



SECOND PARTY OPINION¹

ON MEXICO'S SDG SOVEREIGN BOND FRAMEWORK

February 2020

SCOPE

Vigeo Eiris was commissioned to provide an independent opinion (thereafter “Second Party Opinion” or “SPO”) on the sustainability credentials and management of the SDG Sovereign Bonds² (“Bonds”) to be issued by the United Mexican States (hereafter “the Government of Mexico”, “Mexico” or the “Issuer”) in compliance with the SDG Sovereign Bond Framework (the “Framework”) created to govern their issuance.

Our opinion is established according to Vigeo Eiris’ Environmental, Social and Governance (“ESG”) exclusive assessment methodology and to the latest version of the International Capital Market Association’s (ICMA) Green Bond Principles (“GBP”) and Social Bond Principles (“SBP”) voluntary guidelines (referred together as the “GBP & SBP”), both edited in June 2018.

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

- 1) **Issuer:** we assessed the sustainability performance of the Issuer (Sovereign Sustainability Rating[©])
- 2) **Issuance:** we assessed the Framework, including the coherence between the Framework and the Issuer’s environmental commitments, the Bonds’ potential contribution to sustainability and their alignment with the four core components of the GBP & SBP.

Our sources of information are multichannel, combining information from (i) public sources, press content providers and stakeholders, (ii) Vigeo Eiris’ exclusive ESG rating database, and (iii) the Issuer, provided through documents and interviews conducted with the Government of Mexico.

We carried out our due diligence assessment from December 30th, 2019 to February 18th, 2020. We consider that we were provided with access to all the appropriate documents and interviewees we solicited.

VIGEO EIRIS’ OPINION

Vigeo Eiris is of the opinion that the SDG Sovereign Bond Framework of Mexico is aligned with the four core components of the Green Bond Principles 2018 and the Social Bond Principles 2018.

We express a reasonable assurance³ (our highest level of assurance) on the Issuer’s commitments and on the contribution of the contemplated 2020 Bonds to sustainability.

1) Issuer (see Part I):

- ▶ According to the latest Sovereign Sustainability Rating © published by Vigeo Eiris in November 2019, Mexico’s sustainability performance is considered above average (68/100). Mexico ranks 46th out of 178 countries that are rated in our global index of sovereign issuers. In particular, Mexico shows an advanced performance in the Social Responsibility and Solidarity and Governance Responsibility pillars, and a good performance on the Environmental Responsibility pillar.

¹ This opinion is to be considered as the “Second Party Opinion” described in the GBP & SBP voluntary guidelines (June 2018 Edition) edited by the International Capital Market Association (www.icmagroup.org).

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

³ Definition of Vigeo Eiris’ scales of assessment (as detailed in the Methodology section):

- Level of Evaluation: Advanced, Good, Limited, Weak.
- Level of Assurance: Reasonable, Moderate, Weak.

2) Issuance (see Part II):

The Issuer has described the main characteristics of the Bonds within the SDG Sovereign Bond Framework which covers the four core components of the GBP & SBP (the last updated version of the Framework was provided to Vigeo Eiris on February 17th, 2020). The Issuer has committed to make this document publicly accessible on SHCP's website before the inaugural Bond's issuance date, in line with good market practices.

We are of the opinion that the Framework is coherent with Mexico's main sector sustainability issues, with its publicly disclosed strategic sustainable development priorities, and that it contributes to achieve its sustainable development commitments and targets.

Use of Proceeds

The Issuer has formalized fourteen use of proceeds categories (the "Eligible Categories") in the SDG Sovereign Bond Framework. The net proceeds of the 2020 Bonds issuances will exclusively finance, in part or in full, expenditures ("the Eligible Sustainable Expenditures" or "the Eligible Expenditures") falling under the twelve of the fourteen Eligible Categories. We consider that the Eligible Categories are clearly defined.

The Issuer has committed to externally verify the alignment of future Eligible Expenditures with the Framework, and market standards and practices.

- ▶ The Eligible Expenditures are intended to contribute to five main environmental objectives (climate change mitigation, sustainable use of natural resources, natural resource conservation, biodiversity conservation, and pollution prevention and control) and to nine main social objectives (equal access to quality basic services - education, healthcare and water-, access to financial services, access to basic infrastructure, employment generation, food security, poverty reduction, and socioeconomic advancement and empowerment). These objectives are formalised in the Framework and considered clearly defined and relevant.
- ▶ The target populations that will benefit from the social Eligible Expenditures have been clearly defined. The issuer has applied a relevant geospatial eligibility criterion based on the Social Gap Index⁴, to identify and target regions where the gaps in achieving the SDGs are the greatest.
- ▶ The Eligible Expenditures are considered to provide clear environmental and/or social benefits. The Issuer has committed to assess and, as feasible, quantify the expected environmental and social benefits of the Eligible Expenditures one year after issuance.
- ▶ In addition, the Eligible Categories are likely to contribute to 13 of the United Nations' Sustainable Development Goals ("SDGs"), namely: Goal 1. No poverty, Goal 2. Zero Hunger, Goal 3. Good Health and Well-being, Goal 4. Quality Education, Goal 6: Clean Water and Sanitation, Goal 7. Affordable and Clean Energy, Goal 8. Decent Work and Economic Growth, Goal 9. Industry, Innovation and Infrastructure, Goal 11. Sustainable Cities and Communities, Goal 12. Responsible Consumption and Production, Goal 13. Climate Action, Goal 14. Life Below Water, and Goal 15. Life on Land.
- ▶ The Issuer has communicated transparently that all of the Eligible Expenditures to be included into a first issuance, will not have a look back period since all of these expenditures are contemplated in the 2020's Federal Budget. The Issuer will evaluate, and communicate if applicable, whether future Bonds issuances will include Eligible Expenses from previous budgets, in compliance with the Mexican regulatory framework in place

Of note, the Issuer may include liability management operations to buyback outstanding conventional bonds. The Issuer has declared that they will transparently report on the buyback operations financed by the Bonds in the impact report.

Process for Expenditures Evaluation and Selection

- ▶ The governance and process for the evaluation and selection of the Eligible Expenditures are formalized in the Framework. We consider that the process is reasonably structured, transparent and relevant.

Of note, the UNDP has participated as a reviewer in the creation of the methodology (guidelines) used to link Mexico's national budget with the Agenda 2030. In the context of the SDG Sovereign Bonds, the UNDP will provide a technical opinion to SHCP, if necessary, on the alignment of Eligible Expenditures with the SDGs and act as an observer of the selection process.

⁴ <https://www.coneval.org.mx/Medicion/IRS/Paginas/Que-es-el-indice-de-rezago-social.aspx>

Process for Expenditures Evaluation and Selection (continued)

- ▶ The process relies on explicit eligibility criteria (selection and exclusion), relevant to the environmental and social objectives defined for the Eligible Categories.
- ▶ The identification and management of the environmental and social risks associated with the majority of Eligible Expenditures are considered good. As of today, the Issuer appears to have identified the relevant social risks associated to financial inclusion programs (financial education, indebtedness risk prevention, clarity of information related to the financial services, promotion of reduced fees and requirements). However, we have no visibility of the measures in place to manage these social risks due to the initial stage of the programs.

Management of Proceeds

- ▶ The rules for the management of proceeds are clearly defined and will be verified. We consider that they would enable a documented and transparent allocation process.

Reporting

- ▶ The reporting process and commitments appear to be good, covering both the funds allocation and the environmental and social benefits of the Eligible Expenditures.

The indicators that will be used to report on the sustainability outputs and impacts of the 2020 Eligible Budget have not been defined yet. Consequently, we cannot provide an opinion on their relevance. Of note, the UNDP will act as an observer and, as required, provide technical assistance to SHCP for the development of the impact report.

Mexico has committed that its SDG Sovereign Bonds will be supported by external reviews:

- A pre-issuance consultant review: the hereby Second Party Opinion delivered by Vigeo Eiris, covering all the features of the Bonds, based on pre-issuance assessment and commitments, to be made publicly available by SHCP on its website, at the date of issuance. In addition, the Issuer has committed to externally verify the alignment of future Eligible Expenditures with the Framework and market practices.
- An annual verification: an external verification performed by a third-party auditor, covering the allocation of funds, the compliance in all material aspects, of the actual allocation of proceeds to the Eligible Expenditures and their alignment with the eligibility criteria, annually until full allocation and in case of any material change.

This Second Party Opinion is based on the review of the information provided by the Issuer, according to our exclusive assessment methodology and to the GBP & SBP voluntary guidelines (June 2018). The Government of Mexico acknowledges that in case of changes of such standards and market practices and expectations, VIGEO EIRIS shall exclude any liability regarding the use of the concerned Second Party Opinion and its compliance with then-current standards and market practices and expectations.

Paris, February 18th, 2020

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DETAILED RESULTS

Part I. ISSUER

Level of ESG performance

According to the latest *Sovereign Sustainability Rating* © published by Vigeo Eiris in November 2019, Mexico's sustainability performance is considered above average (68/100). Mexico ranks 46th out of 178 countries that are rated in our global index of sovereign issuers.

In particular, Mexico shows an advanced performance in the Social Responsibility and Solidarity and Governance Responsibility pillars, and a good performance on the Environmental Responsibility pillar.

Pillar	Comments	Performance level
Environmental Responsibility	Mexico's performance in the Environmental Responsibility pillar is considered good (54/100), ranking 102 nd out of 178 countries evaluated.	Advanced
	At the time of the evaluation, the country has ratified most relevant international environmental conventions, such as the Paris Agreement, the United Nations Framework Convention on Climate Change, the Convention on Biological Diversity, the United Nations Framework Convention to Combat Desertification and the Stockholm Convention on persistent organic pollutants.	Good
	Among Mexico's areas for improvement are the management of water resources and consumption, the protection for endangered species, the promotion of renewable energy and the development of sustainable agriculture. Environmental pollution continues to be a challenge for the country due to intensive deforestation of productive lands, the increase of greenhouse gas emissions principally from the transport sector, the generation of electricity and the extensive use of fuel.	Limited
	Despite its commitment to fight against global warming by reducing GHG emissions by 25% by 2030, compared to a "business-as-usual" projection, Mexico's electricity production is highly dependent on non-renewable sources (coal, oil, gas, nuclear) estimated at 83.42% according to IEA, showing a slow transition towards renewable energies (wind, solar, hydro, geothermal). Mexico continues to grant subsidies to fossil fuels (still significant but lower compared to those existing in other countries in the region, like Chile or Ecuador).	Weak
Social Responsibility and Solidarity	Mexico's performance in the Social Responsibility and Solidarity pillar is considered advanced (65/100), ranking 44 th out of 178 countries evaluated.	Advanced
	Mexico demonstrates a good performance in the promotion of education (both primary and secondary education), the reduction of child malnutrition, and the promotion of gender equity.	Good
	Among Mexico's areas for improvement are the development of public healthcare policies and infrastructure, the reduction of poverty and inequalities and the promotion of workers' rights.	Limited
	In comparison with its OECD peers, Mexico has a high poverty rate (0.16% in 2016) ⁵ which positions the country in the bottom quartile among the OECD economies. Mexico reports a relatively low unemployment rate (3.4% of the total active labour force in 2019) ⁶ . However, the country's labour market remains strongly marked by an informal economy and by low collective bargaining and unionization rates.	Weak
Governance Responsibility	Mexico's performance in the Governance Responsibility pillar is the most advanced of the three pillars (84/100), ranking 27 th out of 178 countries.	Advanced
	The country has ratified all the fundamental conventions relating to human rights, children's rights, prevention of corruption and organized crime, and the majority of standards related to workers' rights. Mexico has demonstrated a strong commitment to the prevention of racial and disability discrimination.	Good
	Mexico shows low performance in strengthening the rule of law, and the capacity of the government to implement policies and regulations for the promotion and development of the private sector.	Limited
	The control of high-level corruption, the effectiveness of public institutions and the extent to which Mexicans can participate in public life, exercise their rights to freedom of expression and freedom of association, and benefit from free communication media, are all below average compared to Mexico's OECD peers ⁷ .	Weak
	Mexico has a moderate level of security for the population and the nation ranked 140 out of the 163 countries evaluated in the Global Peace Index ⁸ in 2019, with a score of 2,6/5.	

⁵ Poverty rate, OECD countries, <https://data.oecd.org/inequality/poverty-rate.htm>

⁶ Unemployment, total (% of total labour force) (modelled ILO estimate) <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS>

⁷ According to Vigeo Eiris Sovereign Sustainability Rating methodology based on indicators from the World Bank, Transparency International, Reporters Without Borders and FreedomHouse

⁸ Information about the Global Peace Index: <http://visionofhumanity.org/indexes/global-peace-index/>.

Part II. ISSUANCE

Coherence between the issuances and the Issuer

Context note:

In 2015, all United Nations Member States adopted the 2030 Agenda for Sustainable Development, which includes the 17 Sustainable Development Goals (SDGs). With 10 years left to achieve the SDGs, world leaders called for a “Decade of Action” at the SDG Summit in September 2019. Achieving sustainable development requires the transition of all economic sectors towards sustainable development models, and the immediate action of all public and private actors. In particular, national governments must mobilise to achieve sustainable development goals, through regional and global leadership, integrating sustainability in policies, budgets, institutions and regulatory frameworks, and working with all stakeholders.

We are of the opinion that the SDG Sovereign Bond Framework is coherent with Mexico’s strategic sustainability priorities and contributes to achieving the Issuer’s sustainability commitments and targets.

Mexico appears to acknowledge its role in providing solutions to address sustainability challenges and achieving the SDGs. In line with its commitment to the 2030 Agenda, the Government of Mexico created in 2015 a new technical committee led by the Office of the Presidency and including 26 entities, called the Specialized Technical Committee of the Sustainable Development Goals (“CTEODS”, for its acronym in Spanish). The purpose of CTEODS is to monitor indicators and evaluate public policies oriented towards the compliance of Mexico to the SDGs. In April 2017, Mexico established the *National Council of the 2030 Agenda for Sustainable Development*, in December 2019 it published the *National Strategy for the implementation of the Agenda 2030*⁹, and made amendments to the *Ley de Planeación*¹⁰ (Planning Act) to integrate sustainable development in Mexico’s national budget.

Mexico identified the following priority themes for the integration of the SDGs into its national planning, budgetary and fiscal policies:

- Social and economic inclusion
- A multidimensional¹¹ approach to poverty
- Gender equality and empowerment of women
- The implementation of the rights of indigenous and Afro-Mexican peoples
- The recognition of the rights of migrants and their positive contribution to development
- The conservation of biodiversity, biocultural heritage and traditional knowledge and the adoption of national commitments to address climate change
- The protection and strengthening of the Rule of Law

Mexico has formalized sustainability strategies and policies, coupled in some cases with quantified targets, in particular the ratification of the Paris Climate Agreement and its National Determined Contribution (NDC) in 2016. The NDC commits Mexico to reduce its Greenhouse Gases (GHG) emissions by 22% and Short-Lived Climate Pollutant (SLCP) emissions by 51% relative to its 2030 emissions projections. Under certain conditions, Mexico further commits to a conditional GHG emission and SLCP reduction of 40%. Mexico will submit a new or updated version of its current NDC commitment in 2020.

Mexico has incorporated the principles and objectives of the 2030 Agenda¹² into its development plans, public policies and federal budgets. Its “National Development Plan 2019-2024” (“NDP”) is structured around three pillars: justice and the rule of law, social and economic rights, and sustainable and equitable economic development.

Since the 2018 Federal Budget, the Mexican Government, through the Ministry of Finance and Public Credit (“SHCP” or “Secretaría de Hacienda y Crédito Público”), has established a formal link between the current national planning process, the global *2030 Agenda*, and the SDGs¹³. This link allows for strategic planning towards to 2030 Agenda and monitoring and reporting of results and impacts. The Government makes public policy decisions based on the yearly budgetary approval process, to propose to the Chamber of Deputies budgetary resource allocations aligned with the SDGs. The yearly budgetary approval process takes into consideration the National Development Planning

⁹ https://www.gob.mx/cms/uploads/attachment/file/514075/EN-A2030Mx_VF.pdf

¹⁰ Source : http://www.diputados.gob.mx/LeyesBiblio/pdf/59_160218.pdf

¹¹ <https://www.coneval.org.mx/Medicion/Paginas/Glosario.aspx>

¹² <http://agenda2030.mx/#/home>

¹³ Investing For Sustainable Development: How Does Mexico Invest In The Sustainable Development Goals:

https://www.transparenciapresupuestaria.gob.mx/work/models/PTP/Presupuesto/Documentos_anteriores/mexico_sdq.pdf

System, and the Performance and Evaluation System. The methodology used to link the annual budgets with the SDGs is explained in the 2020 *Presupuesto de Egresos de la Federación (PEF)*, publicly available on the Mexican Government Website¹⁴.

By creating a Framework to issue SDG Sovereign Bonds intended to finance Eligible Expenditures related to food, healthcare, education, water and sanitation, energy, employment, infrastructure, transport, and biodiversity, the Issuer coherently aligns with its sustainability strategy and commitments and addresses the main governmental issues in terms of action to bridge the SDG gap.

Use of proceeds

The Issuer has formalized fourteen use of proceeds categories (the “Eligible Categories”) in the SDG Sovereign Bond Framework. The net proceeds of the 2020 Bonds issuances will exclusively finance, in part or in full, expenditures (“the Eligible Sustainable Expenditures” or “the Eligible Expenditures”) falling under twelve of the fourteen Eligible Categories. We consider that the Eligible Categories are clearly defined.

- The Eligible Expenditures of the first issuance are included in Mexico’s 2020 National Budget approved by the Congress. These expenditures are regulated by publicly available laws and procedures, which include specific descriptions, objectives, responsible entities, requirements, and beneficiaries.
- The Eligible Expenditures not included in the 2020 Bonds issuances are indicated in grey in Table 1.

The Issuer has committed to externally verify the alignment of future Eligible Expenditures with the Framework, and market standards and practices.

The Eligible Expenditures are intended to contribute to five main environmental objectives (climate change mitigation, sustainable use of natural resources, natural resource conservation, biodiversity conservation, and pollution prevention and control) and to nine main social objectives (equal access to quality basic services - education, healthcare and water-, access to financial services, access to basic infrastructure, employment generation, food security, poverty reduction, and socioeconomic advancement and empowerment). These objectives are formalised in the Framework and considered clearly defined and relevant.

The target populations that will benefit from the social Eligible Expenditures have been clearly defined. The issuer has applied a relevant geospatial eligibility criterion based on the Social Gap Index¹⁵, to identify and target regions where the gaps in achieving the SDGs are the greatest.

For social Eligible Expenditures, the SHCP applies a geospatial eligibility criterion to target vulnerable populations. This criterion allows to identify “priority areas” defined as regions with a “very high”, “high” or “medium” level of Social Gap, according to data from the Social Gap Index. The Social Gap Index is calculated by the Census of Population and Housing (INEGI for its initials in Spanish). It consists of 11 sub-indicators, which measure the access to education, health, habitat and basic services in Mexico, allowing the adequate identification of regions where the gaps in achieving the SDGs are the greatest.

The Issuer has specified in the Framework whether the geospatial eligibility criteria has been applied to each of the Eligible Expenditures. This geospatial eligibility criterion has been applied to relevant Eligible Categories.

The list of target populations described in the Framework are examples of potential main beneficiaries within the zones that meet the geospatial eligibility criteria. The Issuer does not apply additional sub-filters, besides the geospatial eligibility criteria and the specific programs’ requirements.

The Eligible Expenditures are considered to provide clear environmental and/or social benefits. The Issuer has committed to assess and, as feasible, quantify the expected environmental and social benefits of the Eligible Expenditures one year after issuance.


The Issuer has communicated transparently that all of the Eligible Expenditures to be included into a first issuance, will not have a look back period since all of these expenditures are contemplated in the 2020’s Federal Budget. The Issuer will evaluate, and communicate if applicable, whether future Bonds issuances will include Eligible Expenses from previous budgets, in compliance with the Mexican regulatory framework in place.

Of note, the Issuer may include liability management operations to buyback outstanding conventional bonds. The Issuer has declared that they will transparently report on the buyback operations financed by the Bonds in the impact report.

¹⁴ https://www.ppef.hacienda.gob.mx/work/models/PPEF2020/docs/exposicion/EM_Documento_Completo.pdf


¹⁵ <https://www.coneval.org.mx/Medicion/IRS/Paginas/Que-es-el-indice-de-rezago-social.aspx>



Table 1. Vigeo Eiris' analysis of the Eligible Categories formalised by the Issuer in the Framework.




Mexico's SDG Sovereign Bond Framework		Objectives and benefits	Vigeo Eiris analysis
SDG eligible category & associated challenges	Use of Proceeds Description Definition & Eligibility Criteria ¹⁶		
 <p>Ensure food security and access to essential services</p>			For most of the Eligible Expenditures in this category (namely 2.1, 2.2 and 2.3), in line with best practices, additional criteria could be included in order to promote the development of sustainable agricultural practices.
	<p>2.1 Production subsidies to small and medium farmers (≤20ha) for basic food products</p> <ul style="list-style-type: none"> - Basic food products are based on the food basket, which is taken from the national food balance sheets published by the UN Food and Agriculture Organization (FAO). <p><i>*Geospatial criteria applied</i></p>	<p>Food Security</p> <p><i>Increase the agricultural productivity of small-medium farmers</i></p>	<p>The definitions of Eligible Expenditures are clear.</p> <p>The target populations that will benefit from this Eligible Expenditures have been clearly defined, namely small and medium farmers as defined by the Mexican Government in national legislations (≤20ha) in the priority areas identified by the Issuer.</p>
	<p>2.2 Training to small and medium farmers to increase production yields (≤20ha)</p> <p><i>*Geospatial criteria applied</i></p>	<p><i>Ensure availability of basic food products</i></p> <p><i>Ensure access to food products</i></p>	<p>The definitions of Eligible Expenditures are clear.</p> <p>The target populations that will benefit from this Eligible Expenditures have been clearly defined, namely small and medium farmers as defined by the Mexican Government in national legislations (≤20ha) in the priority areas identified by the Issuer.</p>
	<p>2.3 Consumption subsidies for basic food products</p> <ul style="list-style-type: none"> - Basic food products are based on the food basket, which is taken from the national food balance sheets published by the UN Food and Agriculture Organization (FAO). 	<p>Socioeconomic advancement</p> <p><i>Increase the income of small-medium producers</i></p>	<p>The definitions of Eligible Expenditures are clear.</p> <p>The target populations that will benefit from this Eligible Expenditures have been generally defined, namely the whole population in the priority areas identified by the Issuer. An area of improvement is clarifying in the Framework the main beneficiaries of subsidies.</p>
	<p>2.4 Free public-school meals</p>		<p>The definitions of Eligible Expenditures are clear.</p> <p>The target populations that will benefit from the Eligible Expenditures have been clearly defined, namely students attending public schools in the priority areas identified by the Issuer.</p>
<p>2.5 Promoting the resilience of the agricultural sector through universal insurance coverage for small and medium producers (≤20ha) (e.g. to cover losses resulting from weather climate related events such as droughts or floods, as well as plagues, earthquakes and other agricultural risks)</p> <p><i>*Geospatial criteria applied</i></p>		<p>The definitions of Eligible Expenditures are clear.</p> <p>Eligible Expenditures are directed to all farmers registered in Mexico's Ministry of Agriculture and Rural Development (SADER for its initials in Spanish) and the amount and type of coverage is regulated by publicly available national legislation.</p> <p>The target populations that will benefit from the Eligible Expenditures have been clearly defined, namely farmers in the priority areas identified by the Issuer.</p>	



¹⁶ In black: Eligible Expenditures included in 2020 Bonds

In grey and italic = Eligible Expenditures not included in 2020 Bonds


Mexico's SDG Sovereign Bond Framework		Objectives and benefits	Vigeo Eiris analysis
SDG eligible category & associated challenges	Use of Proceeds Description Definition & Eligibility Criteria ¹⁶		
 <p>Ensure effective access to quality healthcare services</p>	<p>3.1 Financing to construct, equip, operate hospitals, clinics and health care centres for the provision of public/free/subsidized health services</p> <p>3.2 Infrastructure and equipment for the provision of public emergency medical response and disease control services</p> <p>3.3 Educational and vocational training centres for medical, public health and emergency response professionals</p> <p>3.4 Provision/distribution of public healthcare equipment and services</p> <p>3.5 Support to public health professionals through the purchase of materials, mobility and / or training.</p> <p>3.6 The use and deployment of technological advancements in the public health system to detect and prevent diseases</p> <p>3.7 Public services, and equipment to improve sexual and maternal and women health</p> <p>3.8 Addiction prevention and care public programmes</p> <p>3.9 Prevention and care of sexual transmitted infections public programmes</p> <p>3.10 Public health related research and technological development funding</p> <p><i>*Geospatial criteria applied</i></p>	<p>Equal access to quality healthcare services</p> <p><i>Increase universal coverage of preventive and curative public health services</i></p> <p><i>Increase the training and development of public healthcare professionals</i></p> <p><i>Support the research and development of healthcare treatments</i></p>	<p>The definitions of Eligible Expenditures are clear.</p> <p>Eligible Expenditures are part of Mexico's national public health system.</p> <p>The target populations that will benefit from this Eligible Expenditures have been clearly defined, namely the whole population in the priority areas identified by the Issuer.</p>

Mexico's SDG Sovereign Bond Framework		Objectives and benefits	Vigeo Eiris analysis
SDG eligible category & associated challenges	Use of Proceeds Description Definition & Eligibility Criteria ¹⁶		
 <p>Improve education infrastructure and provide school with basic furniture</p>	<p>4.1 Construction and improvement of public schools, campus, student housing</p> <p>4.2 Purchase of hardware equipment for public education purposes</p> <p><i>*Geospatial criteria applied</i></p>	<p>Equal access to education</p> <p><i>Improve education infrastructure and services</i></p> <p><i>Increase the access to quality education for all, in particular vulnerable students</i></p> <p><i>Increase the supply of qualified teachers</i></p> <p><i>Increase the number of adults with skills for employment</i></p>	<p>The definitions of Eligible Expenditures are clear.</p> <p>Eligible Expenditures are part of Mexico's national public education system.</p> <p>The target populations that will benefit from the Eligible Expenditures have been clearly defined, namely the whole population in the priority areas identified by the Issuer.</p>
 <p>Ensure inclusive and quality education for all and promote lifelong learning</p>	<p>4.3 Students scholarships (to cover fees or living cost) for basic education high school, undergraduate or post-graduate</p> <p>4.4 Educational grants</p> <p>4.5 Training for educational professionals of the public education system, including post-graduate education</p> <p>4.6 Technical training to young unemployed people</p> <p>4.7 Financing of universities for low-income students</p> <p>4.8 Needs-based educational scholarships (to cover fees or living cost) for basic education, high school, undergraduate or postgraduate</p> <p><i>*Geospatial criteria applied</i></p>		<p>The definitions of Eligible Expenditures are clear.</p> <p>Eligible Expenditures are part of Mexico's national public education system. The Issuer has made a distinction between scholarships and grants, as scholarships conduct a merit-based selection process, while grants are given to specific populations without a merit-based selection process.</p> <p>The target populations that will benefit from the Eligible Expenditures have been clearly defined, namely the students and education professionals in the priority areas identified by the Issuer.</p>

Mexico's SDG Sovereign Bond Framework		Objectives and benefits	Vigeo Eiris analysis
SDG eligible category & associated challenges	Use of Proceeds Description Definition & Eligibility Criteria ¹⁶		
 <p>6 CLEAN WATER AND SANITATION</p> <p>Access to clean water and sanitation</p>	<p>6.1 Construction and improvement of water treatment public infrastructure</p> <p>6.2 Construction of water distribution public network or maintenance</p> <p>6.3 Subsidized water tariffs</p> <p>6.4 Rehabilitation of public water treatment plants</p> <p>6.5 Public sanitation projects</p>	<p>Equal access to Water Services</p> <p><i>Improve water and sanitation infrastructure</i></p>	<p>The definitions of Eligible Expenditures are clear</p> <p>Eligible Expenditures are part of Mexico's National Water Commission strategy 2020 – 2025 (CONAGUA, for its initials in Spanish), which include specific actions for the efficient use of water resources.</p> <p>The target populations that will benefit from this Eligible Expenditures have been clearly defined, namely the whole population.</p>
 <p>6 CLEAN WATER AND SANITATION</p> <p>Water supply and management for productive sectors</p>	<p>6.6 Conserve, rehabilitate and modernize hydro-agricultural infrastructure</p> <p>6.7 <i>Rainwater collector systems</i></p> <p>6.8 <i>Pumping station operation, surveillance of wells systems</i></p>	<p>Sustainable Use of Natural Resources</p> <p><i>Reduce the use of water in the agriculture sector</i></p>	<p>The definitions of Eligible Expenditures are clear.</p> <p>The Issuer has declared that Eligible Expenditures are based on proven technologies that reduce water consumption. Eligible Expenditures are under the jurisdiction of Mexico's National Water Commission.</p> <p>The target populations that will benefit from this Eligible Expenditures have been clearly defined, namely the whole population.</p>
 <p>6 CLEAN WATER AND SANITATION</p> <p>Water related hazards (resilience/climate change adaptation)</p>	<p>6.9 <i>Development of new methodologies and technological platforms to improve meteorological and hydrological forecasts</i></p> <p>6.10 <i>Development of water related hazards emergency plans and procedures (Expand the capacity of Emergency Care Centre)</i></p> <p>6.11 <i>Develop and adapt projects for the construction, operation and maintenance of public sanitation infrastructure (increased resilience of sewer function and operations)</i></p> <p>6.12 <i>Expenditures in public hydraulic infrastructure assets and rehabilitation and conservation of dams and head structures.</i></p>	<p>Climate Change Adaptation</p> <p><i>Improve the response to climate change related events.</i></p>	<p>The definitions of Eligible Expenditures are clear.</p> <p>All Eligible Expenditures under this category appear to be part of Mexico's National Water Commission strategy 2020 – 2025 (CONAGUA, for its initials in Spanish) to prevent floods.</p>

Mexico's SDG Sovereign Bond Framework		Objectives and benefits	Vigeo Eiris analysis
SDG eligible category & associated challenges	Use of Proceeds Description Definition & Eligibility Criteria ¹⁶		
  <p>Access to affordable, reliable modern energy</p>	<p>7.1. <i>Transmission and distribution lines that meet the technical criteria for the EU Taxonomy for Sustainable Activities¹⁷.</i></p> <p>7.2. <i>Energy storage associated with the integration of eligible renewable energy investments, or smart grid investments such as:</i></p> <ul style="list-style-type: none"> - <i>Mechanical technology: pumped hydroelectric energy storage (PHES), compressed air energy storage (CAES)</i> - <i>Thermal and thermochemical technology: sensible heat or latent heat, energy by sorption</i> - <i>Chemical technology: storage in the form of oxygen or hydrogen gas</i> <p>7.3. <i>Dedicated smart grid investments or training programs to facilitate the efficient integration of renewable energy and energy efficiency programs</i></p>	<p>Climate Change Mitigation</p> <p><i>Avoid GHG emissions</i></p> <p><i>Increase renewable energy production capacity</i></p> <p><i>Increase energy storage capacity</i></p> <p><i>Increase access to affordable, reliable and modern energy services</i></p>	<p>The definitions of Eligible Expenditures are clear.</p> <p>The Issuer has declared that Eligible Expenditures include all project stages (R&D, construction, acquisition, maintenance) and that eligible energy storage and smart grid technologies must also meet the criteria of the EU Taxonomy for Sustainable Activities. An area of improvement is to use approved and existing taxonomies.</p>

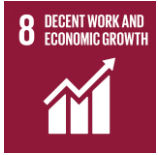
¹⁷ TEG Report on EU Taxonomy : https://ec.europa.eu/info/files/190618-sustainable-finance-teg-report-taxonomy_en




Mexico's SDG Sovereign Bond Framework		Objectives and benefits	Vigeo Eiris analysis
SDG eligible category & associated challenges	Use of Proceeds Description Definition & Eligibility Criteria ¹⁶		
 <p>Increasing the share of renewable energy and improving energy efficiency</p>	<p>7.4 Financing of programs for the sustainable use of energy</p> <p>7.5. <i>Maintenance of clean energy infrastructure in line with the EU Taxonomy for Sustainable Activities¹³.</i></p> <p>7.6. <i>Investments in projects from renewable energy sources as per the EU Taxonomy for Sustainable Activities¹³. Including the production of electricity from Solar PV, Concentrated Solar Power, Wind Power, Ocean Energy, Geothermal (below 100gCO₂/kWh), Bioenergy and Hydropower below 25MW; and Hydro Power above 25MW that meets the following criteria:</i></p> <ul style="list-style-type: none"> - <i>Emissions intensity below 100gCO₂e/kWh (or a power density greater than 5 MW/m²);</i> - <i>Meets strict Adaptation and Resilience criteria by an independent assessor using the using the ESG Gap Analysis Tool¹⁸</i> - <i>The project is not located in (or close to: 10km terrestrial distance or 50km maritime distance) a Key Biodiversity Area¹⁹</i> <p><i>Identified Hydropower plants do not appear on RepRisk²⁰</i></p>	<p>Climate Change Mitigation</p> <p><i>Avoid GHG emissions</i></p> <p><i>Increase renewable energy production capacity</i></p>	<p>The definitions of Eligible Expenditures are clear.</p> <p>An area of improvement is to use approved and existing taxonomies.</p> <p>Of note, the Eligible Expenditure under this category is the Fund for Energy Transition and Sustainable Use of Energy (FOTEASE for its acronym in Spanish), a public policy instrument of the Ministry of Energy whose objective is to implement actions that contribute to the fulfilment of the National Strategy for Energy Transition and Sustainable Energy Use.</p>
	<p>7.7. <i>Energy efficiency investments in public buildings that result in energy savings of at least 20%</i></p> <p>7.8. <i>Programs dedicated to energy efficiency improvements in both the private and public sectors</i></p> <p>7.9. <i>Financing of the operation and programmes of the National Commission for the Efficient Use of Energy</i></p>	<p>Climate Change Mitigation</p> <p><i>Avoid GHG emissions</i></p> <p><i>Energy savings</i></p>	<p>The definitions of Eligible Expenditures are clear.</p> <p>Areas of improvement are:</p> <ul style="list-style-type: none"> - To align to best market practices in terms of energy savings, namely 30% (Climate Bonds Initiative). - To provide thresholds for the energy efficiency improvements in the public/private sectors, as well as the economic sectors included.



¹⁸ International Hydropower Associate ESG Gap Analysis Tool: <https://www.hydropower.org/esg-tool>

¹⁹ <http://www.keybiodiversityareas.org/site/mapsearch>

²⁰ <https://www.reprisk.com/>

Mexico's SDG Sovereign Bond Framework		Objectives and benefits	Vigeo Eiris analysis
SDG eligible category & associated challenges	Use of Proceeds Description Definition & Eligibility Criteria ¹⁶		
 <p>Ensure full, productive and decent employment for all</p>	<p>8.1 Infrastructure and programs to increase access to financing and financial services including improved access to welfare payments to the vulnerable and disadvantage groups</p> <p>8.2. Tools to strengthen financial knowledge and protection for consumers</p> <p>8.3. Infrastructure and programs to increase access to financial services to people and micro and small enterprises</p> <p>8.4. Programs to increase and strengthen access to financial literacy</p> <p>8.5. Build new bank branches in isolated and rural areas</p> <p>8.6. Development and strengthening of digital payment systems</p> <p><i>* Geospatial criteria applied</i></p>	<p>Access to Financial Services</p> <p><i>Increase access to financing and financial services</i></p>	<p>The definitions of Eligible Expenditures are clear.</p> <p>Eligible Expenditures under this category are part of Mexico's Financial Inclusion Policy 2020-2024 of the National Council of Financial Inclusion, which has formalized objectives, strategies, action plans and indicators. The Policy considers relevant social risks related to financial inclusion initiatives, namely: financial education, financial protection and accessibility.</p> <p>The target populations that will benefit from the Eligible Category have been clearly defined, namely populations in the priority areas identified by the Issuer.</p>
	<p>8.7. Employment generation in sustainable tourism for indigenous people and Afro-Mexicans</p> <p>8.8. Community projects in food self-sufficiency in indigenous and Afro-Mexican communities</p> <p>8.9. Construction of productive infrastructure (collection, selection and packaging centres, sawmills, infrastructure for livestock) in indigenous and Afro-Mexican communities</p> <p>8.10. Maintain and develop exchange networks to promote ancestral indigenous knowledge and practices</p> <p>8.11. Conservation of cultural, educational and natural heritage centres</p> <p><i>* Geospatial criteria applied</i></p>	<p>Food Security</p> <p><i>Improve food self-sufficiency</i></p> <p>Socioeconomic advancement and empowerment</p> <p><i>Promote the conservation of cultural heritage</i></p> <p><i>Strengthen the economic productivity of indigenous and Afro-Mexican communities</i></p> <p>Employment generation</p> <p><i>Increase the employment of and enterprises run by indigenous or Afro-Mexican people</i></p>	<p>The definitions of Eligible Expenditures are clear.</p> <p>The target populations that will benefit from the Eligible Category have been clearly defined, namely indigenous and afro-Mexican populations in the priority areas identified by the Issuer.</p>

Mexico's SDG Sovereign Bond Framework		Objectives and benefits	Vigeo Eiris analysis
SDG eligible category & associated challenges	Use of Proceeds Description Definition & Eligibility Criteria ¹⁶		
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Ensure full, productive and decent employment for all (<i>continued</i>)</p>	<p>8.12. Scholarships for employment training</p> <p>8.13. Development and maintenance of employment training centres</p> <p>8.14. Development of employment training programs</p> <p><i>*Geospatial criteria applied</i></p>	<p>Socioeconomic advancement and empowerment</p> <p><i>Increase the number of youth and adults with relevant skills for employment</i></p> <p><i>Decrease of youth not currently in education, employment or training</i></p>	<p>The definitions of Eligible Expenditures are clear.</p> <p>The target populations that will benefit from the Eligible Category have been clearly defined, namely young people (18-29 years old) currently not employed or in education, in the priority areas identified by the Issuer.</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>A lack of access to regional infrastructure and services</p>	<p>9.1. Development of rural and feeder roads in areas that lack connectivity, or in areas lacking access to key social infrastructure (e.g. schools healthcare)</p> <p>9.2. Increased access to and development of broadband internet (Optic fiber networks)</p> <p><i>*Geospatial criteria applied</i></p>	<p>Access to Basic Infrastructure</p> <p><i>Increase connectivity</i></p>	<p>The definitions of Eligible Expenditures are clear.</p> <p>The target populations that will benefit from the Eligible Category have been clearly defined, namely the population in the priority areas identified by the Issuer.</p>
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Increasing the usage of mass transit and rail use for freight</p>	<p>11.1. Electrified rail transport infrastructure for freight and/or passenger transport & acquisition of new electric rolling stock</p> <p>11.2. Bus-rapid-transit infrastructure and fleets that meet Bronze, Silver or Gold score under the BRT Standard</p> <p>11.3. Intermodal exchange hubs enabling transfers:</p> <ul style="list-style-type: none"> - Combined transport platforms: e.g. rail-road, rail-river - Multimodal platforms allowing access to clean modes (train station, river port...) <p>11.4. Discount fees for public transport services for students, unemployed people, disabled people, veterans</p> <p>11.5. Reimbursement of public transit passes for civil servants</p>	<p>Access to Basic Infrastructure</p> <p><i>Increase access to public transport</i></p> <p>Climate Change Mitigation</p> <p><i>Reduce GHG emissions from transport</i></p>	<p>The definitions of Eligible Expenditures are clear.</p> <p>The Issuer has declared that Eligible Sustainable Expenditures under this category will be directed to urban regions and key transport routes, which are identified through origin & destiny surveys that provide data on daily mobility habits and travel characteristics of a specific population.</p>

Mexico's SDG Sovereign Bond Framework		Objectives and benefits	Vigeo Eiris analysis
SDG eligible category & associated challenges	Use of Proceeds Description Definition & Eligibility Criteria ¹⁶		
 <p>Water biodiversity and resources</p>	<p>14.1. Conservation, restoration and sustainable management of watersheds</p>	<p>Natural Resource Conservation</p> <p><i>Restore hydrological resources</i></p> <p><i>Improve water quality</i></p> <p>Pollution Prevention and Control</p> <p><i>Reduce marine pollution from land-based activities</i></p>	<p>The definitions of Eligible Expenditures are clear.</p> <p>Eligible Expenditures under this category are conservation and sustainable management initiatives of the National Protected Areas Commission (CONANP for its acronym in Spanish).</p>
 <p>Conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems</p>	<p>15.1. Support for sustainable forestry development</p> <p>15.2. Sustainable management and maintenance of National Parks and Conservation Areas</p> <p>15.3. Wildlife conservation programs</p> <p>15.4. Programs for the protection and restoration of ecosystems and priority species</p>	<p>Sustainable Use of Natural Resources</p> <p><i>Sustainably manage forests</i></p> <p>Biodiversity Conservation</p> <p><i>Protect biodiversity in priority species</i></p>	<p>The definitions of Eligible Expenditures are clear.</p> <p>Eligible Expenditures under this category are conservation or sustainable management initiatives of the National Commission of Forests (CONAFOR for its acronym in Spanish) and the National Protected Areas Commission (CONANP for its acronym in Spanish) respectively. CONANP has identified a list of priority species in Mexico.</p>

In addition, the Eligible Categories are likely to contribute to 13 of the United Nations' Sustainable Development Goals ("SDGs"), namely: Goal 1. No poverty, Goal 2. Zero Hunger, Goal 3. Good Health and Well-being, Goal 4. Quality Education, Goal 6: Clean Water and Sanitation, Goal 7. Affordable and Clean Energy, Goal 8. Decent Work and Economic Growth, Goal 9. Industry, Innovation and Infrastructure, Goal 11. Sustainable Cities and Communities, Goal 12. Responsible Consumption and Production, Goal 13. Climate Action, Goal 14. Life Below Water, and Goal 15. Life on Land.



Use of Proceeds Category	UN SDGs identified	UN SDGs targets
Ensure food security and access to essential services	SDG 2. Zero Hunger	2.1, 2.3, 2.A
	SDG 13. Climate Action	13.1
Ensure effective access to quality healthcare services, eliminate discriminatory barriers, close service gaps between different social groups and regions and ensure the generation and effective use of healthcare resources	SDG 3. Good Health and Well-being	3.1, 3.2, 3.3 3.5, 3.7, 3.8
Improve education infrastructure and provide school with basic furniture	SDG 4. Quality Education	4.A
Ensure inclusive and quality education for all and promote lifelong learning	SDG 4. Quality Education	4.1, 4.3, 4.4, 4.5, 4.6, 4.B
Access to clean water and sanitation	SDG 6. Clean Water and Sanitation	6.1, 6.2, 6.3, 6.4,
	SDG 9. Industry, Innovation and Infrastructure	9.4
	SDG 12 Responsible Consumption and Production	12.2
Water supply and management for productive sectors	SDG 6. Clean Water and Sanitation	6.4
	SDG 9. Industry, Innovation and Infrastructure	9.4
	SDG 12 Responsible Consumption and Production	12.2
Water related hazards (resilience/climate change adaptation)	SDG 6 Clean Water and Sanitation	NA
	SDG 13. Climate Action	13.1, 13.3
Access to affordable, reliable modern energy	SDG 7. Affordable and Clean Energy	7.1, 7.2
	SDG 13. Climate Action	NA
Increasing the share of renewable energy and improving energy efficiency	SDG 7. Affordable and Clean Energy	7.2, 7.3
	SDG 13. Climate Action	NA
	SDG 1 No Poverty	1.4

Use of Proceeds Category	UN SDGs identified	UN SDGs targets
Ensure full, productive and decent employment for all	SDG 4 Quality Education	4.4
	SDG 8 Decent Work and Economic Growth	8.3, 8.5, 8.6, 8.9, 8.10
	SDG 12 Responsible Consumption and Production	12.B
A lack of access to regional infrastructure and services	SDG 9. Industry, Innovation and Infrastructure	9.1, 9.C
Increasing the usage of mass transit and rail use for freight	SDG 9. Industry, Innovation and Infrastructure	9.1
	SDG 11 Sustainable Cities and Communities	11.2
Water biodiversity and resources	SDG 6 Clean Water and Sanitation	6.6
	SDG 14 Life Below Water	14.1, 14.2
Conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems	SDG 15 Life on Land	15.1, 15.2, 15.3, 15.4, 15.5



UN SDG 1 consists in ending poverty in all its forms everywhere. More precisely, relevant SDG 1 targets include:

- 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
-



UN SDG 2 consists in ending hunger, achieving food security and improved nutrition and promoting sustainable agriculture. More precisely, relevant SDG 2 targets by 2030 include:

- 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 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
- 2.A Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries



UN SDG 3 consists in ensuring healthy lives and promoting well-being for all at all ages. More precisely, relevant SDG 3 targets include:

- 3.1 By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births
- 3.2 By 2030, end preventable deaths of new-borns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births
- 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
- 3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol
- 3.7 By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes
- 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



UN SDG 4 consists in ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all. More precisely, relevant SDG 4 targets include:

- 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
- 4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
- 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
- 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
- 4.6 By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy
- 4.A Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all
- 4.B By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries



UN SDG 6 consists in ensuring access to water and sanitation for all. More precisely, relevant SDG 6 targets include:

- 6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
- 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
- 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

- 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
- 6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes
-



UN SDG 7 consists in ensuring access to affordable, reliable, sustainable and modern energy for all. More precisely, relevant SDG 7 targets include:

- 7.1 By 2030, ensure universal access to affordable, reliable and modern energy services
- 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
- 7.3 By 2030, double the global rate of improvement in energy efficiency



UN SDG 8 consists in promoting inclusive and sustainable economic growth, employment and decent work for all. More precisely, relevant SDG 8 targets include:

- 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
- 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
- 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training
- 8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products
- 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all



UN SDG 9 consists in building resilient infrastructure, promoting sustainable industrialization and fostering innovation. More precisely, relevant SDG 9 targets include:

- 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
- 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
- 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



UN SDG 11 consists in making cities inclusive, safe, resilient and sustainable. More precisely, relevant SDG 11 targets include:

- 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons



UN SDG 12 consists in ensuring sustainable consumption and production patterns. More precisely, relevant SDG 12 targets include:

- 12.2 By 2030, achieve the sustainable management and efficient use of natural resources



UN SDG 13 consists in taking urgent action to combat climate change and its impacts. More precisely, relevant SDG 13 targets include:

- 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
- 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning



UN SDG 14 consists in conserving and sustainably using the oceans, seas and marine resources. More precisely, relevant SDG 14 targets include:

- 14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution
- 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



UN SDG 15 consists in sustainably managing forests, combating desertification, halting and reversing land degradation, halting biodiversity loss. More precisely, relevant SDG 15 targets include:

- 15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements
- 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
- 15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world
- 15.4 By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development
- 15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species

Process for Expenditures Evaluation and Selection

The governance and process for the evaluation and selection of the Eligible Expenditures are formalised in the Framework. We consider that the process is reasonably structured, transparent and relevant.

Of note, the UNDP has participated as a reviewer in the creation of the methodology (guidelines) used to link Mexico's national budget with the Agenda 2030. In the context of the SDG Sovereign Bonds, the UNDP will provide a technical opinion to SHCP, if necessary, on the alignment of Eligible Expenditures with the SDGs and act as an observer of the selection process.

The process for evaluation and selection of Eligible Expenditures is clearly defined.

The evaluation and selection of Eligible Expenditures is based on relevant internal and external expertise, with well-defined roles and responsibilities:

- All Eligible Expenditures are part of Mexico's National Budget approved by the Congress and are regulated by publicly available laws and procedures.
- As a national initiative, since 2017 Mexico has been working on the establishment of high-level public policy priorities to meet the Agenda 2030 via the *National Council of the Agenda 2030 for Sustainable Development*. This council is composed by 19 government ministries, 7 non-sectorial institutions, and 2 autonomous agencies. The council is led by the President of Mexico and they meet once a year. This Council designed a workplan addressing the priority areas to achieve the implementation of the 2030 Agenda at the federal level, also promoting the adoption of these measures at state and municipal levels. The *Executive Commission* is in charge of aligning efforts made by states and municipalities on the SDGs. The four committees of the *National Council of the 2030 Agenda for Sustainable Development* are in charge of monitoring the development of the workplan, and the *Specialized Technical Committee of the Sustainable Development Goals* (CTEODS, for its acronym in Spanish) is in charge of monitoring the indicators and evaluating the public policies that contribute to Mexico's SDGs.²¹ Since 2018, the Mexican Federal Government has established a formal link between the current national planning process and the SDGs. This process is formalised in the planning law (*Ley de Planeación*) and implemented in the annual National Budget, carried out by the SHCP.
- With regards to the SDG Sovereign Bonds, SHCP is responsible for the evaluation and selection of Eligible Expenditures based on the list of prioritised expenditures provided by each Ministry, and which are already approved by the National Budget and linked to the SDGs.
- In addition, the SHCP applies economic and technical filters, including:
 - expenditures allowed by the Mexican Law of Public Debt,
 - compliance with environmental and social national regulations,
 - exclusion criteria formalised in the Framework,
 - defined guidelines and operational procedures of the Eligible Expenditure,
 - at least one direct contribution of the Eligible Expenditure to the SDGs, as established by the mechanisms to link the national budget with the 2030 Agenda²².
- The Eligible Budget of each Bond will be validated by the Committee of Inclusive Sustainable Economy (CISE for its acronym in Spanish).
- The UNDP has participated as a reviewer in the creation of the methodology (guidelines) used to link Mexico's national budget with the Agenda 2030. In the context of the SDG Sovereign Bonds, the UNDP will provide a technical opinion to SHCP, if necessary, on the alignment of Eligible Expenditures with the SDGs and act as an observer of the selection process.

²¹ https://www.gob.mx/cms/uploads/attachment/file/231527/Lineamientos_p_y_p_2018_Anexo_2_Vinculacion_ODs.pdf

²² https://www.transparenciapresupuestaria.gob.mx/work/models/PTP/Presupuesto/Documentos_anteriores/mexico_sdq.pdf

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

- The CISE will verify annually, and in case of any material change, that the Eligible Sustainable Expenditures comply with the eligibility criteria, until full allocation.
- An independent external auditor will verify the compliance of the Eligible Sustainable Expenditures with the eligibility criteria and process defined in the Framework.

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

- The selection is based on the Eligible Categories defined in the Use of Proceeds section of the Framework.
- The Issuer is committed to exclude any Eligible Expenditure aiming at financing the exploration, production or transportation of fossil fuels; the generation of nuclear power, alcohol, weapons, tobacco, palm oil, cattle/beef production, conflict minerals or adult entertainment industry.
- All expenditures will be screened to ensure that they do not involve deforestation or degradation of biodiversity, child labour or forced labour, breach Mexico's anti-corruption laws, and Mexico's environmental, social and governance policies and procedures.
- In addition, the SHCP will remove any Eligible Expenditure that is subject to major environmental, social or governance controversies. An area of improvement is to define what will be considered a "major controversy" and the body responsible for their screening and identification.

The identification and management of the environmental and social risks associated with the majority of Eligible Expenditures are considered good. As of today, the Issuer appears to have identified the relevant social risks associated to financial inclusion programs (financial education, indebtedness risk prevention, clarity of information related to the financial services, promotion of reduced fees and requirements). However, we have no visibility of the measures in place to manage these social risks due to the initial stage of the programs.

Mexico has established environmental, social and governance policies and procedures, which are monitored and controlled by the relevant Ministries during the execution of public investment projects and productive activities.

- Prior the selection of the Eligible Expenditures, the SHCP verifies their compliance with economic, legal and environmental regulation.

An area for improvement is to create a single formalised mechanism followed by all Ministries for the integration of social responsibility factors by the contractors/suppliers in charge of construction and/or operation of projects, through minimum selection criteria and contractual clauses regarding respect for human and labour rights, working conditions, and health and safety measures. In addition, an area for improvement is to homogenise the procedures to monitor and control the performance of contractors/suppliers on these criteria throughout the life of the projects.

Environmental risks

- Mexico has a formalised process to identify and evaluate the potential environmental impact of investment in projects in the industry, infrastructure, manufacture and services sectors, named the Environmental Impact Statement (hereafter "MIA" for its acronym in Spanish). The implementation of the MIA is regulated by Mexico's Law for the General Ecological Equilibrium and the Protection of the Environment (LEGEEPA for its acronym in Spanish) and state laws, including a specific list of projects and activities that must be subject to a MIA.
 - o The Ministry of Environment and Natural Resources of Mexico (SEMARNAT for its acronym in Spanish) is responsible for the evaluation of the MIA. SEMARNAT is responsible for the authorisation/rejection and establishment of conditions for the implementation of projects and activities. SEMARNAT can suspend partially or totally a project/activity if the mitigation measures or conditions are not conducted.
 - o The MIA has to include the characteristics of the project/activity, current environmental conditions of the site/region, the alignment and compliance with the legal environmental laws and regulations, the negative and positive cumulative impacts of the project/activity, the prevention, mitigation and compensation measures that will be carried out during the project/activity, and the methodology and technical instruments used.

- Projects/activities with potential impacts on a natural forest have to be subject to a technical study regulated by Mexico's Sustainable Forestry Development legislation. This study has to demonstrate that biodiversity, soil erosion, water quality and quantity will not be impacted.
 - An area for improvement is to formalise a list of consultants/services providers authorized to present a MIA to SEMARNAT, to guarantee their technical expertise in the corresponding sector and professional ethics.
 - The Federal Environmental Protection Attorney (PROFEPA for its acronym in Spanish) is responsible for verifying the compliance with the terms and conditions established in the MIA, by conducting onsite audits of the projects/activities twice a year. Additional onsite audits can be conducted in case of citizen complaints. An area for improvement is to include environmental responsibility clauses in the contracts with contractors/suppliers in charge of construction and/or operation of projects.
- SHCP declared that all the relevant Eligible Expenditures have been or will be subject to the MIA process.

Social Risks

- Mexico has integrated the consultation of indigenous populations impacted by projects/activities in the MIA process. Indigenous consultations are appropriately structured via publicly available protocols and are regulated by the National Commission for the Development of Indigenous Communities. This consulting process is non-binding, meaning that the result of the consultation does not decide the authorisation or rejection of the project/activity. An area for improvement is to formalise the process for the elaboration of indigenous consultations and to include consultations as a formal requirement for project/activity approval.
- Health and safety in the construction sector in Mexico is regulated by the Federal Work Law (*Ley Federal del Trabajo*) and the norm NOM-031-STPS-2011, which establishes clear health and safety conditions to prevent labour risks. The Federal Work Institute is responsible for monitoring the compliance of projects/activities with the norms. On-site visits may be conducted with prior notification to the executing company.
- The National Council for the Evaluation of Social Development Policy (CONEVAL for its acronym in Spanish) is responsible for the evaluation of the impact of social projects. An area of improvement is evaluating the impact of all Eligible Sustainable Expenditures (job creation, education, improvement in quality of life, etc.).

Ethics risks:

- Mexico has developed an e-procurement platform to publicly disclose government procurement information, allowing citizens to monitor the public procurement process and increase transparency.
- Social Witness is a formal mechanism established by the Mexican government to promote citizen participation in the management of public procurement processes. Citizens can anonymously report on any irregularity they might have witnessed, which is then published in the government's public procurement platform²³. In addition, the Ministry of the Public Function created the platform 'Citizen Complaint of Corruption' to report inappropriate behaviour by federal civil servants that manage federal resources, participate in public procurement contracts and international commercial transactions.
- The Government of Mexico along with civil society have launched the National Anticorruption System (SNA for its acronym in Spanish), which coordinates federal, state and municipal authorities to prevent, investigate and sanction corruption issues. The SNA has a Citizen Participation Committee integrated by 5 citizens with the capacity to demand the follow-up and resolution of complaints by the Ministry of Public Function.
- The Mexico's Superior Audit Office (*Auditoría Superior de la Federación*), the independent external auditor of the Chamber of Deputies, is responsible for auditing the National Budget financial management to prevent conflicts of interest, corruption, fraud, etc.

²³ <http://www.testigosocial.org.mx/>

Management of proceeds

The rules for the management of proceeds are clearly defined and will be verified. We consider that they would enable a documented and transparent allocation process.

The allocation and management of the proceeds are clearly defined:

- The net proceeds from each SDG Sovereign Bonds issuance will be transferred to the Treasury Account of Mexico to finance the Federal Budget of the relevant year and monitored by SHCP on a quarterly basis. The Issuer has committed to maintain a surplus of Eligible Expenditures in the Portfolio. In case the Portfolio is smaller than the Bonds' net proceeds outstanding, SHCP has committed to include an amount equal to the notional gap in cash or short-term money market instruments until alternative qualifying expenditure can be identified.
- The unallocated proceeds would be held in cash or short-term money market instruments. SHCP has committed that unallocated proceeds are to be held in the Central Bank and the Issuer has declared that it will not finance any GHG intensive activities, controversial activities, or activities facing material ESG issues.
- The Issuer has committed to monitor the pool of Eligible Expenditures on a quarterly basis, so that in case of projects postponement, cancelation, divestment or ineligibility, or in case an Eligible Expenditure has matured, the no longer eligible expenditure will be replaced by a new Eligible Expenditure. Any changes in the Portfolio will be publicly disclosed in the annual reports.

Traceability and verification of both the tracking method and allocation of the proceeds are ensured throughout the process:

- SHCP is responsible for managing the proceeds and for monitoring the budgetary program on a quarterly basis, ensuring the advance in the execution of Eligible Expenditures and that the Eligible Expenditures continue to comply with the eligibility criteria, until the maturity date.
- Mexico's Superior Audit Office (Auditoria Superior de la Federación), the independent external auditor of the Chamber of Deputies, will annually verify the allocation of proceeds to Eligible Expenditures.

Monitoring & Reporting

The reporting process and commitments appear to be good, covering both the funds allocation and the environmental and social benefits of the Eligible Expenditures. The indicators that will be used to report on the sustainability outputs and impacts of the 2020 Eligible Budget have not been defined yet. Consequently, we cannot provide an opinion on their relevance. Of note, the UNDP will act as an observer and, as required, provide technical assistance to SHCP for the development of the impact report.

The processes for monitoring, data collection, consolidation, validation and reporting are clearly defined by the Issuer in the Framework and in internal documentation.

The processes are structured and based on relevant internal and external expertise and involve relevant departments of the Issuer:

- SHCP will manage the proceeds from the Bonds and monitor the advance of the budgetary programme on a quarterly basis.
- SHCP will be in charge of collecting and consolidating the information on the allocation of proceeds and environmental and social benefits, and creating the Allocation and Impact Reports:
 - The SDGs' National Platform – an open data source tool monitored by the INEGI (National Institute of Statistics and Geography). Data will be disaggregated and georeferenced at national, state and municipal levels.
 - CONEVAL will generate relevant information on the progress attained by social programs.
 - Each Ministry will provide specific impact monitoring metrics for the Eligible Sustainable Expenditures under their responsibility. In particular, Mexico has implemented a Performance Evaluation System which commits the SHCP to monitor program performance using indicators structured in a matrix that identifies outputs or outcomes, as well as by collecting information from independent evaluations.
- The UNDP will act as an observer and, as required, provide technical assistance to SHCP for the development of the impact report.
- The CTEODS will review the final report and coordinate with other relevant entities.

The Issuer has committed to report annually and until the maturity of the Bonds, and later in case of material changes, through the annual reports which will be made publicly available on SHCP's website.

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

- Allocation of proceeds: the selected reporting indicators of the fund's allocation are relevant.

Reporting indicators
<ul style="list-style-type: none"> - Description of the Eligible Expenditures undertaken - The total amount of funding allocated to selected Eligible Expenditures* - Type of budgetary expenses - The amount of available unallocated proceeds and type of temporary placements - The co-financing share of Eligible Expenditures (if applicable)

* Of note, the Mexican Law of Public Debt prohibits the disclosure of specific funding sources allocated to public expenditures. Mexico will disclose the total amount of funding allocated to each Eligible Expenditure without differentiating the funding provided by the Bond.

- Environmental and social benefits: The Issuer is committed to report on the expected environmental and social impacts of Eligible Expenditures. The Issuer is committed to work with relevant national and international institutions to identify appropriate indicators.

The UNDP will provide a non-binding public opinion and recommendations, in necessary, on the impact report.

The Issuer has committed to publicly disclose the methodology and assumptions used to calculate the expected environmental and social benefits of the selected Expenditures in the annual report.

METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance/Institution (ESG/I) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation or activity, including the issuance of bonds. In this sense, Vigeo Eiris writes an opinion on the Issuer's sustainability performance, and on the Issuance's objectives, management and reporting of the expenditures or results and environmental impacts of the projects (re)financed by this transaction.

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, and internal review by the audit department for second party opinions) complemented by a final review and validation by the Director of Methods. Our SPO are also subject to internal quality control at three levels (consultants in charge of the mission, Production Manager, and final review and validation by the Director of Sustainable Finance and/or the Director of Methods. 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 Director of Methods, and finally Vigeo Eiris' Scientific Council.

All employees are signatories of Vigeo Eiris' Code of Ethics, and all consultants have also signed its add-on covering financial rules of confidentiality.

Part I. ISSUER

Level of the Issuer's sustainability performance

Vigeo Eiris has revised its *Sustainability Sovereign Rating*®, resulting from a continuous improvement process and based on 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.

Vigeo Eiris' methodology, the *Sustainability Sovereign Rating*®, 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 Mexico was most recently evaluated by Vigeo Eiris in November 2019 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.
- Result indicators: measuring the efficiency of the country's sustainable development actions. Vigeo Eiris gathers information from diversified sources including international organisations such as intergovernmental organisations, international trade unions and NGOs.

Management of ESG controversies

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

Part II. ISSUANCE

The Framework has been evaluated by Vigeo Eiris according to the GBP and SBP 2018 and on our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Use of proceeds

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

Process for evaluation and selection

The evaluation and selection process have been assessed by Vigeo Eiris on its transparency, governance and relevance. The eligibility criteria have been assessed on their explicitness and relevance vs. the intended objectives of the Eligible Projects. The identification and management of the ESG risks associated with the Eligible Projects are analysed based Vigeo Eiris' ESG assessment methodology, international standards and sector guidelines applying in terms of ESG management and assessment.

Management of proceeds

The rules for the management of proceeds and the allocation process are evaluated by Vigeo Eiris on their transparency, coherence and efficiency.

Reporting

Monitoring process and commitments, reporting commitments, reporting indicators and methodologies are defined by the Issuer to enable transparent reporting on the proceeds allocation and tracking, on the sustainable benefits (output and impact indicators) and on the responsible management of the Eligible Projects financed. Vigeo Eiris has evaluated the reporting based on its transparency and relevance.

VIGEO EIRIS' ASSESSMENT SCALES

Performance evaluation		Level of assurance	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and using innovative methods to anticipate emerging risks.	Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Good	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.	Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.	Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak.		



Vigeo Eiris is an independent international provider of environmental, social and governance (ESG) research and services for investors and public & private organizations. We undertake risk assessments and evaluate the level of integration of sustainability factors within the strategy and operations of organizations.

Vigeo Eiris offers a wide range of services:

- ▶ **For investors:** decision making support covering all sustainable and ethical investment approaches (including ratings, databases, sector analyses, portfolio analyses, structured products, indices and more).
- ▶ **For companies & organizations:** supporting the integration of ESG criteria into business functions and strategic operations (including sustainable bonds, corporate ratings, CSR evaluations and more).

Vigeo Eiris is committed to delivering client products and services with high added value: a result of research and analysis that adheres to the strictest quality standards. Our methodology is reviewed by an independent scientific council and all our production processes, from information collection to service delivery, are documented and audited. Vigeo Eiris has chosen to certify all its processes to the latest ISO 9001 standard. Vigeo Eiris is an approved verifier for CBI (Climate Bond Initiative). Vigeo Eiris' research is referenced in several international scientific publications.

With a team of more than 240 experts of 28 different nationalities, Vigeo Eiris is present in Paris, London, Brussels, Casablanca, Hong Kong, Milan, New York, Rabat and Santiago de Chile.

The Vigeo Eiris Global Network, comprising 4 exclusive research partners, is present in Brazil, Germany, Israel and Japan.

For more information: www.vigeo-eiris.com

Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has not carried out any audit mission or consultancy activity for the Government of Mexico.

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bond, based on the information which has been made available to Vigeo Eiris. Vigeo Eiris has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on the financial performance of the Bond, nor on the effective allocation of its proceeds. Vigeo Eiris 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 Vigeo Eiris. The draft version of the Second Party Opinion by Vigeo Eiris is for information purpose only and shall not be disclosed by the client. Vigeo Eiris grants the Issuer/Borrower all rights to use the final version of the Second Party Opinion delivered for external use via any media that the Issuer Borrower shall determine in a worldwide perimeter. The Issuer Borrower has the right to communicate to the outside only the Second Party Opinion complete and without any modification, that is to say without making selection, withdrawal or addition, without altering it in any way, either in substance or in the form and shall only be used in the frame of the contemplated concerned bond(s) issuance. The Issuer acknowledges and agrees that Vigeo Eiris reserves the right to publish the final version of the Second Party Opinion on Vigeo Eiris' website and on Vigeo Eiris' internal and external communication supporting documents.