban and rural coastal areas of southern Benin</li> <li>- Rehabilitation and preservation of coastal ecosystems providing ecosystem services such as mangroves</li> <li>- Financing of community infrastructures for the development of artisanal fishing sectors in South Benin<sup>11</sup></li> </ul> <p><u>Target population</u>: Coastal populations of South Benin, in particular those neighbouring lake or coastal areas with mangroves and fishermen populations (households, identified villages) having developed artisanal fishing activities.</p>	<p><u>Preservation of terrestrial and aquatic biodiversity</u></p> <p>Increase the proportion of the maritime area covered by marine protected areas</p> <p><u>Socio-economic advancement of fishing and coastal communities</u></p>	<p>The Eligible Category is clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and location at national level. The target populations have been clearly identified.</p> <ul style="list-style-type: none"> <li>- The Issuer includes additional relevant selection and exclusion criteria (Annex B of the Framework) to ensure the sustainable management of fisheries and aquatic ecosystems, including a surveillance brigade whose role is to enforce the application of the law from 7 August 2014 on fishing and aquaculture. Only artisanal fishing is eligible.</li> </ul> <p>The environmental objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected environmental benefits are clear, considered relevant, measurable, and will be quantified in the reporting.</p>

<sup>11</sup> The Issuer specifies that this involves (i) the construction of landing points and fish markets for small-scale maritime fishing, (ii) the construction of landing stages around certain bodies of water in southern Benin and (iii) the construction of aquaculture villages to increase national production in order to reduce imports.

ELIGIBLE CATEGORIES <sup>3</sup>	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
<p>Biodiversity conservation, restoration &amp; sustainable use of Benin's forest cover</p>	<ul style="list-style-type: none"> <li>- Reforestation initiatives including the populations in the development and exploitation of natural forest ecosystems</li> <li>- Agroforestry programmes and the development of local processing and non-timber product chains</li> <li>- Reforestation programmes to combat soil erosion and desertification (based on indigenous species)</li> </ul> <p><u>Target population:</u> Rural and urban populations in the immediate vicinity (less than 15 km) of forest systems, small farmers seeking access to land.</p>	<p><u>Preservation of terrestrial biodiversity</u></p> <p><u>Sustainable management of natural living resources and soils</u></p> <p>Increase in protected areas</p> <p>Increase in forest cover</p>	<p>The Eligible Category is clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and location at national level. The target populations have been clearly identified.</p> <ul style="list-style-type: none"> <li>- The Issuer includes additional relevant eligibility and exclusion criteria (Annex B of the Framework) to ensure the sustainable management of agroforestry, notably the exclusion of palm oil production</li> <li>- The Issuer has mentioned in internal documentation that certain products, including honey and shea butter, will obtain a certification to ensure the sustainable management of natural resources.</li> </ul> <p>An area for improvement is to require sustainable certifications for all agroforestry and forest exploitation Eligible Expenditures.</p> <p>The environmental objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected environmental benefits are clear, considered relevant, measurable, and will be quantified in the reporting.</p>

ELIGIBLE CATEGORIES <sup>3</sup>	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Promotion of heritage and educational sites and entertainment facilities	<ul style="list-style-type: none"> <li>- Programmes and initiatives for the rehabilitation of a memorial heritage shared both by the Beninese who visit it (local and experiential tourism) and by the groups who keep it alive and maintain it</li> <li>- Development of open places of memory allowing cultural education and the reappropriation by young Beninese of the traditional cultures of Benin</li> </ul> <p><u>Target Population:</u> The entire Beninese population, and in particular young people and people living in the vicinity of remarkable sites that have been rehabilitated and developed.</p>	<p><u>Rehabilitation and preservation of memorial and cultural heritage sites</u></p> <p>Increase the number/surface of cultural sites rehabilitated or persevered to promote the access to local culture/history</p>	<p>The Eligible Category is clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and location at national level. The target populations have been clearly identified.</p> <p>The social objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected social benefits are clear, considered relevant, measurable, and will be quantified in the reporting.</p>

SDG Contribution

The Eligible Categories are likely to contribute to 15 of the United Nations’ Sustainable Development Goals (“SDGs”), namely:

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Development of a sustainable and productive agriculture Preservation of lake and coastal areas, reasoned economic exploitation of Benin’s coastal areas		1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions
Improving health for all		1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable
Decent housing for the poor		1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
Development of a sustainable and productive agriculture Preservation of lake and coastal areas, reasoned economic exploitation of Benin’s coastal areas		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
		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
Improving health for all		3.1 By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births
Improving health for all Access to drinking water and wastewater treatment		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
Improving health for all		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

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Expansion of educational services and improvement of support services for pupils and students		<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> <p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations</p>
Expansion of educational services and improvement of support services for pupils and students Supporting employment and financial inclusion of young people, women, and entrepreneurs in rural areas		<p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p>
Improving health for all		<p>5.6 Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences</p>
Access to drinking water and wastewater treatment		<p>6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all</p> <p>6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations</p> <p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p>
Access to low-carbon, reliable and affordable energy		<p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p>
Development of a sustainable and productive agriculture		<p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors</p>
Supporting employment and financial inclusion of young people, women, and entrepreneurs in rural areas		<p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p>8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training</p>

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Connectivity and digital inclusion throughout the territory		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
Improving health for all Decent housing for the poor Expansion of educational services and improvement of support services for pupils and students Supporting employment and financial inclusion of young people, women, and entrepreneurs in rural areas		10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status 10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard 10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality
Decent housing for the poor		11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Promotion of heritage and educational sites and entertainment facilities		11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage
Developing sustainable urban living environments and infrastructure for all		11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Developing sustainable urban living environments and infrastructure for all		12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Access to low-carbon, reliable and affordable energy Biodiversity conservation, restoration & sustainable use of Benin's forest cover		13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries 13.2 Integrate climate change measures into national policies, strategies and planning
Preservation of lake and coastal areas, reasoned economic exploitation of Benin's coastal areas		14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans 14.5 By 2020, conserve at least 10 per cent of coastal and marine areas, consistent with national and international law and based on the best available scientific information 14.b Provide access for small-scale artisanal fishers to marine resources and markets

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Biodiversity conservation, restoration & sustainable use of Benin's forest cover		<p>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</p> <p>15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally</p> <p>15.9 By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts</p>

### Evaluation and Selection of Eligible Expenditures



- The process for Expenditure 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, monitoring of Eligible Categories. The roles and responsibilities are clear and include relevant internal and external expertise. The Process will be publicly disclosed in Framework.
- Eligibility criteria (selection and exclusion) for expenditure 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 projects is publicly disclosed (in the herewith SPO and in the Framework). The Process is considered robust: it combines monitoring, identification and corrective measures for all eligible expenditures (see detailed analysis on pages 33-37).

### Process for Expenditure Evaluation and Selection

- For the purpose of the Bonds, a Steering Committee (*Comité de Pilotage*, or "the Committee") has been created. This Committee is composed of relevant members with well-defined responsibilities:
  - The Steering Committee is responsible for (i) the eligibility of projects, assets and expenditures, (ii) the evaluation and selection of eligible expenditures, (iii) the allocation of funds raised to the identified eligible expenditures (iv) the consolidation of monitoring documents produced by the sectorial sub-committees in order to produce the allocation and impact reporting (v) any changes to the Framework.
  - The Steering Committee is Presided by the Minister of Economy and Finance of Benin (*le Ministre d'État en charge de l'Économie, des Finances et du Plan*). The Director General for the Economy (*Directeur Général de l'Économie, DGE*) of Benin is responsible for its operations, supported by the Director General for Budget (*Directeur Général du Budget, DGB*).
  - The Steering Committee is vice-presided by the Director General for Coordination and Monitoring of the SDGs (*Directeur Général de la Coordination et du Suivi des ODD*, or DGCS-ODD). The DGCS-

ODD coordinates all the sub-committees and monitors the degree of integration of the SDGs in the strategies led by the Programming and Foresight Departments of each ministry within the sub-committees.

- The Directorate General for Development Policies (*Direction Générale des Politiques de Développement*), participates in the consolidation of the documents produced by the sub-committees and in the production of the annual allocation and impact monitoring report.
- The sub-committees are each lead by relevant institutions: the National Agency for Social Protection (*Agence nationale de protection sociale*), the National Institute for Statistics and Demography (*Institut national de la statistique et de la démographie*, INSD), the Directorate for programming and monitoring of public investments (*Direction de la programmation et du suivi des investissements publics*), the Beninese Environment Agency (*Agence béninoise pour l'environnement*, ABE), and the General Directorate for the Environment and Climate (*Direction générale de l'environnement et du climat*)
- The decision-making process is defined and structured, with the following steps:
  - Preparation of the budget lines linked the SDGs, supervised by each ministry in accordance with the expenditure lines defined in the national budget;
  - Initial analysis of the budget to identify eligible expenditures, supervised by DGE in accordance with the Framework;
  - Analysis of the most impacting projects for prioritisation, supervised by the Directorate General for Coordination and Monitoring of the SDGs (DGCS-ODD), with the confirmation and assistance of the Directorate for Programming and Foresight of each concerned ministry;
  - Finalisation of the list of eligible projects, with monitoring of projects and reports by the Committee
  - Final validation of the list of eligible expenditure by the Minister of State for the Economy, Finance and Planning.
- The traceability and verification of the selection and evaluation of the expenditures is ensured throughout the process:
  - The DGE is responsible for monitoring the continued eligibility of the expenditures financed every three months until maturity and the DGCS ODD is responsible for monitoring the allocation of funds to Eligible Expenditures. In case of non-conformity of an expenditure, the Issuer commits to replacing it with another Eligible Expenditure within a period of three to twelve months.
  - The DGCS ODD is responsible for monitoring potential ESG controversies associated with Eligible Expenditures, with support from the Beninese Environment Agency (*Agence Béninoise pour l'Environnement*, ABE) and the Territorial Development Agency (*Agence du Cadre de Vie et du Développement du Territoire*). In case of non-compliance of an expenditure, the Issuer commits to take remediation measures and if necessary, replace it with another Eligible Expenditure within a period of three to twelve months.
  - The Steering Committee will meet every three months, and traceability will be assured through 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 Eligible Categories, in Table 1 in the Use of Proceeds section.
- The exclusion criteria are considered relevant, as they cover the main issues related to environmental and social responsibility, in line with best market practices. The list of these activities is detailed in the Framework and is summarised as follows:
  - Any project related to fossil fuels (energy production from solid or liquid fossil fuels, as well as storage or transport infrastructures dedicated to fossil fuels)
  - Any project related to the tobacco, alcohol or gambling industries
  - Any project related to the production or trade of arms or defence and security equipment, including small arms and light weapons as well as explosives and ammunition for civilian and military use
  - Any project relating to the development of "red meat" industries
  - Any project involving deforestation of primary forest
  - Any urban rehabilitation project that results, without prior consultation and financial compensation, in massive population displacement, forced land seizure resulting in resettlement or loss of housing, loss of assets or access to assets, loss of sources of income or livelihoods
  - Any project that limits or prevents an individual or community from accessing available land, assets or resources
  - Any project that may be detrimental or beneficial to indigenous peoples, or that encroaches on land held, used or legally claimed by indigenous peoples
  - Any production or trading of products or activities that are considered illegal under national and international laws (see the list of laws and conventions in the Framework).

### BEST PRACTICES

- ⇒ Eligibility and exclusion criteria for expenditure selection are clearly defined and detailed for all of the Eligible Categories.
- ⇒ The Issuer reports that it will monitor compliance of selected expenditures 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 procedure adopted in case of non-compliance.
- ⇒ The Issuer reports that it will monitor potential ESG controversies associated with the expenditures 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 extend to maximum the next two calendar years after the issuance date.
- The net proceeds of the Bond will be tracked by the Issuer in an appropriate manner and attested to 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 expenditures made during that period.
- The Issuer has provided information on the procedure that will be applied in case of project/asset divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the bond framework within three to twelve months.

## Management Process

- The net proceeds of the Bonds will be credited to a specific account in the Central Bank of West African States (*Banque Centrale des Etats de l'Afrique de l'Ouest, BCEAO*).
- Unallocated funds will be held in the specific account mentioned above or invested with independent local commercial banks in short-term money market products.
- The Committee will maintain a portfolio of Eligible Expenditure in excess of the total amount issued, in the event of non-compliance of an Eligible Project during the life of the Bond.
- In case of projects postponement, cancelation, divestment or ineligibility, or in case an Eligible Expenditure has matured, the Issuer has committed to replace the no longer Eligible Expenditure by a new Eligible Expenditure within three to twelve months.

### BEST PRACTICES

- ⇒ The allocation period will extend to maximum the next two calendar years after the issuance date.
- ⇒ The Issuer has provided information on the procedure that will be applied in case of project/asset divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the bond framework within three to twelve months.

## Monitoring & Reporting



- The Issuer has committed to report on the Use of Proceeds annually, until Bond maturity. The report and verification will be publicly available until bond maturity.
- The reporting will cover relevant information related to the allocation of Bond proceeds and to the expected sustainable benefits of the eligible expenditures. The Issuer has also committed to report on material developments/issues/controversies related to the Eligible Expenditures.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Expenditures.
- An external auditor will verify the tracking and allocation of funds to Eligible Expenditures until bond maturity. The Indicators used to report on environmental and social benefits of the Eligible Expenditures are verified internally by the relevant public administrations and the National Institute of Statistics, as well as partnerships with international organisations for some indicators, until bond maturity.

## Indicators

The Issuer has committed to transparently communicate at Bond 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 initial date, amount and maturity of the issuance
- ⇒ The share of allocated proceeds as % of the total issuance
- ⇒ The amount and proportion of financing vs refinancing (%)
- ⇒ The summary of eligible categories with an indication of which ones have received funding
- ⇒ Amounts allocated per eligible category (and % distribution)
- ⇒ Description of the main expenditure funded and associated projects or programmes
- ⇒ The remaining amount of funds to be allocated
- ⇒ Type and amounts of temporary investments
- ⇒ Share of co-financing

- Environmental and social benefits: the Issuer has identified a list of examples of indicators to report on the environmental and social benefits of Eligible Expenditures. This list is considered clear, relevant and exhaustive.

ELIGIBLE CATEGORIES	ENVIRONMENTAL AND SOCIAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS <sup>12</sup>
Development of a sustainable and productive agriculture	<ul style="list-style-type: none"> <li>- Number of projects funded to improve accessibility to rural land</li> <li>- Number of farmers benefiting from subsidies</li> <li>- Number of newly created agricultural sectors</li> <li>- Number of enterprises financed through the National Agricultural Development Fund</li> <li>- Number of supported women vegetable producers</li> <li>- Number of adaptation techniques disseminated</li> <li>- Number of modernised markets</li> </ul>	<ul style="list-style-type: none"> <li>- Decrease of incidence of food poverty (%)</li> <li>- Proportion of the population with moderate or severe food insecurity (%)</li> </ul>
Access to drinking water and wastewater treatment	<ul style="list-style-type: none"> <li>- Number of new drinking water supply projects funded</li> <li>- Number of drinking water supply reinforcement projects financed</li> <li>- Number of peri-urban areas connected to a drinking water system</li> </ul>	<ul style="list-style-type: none"> <li>- Proportion of population using safely managed drinking water services (%)</li> <li>- Proportion of population using safely managed sanitation services (%)</li> </ul>
Improving health for all	<ul style="list-style-type: none"> <li>- Number of health centres (prevention, testing, and care) funded</li> <li>- Number of hospitals funded</li> <li>- Number of people with free health insurance</li> <li>- Attendance rate at health facilities (%)</li> </ul>	<ul style="list-style-type: none"> <li>- Proportion of the population with access to health insurance (%)</li> <li>- Proportion of population contributing to a pension scheme (%)</li> <li>- Pentavalent 3 immunisation coverage rate for children aged 0-11 months (%)</li> <li>- Full immunisation coverage rate (%)</li> <li>- Neonatal mortality rate (%)</li> <li>- Rate of coverage of health facilities (%)</li> <li>- HIV prevalence rate among pregnant women (%)</li> </ul>
Decent housing for the poor	<ul style="list-style-type: none"> <li>- Number of development projects and social and economic housing programmes funded</li> </ul>	<ul style="list-style-type: none"> <li>- Proportion of households with access to basic services (%)</li> <li>- Proportion of urban population living in slums, informal settlements or inadequate housing (%)</li> </ul>

<sup>12</sup> The data for these impact indicators will cover several years to enable the monitoring of trends of improvement or deterioration in performance. The shortest possible time frame will be used.

ELIGIBLE CATEGORIES	ENVIRONMENTAL AND SOCIAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS <sup>12</sup>
Expansion of educational services and improvement of support services for pupils and students	<ul style="list-style-type: none"> <li>- Number of specialised schools funded by field of expertise (physiotherapy, pharmacy, engineering)</li> <li>- Number of classrooms, workshops and other facilities built, number of equipment acquired</li> <li>- Number of functional literacy centres (opened and evaluated)</li> <li>- Number of high schools renovated, number of high schools equipped</li> <li>- Number of beneficiaries of doctoral scholarships</li> </ul>	<ul style="list-style-type: none"> <li>- Net enrolment rate in the different school levels (primary, secondary, technical) (%)</li> <li>- Completion rate of studies/courses (%)</li> <li>- Proportion of pupils having started grade 1 who complete primary school (%)</li> <li>- Annual growth rate of learners</li> <li>- Gross enrolment ratio (1st and 2nd cycle)</li> </ul>
Access to low-carbon, reliable and affordable energy	<ul style="list-style-type: none"> <li>- Number of solar projects financed</li> <li>- Installed capacity (MW) of decarbonised energy</li> <li>- Number of electrified rural localities</li> </ul>	<ul style="list-style-type: none"> <li>- Decrease in electricity bills</li> <li>- Proportion of population with access to electricity (%)</li> <li>- Proportion of population using mainly clean technologies for cooking (%)</li> <li>- Proportion of population using mainly clean fuels for lighting (%)</li> </ul>
Connectivity and digital inclusion throughout the territory	<ul style="list-style-type: none"> <li>- Number of high-speed or very high-speed deployment projects financed</li> <li>- Number of Internet connections installed</li> </ul>	<ul style="list-style-type: none"> <li>- Proportion of the population with an Internet connection (%)</li> <li>- Proportion of public administration services digitised (%)</li> </ul>
Supporting employment and financial inclusion of young people, women, and entrepreneurs in rural areas	<ul style="list-style-type: none"> <li>- Total grant amounts paid</li> <li>- Number of grants to SMEs or mid-sized companies to support youth employment</li> <li>- Number of university institutes for vocational education (<i>Instituts universitaires d'enseignement professionnel</i> or IUEP) built and operational</li> <li>- Number of young people supported in entrepreneurship</li> <li>- Total number of beneficiaries of microcredits</li> </ul>	<ul style="list-style-type: none"> <li>- Employment rate of young people (%)</li> <li>- Number of hirings facilitated/enabled through financial or fiscal support measures</li> </ul>
Developing sustainable <sup>13</sup> urban living environments and infrastructure for all	<ul style="list-style-type: none"> <li>- Number of waste collection and management system modernisation projects funded</li> <li>- Surface area of coastal zone reconstructed (ha)</li> <li>- Length of sewers constructed (ml)</li> <li>- Length of gutters constructed (ml)</li> </ul>	<ul style="list-style-type: none"> <li>- Waste collection rate (%)</li> <li>- Waste recycling rate (%)</li> <li>- Rate of coverage of pre-collection service (%)</li> <li>- Rate of people protected against flooding (%)</li> </ul>

<sup>13</sup> The Issuer defines "sustainable infrastructure" in the Framework's annex as one that (i) has a smaller carbon footprint than conventional infrastructure, (ii) is socially inclusive for all communities and users (inhabitants and direct users of the space, neighbouring communities, visitors, traders), (iii) with

ELIGIBLE CATEGORIES	ENVIRONMENTAL AND SOCIAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS <sup>12</sup>
Preservation of lake and coastal areas, reasoned economic exploitation of Benin's coastal areas	<ul style="list-style-type: none"> <li>- Length of protected coastline (ml)</li> <li>- Area of coastal zone restored (ha)</li> <li>- Number of people protected against flooding</li> <li>- Length of land routes rehabilitated or created (ml)</li> </ul>	<ul style="list-style-type: none"> <li>- Proportion of maritime area covered by marine protected areas (%)</li> </ul>
Biodiversity conservation, restoration & sustainable use of Benin's forest cover	<ul style="list-style-type: none"> <li>- Number of projects of sustainable management of classified forests</li> <li>- Additional area of forest or degraded forest put under sustainable management (in ha)</li> <li>- Area of plantations reforested (ha)</li> <li>- Area of enriched classified forest (ha)</li> </ul>	<ul style="list-style-type: none"> <li>- Proportion of forest cover area in relation to land area (%)</li> </ul>
Promotion of heritage and educational sites and entertainment facilities	<ul style="list-style-type: none"> <li>- Number of projects for the rehabilitation of natural cult places (medicinal forests and lakes)</li> <li>- Preserved heritage area</li> <li>- Length of roads developed (ml)</li> <li>- Number of visitors (Beninese and international)</li> </ul>	<ul style="list-style-type: none"> <li>- Proportion of heritage area preserved in Benin (%)</li> </ul>

#### BEST PRACTICES

- ⇒ The Issuer will report on the Use of Proceeds until bond maturity.
- ⇒ The issuer report will be publicly available at least until bond maturity.
- ⇒ The reporting will cover relevant information related to the allocation of Bond proceeds and to the expected sustainable benefits of the expenditures. 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.

implementation and planning criteria aimed, for example, at reducing urban heat islands due to anarchic urbanisation (largely informal) and urban congestion caused by a failure of the urban traffic networks and (iv) avoiding massive population displacements (less than 200 people, following the example of the threshold defined by the African Development Bank) and having been the subject of consultation with the populations.

## Contribution to sustainability

### Expected Impacts

The potential positive Impact of the eligible projects on environmental and social objectives is considered to be advanced.

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Development of a sustainable and productive agriculture	ROBUST	The primary sector accounts for more than 27% of Benin's GDP, thus making agriculture sustainable is an important challenge. As degradation of soil is already an important issue in the country, focusing on sustainable modes of production is particularly relevant. The category aims to contribute to multiple objectives, mainly social, notably on increasing food security for the general population, for example through access to land for small farmers. Although agriculture can have a negative impact on the environment, this is mitigated by eligibility criteria that include responsible agricultural practices, for example through limitations on pesticide use. In addition, the identified target population is considered relevant. Although further criteria are set for cotton, notably on certifications and external verifications, the best market practice would be to include relevant certifications for all eligible expenditures, thus ensuring the environmental benefits of the expenditures, in addition to the social ones.
Access to drinking water and wastewater treatment	ADVANCED	According to the UNSDG dashboard and dataset, major challenges remain both in terms of access to basic water service and on wastewater management. By focusing on remote and isolated areas, populations in informal housing, and not connected to water systems, the category is targeting the population in most need with regards to this issue. Access to water can be considered to have long-term benefits and to promote empowerment, as it is a basic infrastructure with a key impact on health.
Improving health for all	ADVANCED	According to the UNSDG dashboard and dataset, major challenges remain in terms of healthcare access. The target population is broad, with measures developing the quality and accessibility of the public health system as a whole, and for some expenditures it specifically targets vulnerable populations, such as children under five, pregnant women with malaria, or elderly that have difficulties in accessing the health system. Access to healthcare is considered to have long-term benefits and to promote empowerment.
Decent housing for the poor	ADVANCED	According to the UNSDG dashboard and dataset, major challenges remain regarding access to decent housing, with an important part of the population living in slums without water access. By focusing on the population exposed to health risks, living in unhealthy or crowded buildings, the category is targeting the population most in need. Access to housing is considered to allow a long-term improvement and promote empowering.
Expansion of educational services and improvement of support services for pupils and students	ADVANCED	According to the UNSDG dashboard and dataset, major challenges remain, with a low secondary completion rate and a low literacy rate in Benin, highlighting the relevance of education expenditures, in particular from the national government. The target population appears to be relevant, notably including children from low-income families and girls. Access to education is considered to have long-term benefits and to promote empowerment.

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Access to low-carbon, reliable and affordable energy	ADVANCED	According to the International Energy Agency <sup>14</sup> , Benin's electricity is mostly powered by fossil fuels with more than 97% of oil and gas combined. The decarbonation of the electricity mix is one of the most crucial levers to reduce the country environmental footprint. Other studies including the World bank estimate wood fuel and charcoal for cooking representing 46% of the country's energy demand in 2017. The category focuses on connecting remote areas to the grid and on deploying small renewable assets and therefore targets relevant stakeholders. Solar panels 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. In the case of solar and wind energy production, the category follows the best available technology in the sector to contribute to the objective of climate change mitigation.
Connectivity and digital inclusion throughout the territory	ADVANCED	According to the UNSDG dashboard and dataset, major challenges remain in achieving SDG 9, with a very low percentage of the population using the internet and the number of mobile broadband subscriptions, highlighting the relevance of this eligible category. The target population is defined at national level and relevant, targeting those with little or no access, and students, who have the highest need for connectivity due to its importance for education. Internet access is a key element for the development of many other activities, including education, business, and access to public services, through the efforts to digitise the administration, thus providing a combination of long-term benefits and empowerment.
Supporting employment and financial inclusion of young people, women, and entrepreneurs in rural areas	ROBUST	According to the UNSDG dashboard, the targets linked with SDG 8 are achieved for unemployment, as unemployment is very low in Benin for the overall population. For the youth, in 2019, the estimated unemployment rate in Benin <sup>15</sup> was at 4.88 percent. However, investing in youth employment is always relevant for a national government. The target population has been clearly defined, with eligibility criteria detailing the targeting of young people and women entrepreneurs. Access to the job market is considered to have long-term benefits and to promote empowerment.
Developing sustainable urban living environments and infrastructure for all	ROBUST	According to the International Energy Agency <sup>16</sup> . Transportation and real estate sectors represent most of the country's total GHG emissions, although data remains non exhaustive. According to a feasibility study in the "Grand Nokoué" region, 90% of waste is not collected, illustrating that waste collection is a major issue in Benin, highlighting the relevance of this category. The category is expected to have positive impacts on a wide range of Benin's inhabitants while reducing global waste and GHG emissions. By focusing on zero-emission transport infrastructure, on building rehabilitation, and on waste management with the exclusion of incineration, landfill, and disposal of waste, no lock-in effect is expected, although there can still be some negative environmental impacts from these activities.
Preservation of lake and coastal areas, rational economic exploitation of Benin's coastal areas	ADVANCED	According to the UN SDG dashboard and dataset, major challenges remain in terms of marine biodiversity, as the mean percentage area of marine Key Biodiversity Areas that are protected is close to zero. Mostly positive impacts are expected, both on the preservation of coastal zones, and socio-economic advancements and empowerment. While fishing development could be harmful if not conducted properly, especially with aquaculture and aqua villages, only artisanal fishing is eligible under this category, and the issuer has detailed additional criteria and measures to ensure the sustainable management of fisheries and the environmental benefits of this category.

<sup>14</sup> <https://www.iea.org/countries/benin>

<sup>15</sup> <https://www.statista.com/statistics/811678/youth-unemployment-rate-in-benin/>

<sup>16</sup> *ibid*

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Biodiversity conservation, restoration & sustainable use of Benin's forest cover	ROBUST	According to the World Bank Benin Country Forest Note <sup>17</sup> , deforestation and degradation of natural areas have been important from 2005 and 2015, notably due to increasing part of lands dedicated to crop and fallow land and fruit plantation. Protection of forests is a crucial priority in Benin, as forests have an important economic, environmental, and social role. In 2009, the contribution of the forestry sector to GDP was estimated to be reaching 6 percent. The category is expected to entail positive impacts on the population and biodiversity. While the Framework includes relevant eligibility and exclusion criteria to ensure the sustainable management of agroforestry, notably the exclusion of palm oil production, and certain products will obtain certifications, such as honey and shea butter, an area for improvement would be to obtain certifications to ensure the sustainable management of natural resources, applying to all agroforestry and forest exploitation covered by the Eligible Category.
Promotion of heritage and educational sites and entertainment facilities	ROBUST	Governments have an important role to play in the preservation and promotion of cultural heritage, including through the protection of land and the development of museums. This category targets both the general population of Benin, and the local population in areas of interest. The promotion of cultural heritage has long term effects.
OVERALL ASSESSMENT	ADVANCED	

### ESG Risks Identification and Management systems in place at project level

The identification and management of the environmental and social risks associated with the Eligible Projects are considered robust.

The Government of Benin has put in place environmental, social and governance policies and procedures which are controlled and applied during the execution of public investment projects by the entities concerned, in particular the Beninese Environment Agency (*Agence Béninoise pour l'Environnement, ABE*). In this regard, the Issuer provided us with a set of relevant documents to assess the systems in place to identify and manage ESG risks associated to Eligible Expenditures. The selection criteria are relevant, cover the three pillars of ESG and meet the requirements of international donors (such as the World Bank).

ESG obligations are taken into account throughout the supply chain. The Republic of Benin has developed a National Integrity System which has branches in each Ministry. Each Ministry has its Audit Unit, its own Risk Control Unit and its General Inspectorate. In case an obligation is not respected, a bad rating is assigned to the expenditure and it can be rejected.

The Issuer stated that verifications are applied to all the types of expenditures. The risk mapping was developed on a pilot basis at the level of the following ministries: Ministry of Health, Ministry of Agriculture, Livestock and Fisheries, Ministry of Planning and Development, Ministry of Justice and Legislation, Ministry of Infrastructure and Transport, Ministry of Energy, Ministry of Water and Mines, Ministry of Digital and Digitalization, Ministry of Communication and Post. It should be noted that during 2014-2015, the risk mapping was developed at the level of the Ministry of

<sup>17</sup> <https://openknowledge.worldbank.org/bitstream/handle/10986/34437/Benin-Country-Forest-Note.pdf?sequence=9&isAllowed=y>

Decentralization and Local Governance and the Ministry of Economy and Finance, on a pilot basis. These last two ministries will be part of the 15 ministries whose risk mapping will be developed during the last quarter of 2021.

The list of documents consulted as part of our assessment is available at the end of each section.

### Environmental risks

The ABE, the main government body in charge of the environmental assessment, works in collaboration with local and international experts. The Agency has the responsibility to conduct external environmental audits as well as environmental inspections. The Issuer stated that all eligible expenditures have been or will be subject to the environmental assessment process, considered as an integral part of the expenditure evaluation and selection process, through an environmental and social impact study.

The issuer has stated that the below consulted documents apply globally to all categories of eligible expenditure since they take into account the acquisition of goods and services, current transfers and subsidies, public investment and staff expenditures. As a result, all activities, projects, programs, plans, strategies and policies must integrate environment aspects.

Environmental and Social assessments are regulated by a national Decree (Decret-EIES-2017) on the organization of environmental and social assessment procedures, which formalizes several aspects like the introduction of gender and climate change, the review of the content of the report of the external environmental audit, the review of the amount of the fee and the introduction of social factors in the entire environmental assessment (for example, the strategic environmental and social assessment). The Issuer stated that these assessments are applicable to all eligible expenditures.

The Issuer stated that external environmental audits take place every two years and internal audits every year, so that the promoters can submit the reports to the Agency no later than December 15 of each year. In case of non-conformities, the promoter is asked to propose a detailed action plan to consider the recommendations resulting from the audit and implement corrective measures.

Environmental inspections, whether on the initiative of inspectors or an administrative authority, are carried out without notice, and systemically, whenever an activity is carried out which could affect the environment. Inspections may follow information or a complaint which may be written or oral, addressed to the environmental protection authorities, or as part of a follow-up of the implementation of corrective measures. The regulations do not set a frequency for inspections. They are carried out either by theme, by sampling, or when a risk is identified.

Our assessment is based on the review of the following documents:

- Decret-EIES-2017
- Guide général de réalisation d'une étude d'impact environnemental et social
- Loi-Cadre-98-030
- Évaluation Environnementale et sociale Stratégique (EESS) : Projet de sédentarisation des troupeaux de ruminants au Bénin
- Cadre de Gestion Environnementale et Sociale (CGES): Cadre de Gestion Environnementale et Sociale du Projet d'Augmentation de l'Accès à L'Electricité (P2AE)
- Cadre Politique de Réinstallation (CPR) : Cadre Politique de Réinstallation du Projet d'Augmentation de l'Accès à L'Électricité (P2AE)
- Étude d'Impact Environnemental et Social (EIES) : Étude d'Impact Environnemental et Social (EIES) du Projet de Restructuration et d'Extension du Système de Répartition et de Distribution (PRESREDI)

- Plan de Gestion Environnementale et Sociale : Plan de Gestion Environnementale et Sociale (PGES) est intégré au rapport d'EIES
- Plan d'Action de Réinstallation : Plans d'Action de Réinstallation du Projet de Restructuration et d'Extension du Système de Répartition et de Distribution (PRESREDI)
- Rapport final d'une Audience Publique sur l'Environnement : Exemple en version numérique n'est pas disponible
- Rapport d'audit environnemental externe et lettre d'acceptation du rapport d'audit environnemental
- Rapport d'audit environnemental externe du centre de gestion innovante des déchets d'activités de soins à risque infectieux
- Rapport audit environnemental et social externe du port autonome de Cotonou + lettre d'acceptation
- Rapport d'audit environnemental et social externe du centre de traitement des épidémies de Natitingou

### Social risks

The constitution of Benin formalizes several social commitments, particularly regarding the respect for Human Rights. It stipulates that the Republic of Benin guarantees to all citizens the right to life, to a decent life and in dignity.

The Republic of Benin has set up systems to ensure that all expenditures are business ethical: a code of ethics signed by the stakeholders, a mechanism for receiving and processing complaints and denunciations, independent review of procurement procedures and financial transactions (by independent firms), clauses relating to the fight against corruption included in the standard contracts. These elements are developed hereafter.

Social risks vary according to the nature of the activities to be implemented, the objectives, the implementation strategy and the location. They are identified through risks maps associated to each expenditure by the specialized bodies of the ministries in charge of labour, health, social affairs, the interior and justice that will be called upon according to their specific attributions for the control of the identified risks. In general, for public investment expenditures, risks are identified from the start and mitigation measures are provided for in the expenditure document. They are also evaluated during the selection of the expenditure. The social criteria included in environmental and social assessments depend on the nature of the expenditures, like positive discrimination in favour of women and the disabled; priority for locals in recruiting workers; compensation for people to be moved within the framework of the expenditures, when this represents more than 100 people, etc.

Annual audits are conducted and mitigation plans to ensure the compliance with legal requirements are launched simultaneously at the beginning of each expenditure.

A "Complaints Management mechanism" has been put in place at expenditure level to allow the complains to be collected, processed, and responded to. In some cases, in addition to a computerized platform for recording and processing complaints, a toll-free number is dedicated to this purpose. An area of improvement is to allow a better visibility of these communication channels to all stakeholders.

In case a expenditure is likely to affect local populations, some measures are implemented following a Resettlement Action Plan (*Plan d'Action de Réinstallation, PAR*) : compensation for damaged property and compensation for people affected in cases the expenditures are not requiring the completion of a Resettlement Action Plan. The management of social risks is also taken into account in the Environmental and Social Management Plan and covers all Environmental and Social Impact Assessment reports.

With regards to the expenditure for the acquisition of goods and services, according to article 49 of the Decree on the standard AOF (*Arrêté portant Organisation et Fonctionnement*) structure of the Ministries, a Directorate called Directorate of Programming and Foresight is created within each Ministry. This Directorate manages the planning process of the

ministry. The Planning and Foresight Direction (*DPP*) includes, among other structures, the Gender and Environment Unit. This unit ensures that gender and environment factors, including social ones, are considered in the planning process of the Ministry. As such, it ensures, among other things, that all the budget implementation instruments (annual work plan, procurement plan, credit consumption plan) are gender and environment sensitive.

Our assessment is based on the review of the following documents:

- Instruments juridiques en Droits de l'Homme
- Programme d'assurance pour le renforcement du capital humain (ARCH)
- Constitution de la République du Bénin
- Document de Politique Holistique de Protection Sociale
- Code du Travail
- Directives de la Banque Mondiale
- Document de base sur les principes du Développement Conduit par les Communautés (DCC)
- Manuel de procédures
- Plans d'action pour la gestion des plaintes
- Directives de la Banque Mondiale
- Rapport ERIP ARCH
- Directives de la Banque Mondiale
- Code des marchés Publics

#### Governance risks

The financial and physical monitoring of projects is carried out by the Ministry of Development on a quarterly basis through the General Directorate of Programming and Monitoring of Public Investments. A report is made to the Council of Ministers. However, each project has an internal monitoring and evaluation mechanism for monthly monitoring.

- Internal environmental and social audits: promoters are required to have their unit's environmental and social audit carried out every year. In the event of non-compliance, they are asked to propose an action plan based on the auditor's recommendations and another detailed action plan to monitor the implementation of the listed noncompliance.
- External environmental and social audits: the Benin Environment Agency performs every two years, the external environmental and social audit for expenditures likely to impact the environment. In the event of non-compliance, recommendations are made and an action plan for implementing the recommendations proposed to the promoter. The promoter has an obligation to implement the plan.
- Environmental and social inspections are carried out for each violation upon receipt of a complaint or during thematic inspections. The environmental inspection reports are accompanied by recommendations and the promoters are required to communicate their schedule for implementing the recommendations and to respect the established schedule.

In practice, the frequency of audits depends on the clauses of the project document (semi-annual or annual). In case of non-compliance, recommendations are made with regards to the non-compliant aspects. This can lead to reimbursements

for ineligible expenses, disciplinary measures, corrections to be considered in line with the applicable texts that frame this process.

The Republic of Benin has set up a system and tools to avoid the risk of corruption. In each ministry or structure, a Procurement Unit has been created, in addition to the Procurement Control Direction attached to the General Control Direction. When a competitor feels wronged in a call for tenders, a recourse mechanism is in place to verify the transparency and the compliance of the process

Complaints are often sent to the Presidency of the Republic, to the Minister concerned or to the Ministry of Economy and Finance (MEF), to the General Inspectorate of Finances (*Inspection Générale des Finances, IGF*) or to the general inspectorates of ministries. These complaints are handled by the OCOA (*Organes de Contrôle de l'Ordre Administratif*) and a report is made to the Minister or to the Presidency and sanctions are taken, if necessary.

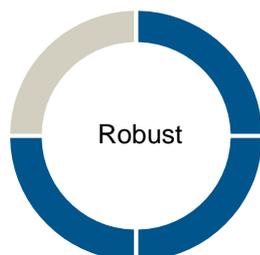
Complaints can be received in writing (letter without any formalities), email, phone call, anonymously or not. The Issuer states that all complaints are studied and that the confidentiality of the identity of whistle-blowers is guaranteed. The texts in force guarantee and organize their protection.

The General Inspectorates, the Economic and Financial Brigade and the Justice Departments are responsible for investigating complaints and recommending appropriate responses to the competent authorities (sanctions, clarifications, special measures and others to be taken).

Our assessment is based on the review of the following documents:

- Guide méthodologique d'élaboration des politiques et stratégies intégrant les dimensions transversales
- Guide analyse multicritères des projets
- Décret n°2019-193 du 17 juillet 2019 fixant cadre général de gestion des projets d'investissement public (Arrêtés en cours de signature)
- Matrice de cartographie des risques de la DGCS-ODD
- Critères d'éligibilité des projets d'investissements publics finalisée
- Loi 2017-04 portant sur les marchés publics
- Guide analyse multicritères des projets
- Guide générale de réalisation d'une étude d'impact sur l'environnement

# ISSUER



## Level of ESG performance

According to the *Sovereign Sustainability Rating* © last updated by V.E (Vigeo Eiris) in June 2021, Benin received a rating of 59/100 which indicates an overall robust sustainability performance. Benin ranks 82<sup>nd</sup> out of 178 countries rated in our global sovereign sustainability rating, and 2<sup>nd</sup> out of eight WAEMU countries<sup>18</sup> rated by V.E<sup>19</sup>.

V.E’s assessment of the Issuer’s sustainability performance is based on publicly available information and statistics derived from sources that have been agreed for use in the data collection and rating methodologies for the Sovereign Sustainability Rating.

By sustainability pillar, Benin has an advanced performance in the Environmental (68/100) and the Governance (78/100) pillars, and limited performance in the Social pillar (32/100).

PILLAR	COMMENTS	OPINION
Environmental Responsibility	<p>Benin has an <u>advanced</u> performance in the Environmental Responsibility pillar with a score of 68/100, placing the country in the top quartile in VE’s rated sovereign universe (35<sup>th</sup> out of 178) and the first among the eight West African Economic and Monetary Union (WAEMU) countries. Benin’s performance is indicative of a high commitment to international environmental conventions and a relatively good level of environmental preservation specific to an undiversified economy.</p> <p>At the time of the evaluation, Benin has ratified key international environmental conventions included in our rating framework, including the Paris Agreement, the Convention on Biological Diversity, the Stockholm Convention on persistent organic pollutants, the</p>	Advanced

<sup>18</sup> Eight countries are members of the West African Economic and Monetary Union (WAEMU): Benin, Burkina Faso, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal and Togo. Source <http://www.uemoa.int>. All these countries are covered by V.E in the Sovereign Sustainability Rating.

<sup>19</sup> Note: The Issuer has not been subject to a review of its ability to mitigate sustainability risks based on the review of stakeholder opinion.

PILLAR	COMMENTS	OPINION
	<p>Convention on International Trade in Endangered Species, and the United Nations Framework Convention to Combat Desertification.</p> <p>According to its first National Determined Contribution (NDC), Benin is committing to reduce GHG emissions in its highest emitting economic sectors – energy and agriculture without land use, land-use change, and forestry (LULUCF) – by 49.49 Mt CO<sub>2</sub> eq. in a business-as-usual scenario. This represents a reduction of 16.17 % over the period 2021-2030, including 12.55% as conditional contribution and 3.62% as unconditional contribution.<sup>20</sup></p> <p>Like other WAEMU countries, Benin is highly reliant on oil-generated energy – in 2015, over 94% of total electricity was produced from oil sources compared to 1.5% from renewable sources (e.g. solar, wind, geothermal, biomass, excluding hydropower).<sup>21</sup> With less than half of the population connected to the national energy grid,<sup>22</sup> Benin needs to intensify the production of renewables to levels that can ensure more households get access to the electricity supply.</p> <p>Benin had the lowest Particulate Matter (PM) 2.5 air pollution in urban areas (38.8 microgram/m<sup>3</sup>) but the third highest carbon emissions per unit of GDP (0.2 kg) in the WAEMU group in 2016.<sup>23</sup> As a predominantly agrarian economy, agriculture is the second source of Benin’s greenhouse gas emissions. Benin has a mixed performance on indicators linked to the development of sustainable agricultural practices. The use of fertilizers is relatively scarce and limited (36.6 kg per hectare of arable land in 2018) compared to the country’s significant share of arable land in the agricultural area (over 70% in 2018). This is offset by a very small proportion of agricultural land that is covered by organic or sustainable agricultural practices (0.4% in 2018),<sup>24</sup> an area where Benin needs to build up development opportunities.</p> <p>Benin performs relatively well in biodiversity and protection of natural ecosystems, but the country needs to intensify efforts to develop areas linked to forest land management. The country has a high Red List Index (0.91 in 2021) with an upward trend, which means that a low risk of species extinction contributes to the overall preservation of biodiversity in the country. But despite having the third highest forest cover in the WAEMU group, Benin’s forests have decreased by two thirds over the past two decades (from 43% in 1990 to 28% in 2018) due to systemic deforestation.<sup>25</sup></p>	<p>Robust</p> <p>Limited</p> <p>Weak</p>

<sup>20</sup> Benin’s NDC, 2017 [https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Benin%20First/CDN\\_BENIN\\_VERSION\\_ANGLAISE.pdf](https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Benin%20First/CDN_BENIN_VERSION_ANGLAISE.pdf).

<sup>21</sup> As per latest country data available for Benin in the World Development Indicators [World Development Indicators | DataBank \(worldbank.org\)](http://DataBank.worldbank.org)

<sup>22</sup> 40% in 2019, Source: <https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS>

<sup>23</sup> Based on V.E analysis of country data. Source for CO<sub>2</sub> emissions (kg PPP of GDP): <https://data.worldbank.org/indicator/EN.ATM.CO2E.PP.GD>, Source for Annual mean levels of fine particulate matter (PM<sub>2.5</sub>) in cities (population weighted): <http://unstats.un.org/sdgs/indicators/database/?indicator=11.6.2>

<sup>24</sup> Country agri-environmental / land use indicators. Source: <http://www.fao.org/faostat/en/#data/EL>

<sup>25</sup> Source: <https://data.worldbank.org/indicator/AG.LND.FRST.ZS>

PILLAR	COMMENTS	OPINION
Social Responsibility	<p>Benin's performance in the Social Responsibility pillar is assessed as <u>limited</u>, with a score of 32/100. The country ranks in the bottom quartile in V.E's rated sovereign universe (162<sup>nd</sup> out of 178) and the seventh among the eight WAEMU countries. With a population of 11.8 million<sup>26</sup> of which 38.5% live below the national poverty line (2019)<sup>27</sup> Benin is identified as a country with low human development by the Human Development Index (HDI).</p> <p>Benin scores low on most social indicators related to poverty eradication and inequalities, access to basic services, education, and healthcare. Income inequality is high with a Gini coefficient of 0.48 reported in 2015.<sup>28</sup> Similar to other WAEMU countries, the proportion of urban and rural population with access to sanitation services is low, and to drinking water is above average.<sup>29</sup> Most children of official school age were reported as enrolled in primary education (97% in 2018), however the rate halves for those attending secondary school (48% in 2015).<sup>30</sup> Public expenditure on education is the second lowest in the WAEMU group.<sup>31</sup></p> <p>A malaria-endemic country, Benin had the highest incidence per 1,000 population in 2019 (406) in the WAEMU group,<sup>32</sup> although the country recorded above the average performance in the treatment of under-five population compared to its peers.<sup>33</sup> According to pre-pandemic statistics, the country had an inadequate density of medical staff with 0.4 nurses and 0.07 physicians per 1,000 people in 2019.<sup>34</sup></p> <p>Pre-pandemic total labour force and youth unemployment rates were low, with youth unemployment the highest of the two – almost 5% of total labour force of ages 15 to 24 were recorded as unemployed in 2019.<sup>35</sup> According to International Trade Union Confederation (ITUC), Benin received a rating of four which means that the country faced systematic violations of workers' rights in 2019.<sup>36</sup> Benin has a high Gender Inequality Index (0.6 in 2019)<sup>37</sup> and the lowest proportion of women elected in national parliaments among the WAEMU countries (7.2% in 2020).<sup>38</sup></p>	Advanced
		Robust
		Limited

<sup>26</sup> Population, total, World Bank <https://data.worldbank.org/indicator/SP.POP.TOTL>

<sup>27</sup> Poverty headcount ratio at national poverty lines (% of population) <https://data.worldbank.org/indicator/SI.POV.NAHC>

<sup>28</sup> Source: <https://data.worldbank.org/indicator/SI.POV.GINI>

<sup>29</sup> Source: <https://data.worldbank.org/indicator/SH.H2O.SMDW.UR.ZS>

<sup>30</sup> Source: <https://data.worldbank.org/indicator/SE.PRM.NENR> and <https://data.worldbank.org/indicator/SE.SEC.NENR>

<sup>31</sup> Source: <https://data.worldbank.org/indicator/SE.PRM.NENR>

<sup>32</sup> Source: <https://unstats.un.org/sdgs/indicators/database/?indicator=3.3.3>

<sup>33</sup> Source: <https://data.worldbank.org/indicator/SH.MLR.TRET.ZS> and <https://data.worldbank.org/indicator/SH.MLR.NETS.ZS>

<sup>34</sup> Source: Nurses & midwives per 1,000 people <https://data.worldbank.org/indicator/SH.MED.NUMW.P3>; Physicians per 1,000 people <https://data.worldbank.org/indicator/SH.MED.PHYS.ZS>. WHO estimates 2.5 medical staff per 1,000 people are needed to provide adequate coverage with primary care intervention. [https://www.who.int/whr/2006/whr06\\_en.pdf?ua=1](https://www.who.int/whr/2006/whr06_en.pdf?ua=1)

<sup>35</sup> Source: <https://data.worldbank.org/indicator/SL.UEM.1524.ZS>

<sup>36</sup> Source: ITUC Global Rights Index 2020 <https://www.ituc-csi.org/ituc-global-rights-index-2020>

<sup>37</sup> Source: <http://hdr.undp.org/en/indicators/68606>

<sup>38</sup> Source: <https://data.worldbank.org/indicator/SG.GEN.PARL.ZS>

PILLAR	COMMENTS	OPINION
	Life expectancy at birth is low and mortality rates are high. Malnutrition and stunting among children under-five years of age are prevalent – the proportion of stunted under-five is the second highest (32% in 2018), while the malnutrition rate is the lowest in the WAEMU group (4.9% in 2018). <sup>39</sup>	Weak
Governance Responsibility	Benin's performance in the Governance Responsibility pillar is assessed as <b>advanced</b> with a score of 78/100. The country ranks in the second top quartile in V.E's rated sovereign universe (48 <sup>th</sup> out of 178) and the fourth among the eight WAEMU countries.	Advanced
	This performance is primarily driven by Benin's high rate of ratification of international treaties related to the promotion of fundamental human rights, non-discrimination (on most grounds) and labour rights, the prevention of corruption and organised crime, and the prevention of weapons proliferation. The country abolished the death penalty for all crimes. <sup>40</sup>	Robust
	Benin has a low performance in the Worldwide Governance Indicators (WGI), which reflects a weak institutional and governance framework. All WGI indicators show downward long-term trends, except the control of corruption indicator, which shows an upward trend. <sup>41</sup>	Limited
	Benin was the 106 <sup>th</sup> most peaceful country out of 163 countries rated by the Global Peace Index (GPI) in 2020. According to the Institute for Economic and Peace, Benin had the largest deterioration in peacefulness in the 2020 GPI, falling 35 places in the rankings, due to deterioration in the country's political stability and intensity of internal conflict triggered by the civil unrest that erupted across the country following the 2019 presidential elections. <sup>42</sup>	Weak
	According to Coface, Benin's political and economic outlook poses a high moderate risk for corporate credit defaults as the economy is expected to slowly return to growth in 2021 following the 2020 global economic downturn triggered by the Covid-19 pandemic. <sup>43</sup> In 2020, Benin's status in the Freedom on the World ranking changed from Free to Partly Free because of the new electoral rules which resulted in the exclusion of all opposition parties from the 2019 elections. The civil unrest that ensued the elections resulted in civil liberties restrictions, including an internet shutdown and police violence against demonstrators. <sup>44</sup>	

<sup>39</sup> Based on V.E analysis of UN SDG Indicators 2.2.1 and 2.2.2. Source: <https://unstats.un.org/sdgs/indicators/database/>

<sup>40</sup> Source: <https://www.amnesty.org/en/countries/africa/benin/>

<sup>41</sup> Source: Worldwide Governance Indicators (WGI) <https://info.worldbank.org/governance/wgi/>. V.E (Vigeo Eiris) calculates performance trends where underlying historical data is available at the source.

<sup>42</sup> The Global Peace Index (GPI) scores 169 countries on a scale of 1-5, where 1 is most peaceful and 5 is least peaceful. Source: [https://www.visionofhumanity.org/wp-content/uploads/2020/10/GPI\\_2020\\_web.pdf](https://www.visionofhumanity.org/wp-content/uploads/2020/10/GPI_2020_web.pdf)

<sup>43</sup> V.E (Vigeo Eiris) uses country risk analysis published by Coface to assess the country's business resilience to market risks. Source: <https://www.coface.com/Economic-Studies-and-Country-Risks/Benin>

<sup>44</sup> Source: <https://freedomhouse.org/country/benin/freedom-world/2020> and <https://freedomhouse.org/country/benin/freedom-world/2021>

# 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 2021 ("GBP") and the Social Bond Principles - June 2021 ("SBP"), and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.*

### Use of proceeds

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

### Process for evaluation and selection

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

### Management of proceeds

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

### Reporting

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

## Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

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

### Expected positive impact of the activities on environmental and/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;<sup>45</sup>
- 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.

### ESG risk management for eligible activities

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

### Level of the Issuer's Sustainability Performance

Scale of assessment of Sustainability Performance: Weak, Limited, Robust, Advanced

V.E has reviewed its Sustainability Sovereign Rating<sup>©</sup>, resulting from a continuous improvement process and is based on a permanent monitoring of international normative developments as well as stakeholder expectations and debates. This enhanced version includes 69 new factors to meet market needs. The 172 indicators are put into perspective with the UN Sustainable Development Goals and are organized into 56 criteria, 17 sub-domains and 3 rating domains. Of note, the new methodology leads to a decrease in the absolute scores of the majority of countries.

V.E's Sustainability Sovereign Rating<sup>©</sup> methodology, measures and compares the levels of integration of international public law and soft law frameworks, including for the recent period the Sustainable Development Goals (SDGs), and the action programmes of Agenda 21, adopted by 178 countries at the Rio Earth Summit in 1992. We pay particular attention to the commitments, policies and impacts of public policies in terms of respect of fundamental human rights, access to economic, social, cultural and environmental rights, quality of governance, as well as international solidarity and cooperation. Based on the analysis of a universe composed of 178 countries, the results provide a comparative view of risks and performances, with regard to universally acknowledged sustainability objectives.

The sustainability performance of the Republic of Benin is based on three rating domains, all equally weighted in the model: Environment (i.e. environmental protection), Social (i.e. social protection and solidarity) and Institutions (i.e. rule of law and governance):

- Commitment indicators: reflecting the state's level of commitment to the goals and principles set by major international agreements: Conventions, recommendations and statements of the ILO; UN Charters and treaties; guiding principles of the OECD; regional instruments (assuming their full compliance with the United Nations Charter); the Universal Declaration of Human Rights and its related protocols and treaties.

<sup>45</sup> 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.

- **Result indicators:** measuring the efficiency of the country's sustainable development actions. V.E gathers information from diversified sources including international organisations such as intergovernmental organisations, international trade unions and NGOs.

## 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.

### Statement on V.E' s independence and conflict-of-interest policy

Transparency on the relation between V.E and the Issuer/Borrower: V.E has not carried out any audit mission or consultancy activity for the Republic of Benin. No established relation (financial or commercial) exists between V.E and the Republic of Benin. 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/Loan, based on the information which has been made available to V.E. V.E has neither interviewed stakeholders out of the Issuer/Borrower's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer/Borrower. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer/Borrower. The Issuer/Borrower 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/Loan, nor on the effective allocation of its proceeds. V.E is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction. Restriction on distribution and use of this opinion: The deliverables remain the property of V.E. The draft version of the Second Party Opinion by V.E is for information purpose only and shall not be disclosed by the client. V.E grants the Issuer/Borrower all rights to use the final version of the Second Party Opinion delivered for external use via any media that the Issuer/Borrower shall determine in a worldwide perimeter. The Issuer/Borrower has the right to communicate to the outside only the Second Party Opinion complete and without any modification, that is to say without making selection, withdrawal or addition, without altering it in any way, either in substance or in the form and shall only be used in the frame of the contemplated concerned bond/loan(s) issuance. The Issuer acknowledges and agrees that V.E reserves the right to publish the final version of the Second Party Opinion on V.E' website and on V.E' internal and external communication supporting documents.

Copyright V.E 2021 – Reproduction of this content (documents, graphs and images) in whole or in part are prohibited without the express written authorization of V.E and is protected by the provision of the French Intellectual Property Code.

# DISCLAIMER

---

© 2021 Vigeo SAS and/or its licensors and subsidiaries (collectively, "V.E"). All rights reserved.

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

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

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

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

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

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