
SUSTAINABLE BOND FRAMEWORK

FOR SYMBIOTICS BONDS

November 2021

This document contains the Sustainable Bond Framework of Micro, Small & Medium Enterprises Bonds S.A. for Symbiotics bonds and amends and restates the Framework for the issuance of Sustainability, Green and Social Bonds dated 19 December 2019.

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1) INTRODUCTION

This document is the Sustainable Bond Framework (**‘the Framework’**) of Micro, Small & Medium Enterprises Bonds S.A. (**‘MSME’**). The Framework has been drafted in accordance with the International Capital Market Association Association’s (**‘ICMA’**) Green Bond Principles (**‘GBP’**) as published in 2021 (**‘GBP’**), Social Bond Principles (**‘SBP’**) as published by ICMA in June 2021 (**‘SBP’**) and the Sustainability Bond Guidelines (**‘SBG’**) as published in June 2021 (**‘SBG’**). It also is in line with the Green Loan Principles (**‘GLP’**) as published by LMA in February 2021 and Social Loan Principles (**‘SLP’**) as published by LMA in April 2021 (**‘SLP’**), all together referred to as the **‘Principles’**. It has been verified through a second party opinion by DNV. The Framework may be applied by MSME where MSME intends to issue either Green Bonds, Social Bonds or Sustainability Bonds (together referred to as **‘Sustainable Bonds’**) and to transact in a Social and/or Green Loan (together and including Sustainability Loans defined hereunder referred to as **‘Sustainable Loans’**) as defined by the ICMA and LMA documents referred to above.

A) OVERVIEW OF SUSTAINABLE BONDS ISSUED TO DATE

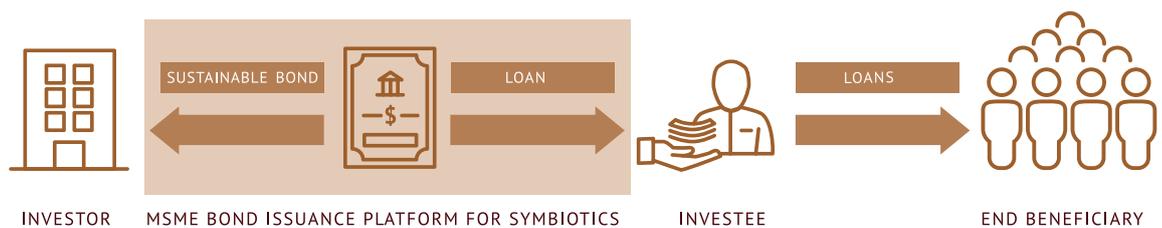
In 2020 and 2021, MSME has issued the following Sustainable Bonds, with the objective to reduce inequalities and to promote green financing practices within emerging and frontier markets. Each Sustainable Bond has designated Eligible Social Projects respectively Eligible Green Projects which are meant to be financed through the bond issuance.

Borrower	Country/Region	Bond type	Amount (USD)	Issue date
Pan Asia	Sri Lanka	Green Bond	10,000,000	June 2020
Abaco	Peru	Social Bond	10,250,000	July 2020
Pan Asia	Sri Lanka	Green Bond	3,500,000	August 2020
Samunnati	India	Social Bond	6,750,000	August 2020
ArmEconomBank	Armenia	Sustainability Bond	15,200,000	November 2020
CD Finance	China	Social Bond	8,250,000	December 2020
La Hipotecaria	Colombia	Social Bond	10,500,000	December 2020
Crystal	Georgia	Sustainability Bond	5,000,000	May 2021
Araratbank	Armenia	Sustainability Bond	14,500,000	May 2021
LAAD	Latin America	Green Bond	30,000,000	June 2021
EVN Finance	Vietnam	Green Bond	6,250,000	July 2021
Seylan	Sri Lanka	Green Bond	15,100,000	July 2021
Samunnati	India	Green Bond	4,600,000	July 2021
EVN Finance	Vietnam	Green Bond	10,100,000	August 2021
Microcred China	China	Social Bond	14,500,000	August 2021
Annapurna (AFPL)	India	Social Bond	6,700,000	September 2021
Greenlight Planet Group	Africa	Green Bond	15,000,000	October 2021
ACBA	Armenia	Sustainability Bond	6,750,000	October 2021
MBK	Indonesia	Social Bond	11,500,000	November 2021
Hamkorbank	Uzbekistan	Social Bond	10,000,000	November 2021
COAC Cacpeco	Ecuador	Social Bond	14,000,000	December 2021
Annapurna (AFPL)	India	Social Bond	8,300,000	December 2021
Centerinvest	Russia	Sustainability Bonds	10,000,000	December 2021
COAC Fernando Daquilema	Ecuador	Social Bond	6,500,000	December 2021

B) COMPANY OVERVIEW

MSME is set-up as a securitization company, domiciled in Luxembourg and subject to supervision by the Luxembourg regulator. Its main activity is to grant loans to financial institutions in emerging and frontier markets and to issue bonds which repack such loans. Since inception in 2010, MSME has issued bonds with a notional amount in excess of USD 2.3 billion. Bonds are distributed to predominantly European professional investors.

MSME is sponsored by Symbiotics SA (**'Symbiotics'**), an asset management firm based in Switzerland and regulated by the Swiss financial market supervisory authority (**'FINMA'**), which also acts as the servicer and calculation agent of the loans granted by MSME. As part of the origination service, Symbiotics performs a credit risk scoring and prepares a social responsibility rating for each prospective borrower.



Founded in 2004, Symbiotics is a leading investment company dedicated to inclusive and sustainable finance. Symbiotics (i) arranges financing for microfinance institutions, small and medium enterprise (**'SME'**) banks, and other financial institutions that serve micro-, small, and medium enterprises or low- and middle income households (leasing or factoring companies, housing finance companies, education finance companies, etc.), as well as corporate and individual projects (**'Investees'** or **'Borrowers'**) located primarily in emerging and frontier markets and (ii) manages different types of mandates (collective portfolio management, advisory, portfolio development finance) and thematic funds for institutional clients (**'Investors'**) that look for exposure to the aforementioned Investees.

Since incorporation Symbiotics has provided over USD 6.5 billion of financing through 5,000 loans to 470 institutions in over 80 countries. With a staff of over 155 people in 8 offices worldwide, Symbiotics has become a reference point for impact investing in emerging and frontier markets.

C) IMPACT AND SUSTAINABILITY STRATEGY

Underlying loans granted by MSME under this Framework are subject to the origination criteria of Symbiotics, including Symbiotics' environmental, social and governance (ESG) filters. Specifically, Symbiotics either (i) assigns a social responsibility rating (this will be replaced by an ESG score in time) to each Investee based on a proprietary social responsibility rating methodology or (ii) may in specific circumstances -- such as in case of loan participations -- rely on such analysis being performed by a suitable third party -- such as the lender of record under loan participations.

Symbiotics is strongly committed to sustainable development. As early as 2004, Symbiotics developed and implemented its sustainability strategy. Following this strategy, Symbiotics offers professional investors the opportunity to provide access to capital to people at the 'bottom of the pyramid' whilst earning a financial and social return. By promoting the democratization of access to capital to micro-, small and medium enterprises and/or low- and middle-income households in emerging and frontier markets, its investments aim to contribute to poverty alleviation and a sustainable form of globalization. This has proven to be a useful and important tool for promoting sustainable development, as well as income generation in emerging markets, strengthening and boosting long-term economic growth.

Each investment arranged by Symbiotics is desired to comply with the following criteria of its social charter:

- Target primarily domestic markets in emerging and frontier economies;
- Invest in the real economy, promoting the social function of finance and seeking long-term value creation;
- Integrate environmental, sustainability and/or social responsibility ratings, using environmental, social and governance (ESG) norms, in the investment process;
- Benefit low- and middle-income households and micro, small and medium enterprises;
- Foster job creation and access to primary goods, such as homes, food and energy.

These investments contribute to the achievement of the Sustainable Development Goals (SDGs) that were adopted by all the member states of the United Nations.

2) THE FRAMEWORK

The Framework is aligned with the Principles and allows MSME to issue Sustainable Bonds and to transact in Sustainable Loans.

In all below cases where reference is made to the issuance of a bond in case of a Sustainable Bond, it also applies for the transaction in a Sustainable Loan.

For each bond which is issued under this Framework, MSME will designate such bond as either a Sustainability Bond, Social Bond or Green Bond (as applicable). The proceeds of a Green Bond are allocated to an underlying Green Loan, the proceeds of a Social Bond are allocated to an underlying Social Loan, and the proceeds of a Sustainability Bond are allocated to a Sustainability Loan. Further, the proceeds of Sustainability, Social or Green Bond may also be allocated to several underlying loans, as per the below table:

Bond Type	Underlying loan type
Green Bond	One Green Loan, or several Green Loans
Social Bond	One Social Loan, or several Social Loans
Sustainability Bond	One Sustainability Loan, or several Sustainability Loans, or a combination of Green Loans and Social Loans

In a situation where the proceeds of a bond are allocated to several underlying loans, such a bond is further categories as a **'Basket Bond'**. MSME will ensure that the relevant underlying loan(s) compl(y)ies with the criteria as laid out in this Framework by:

- 1) Applying a use of proceeds provision in respect of the underlying loan, as further laid out in section (a) below;
- 2) Requiring Symbiotics (in its capacity as origination agent of the relevant underlying loan) to apply its origination criteria and origination process for a Sustainable Bond (as applicable), as further laid out in section (b) below; and
- 3) Requiring Symbiotics (in its capacity as the monitoring agent of the underlying loan) to gather reporting indicators on a best effort basis as further laid out in annexes I and II.

Subject to compliance with the above, underlying loans can be granted to financial institutions, project finance structures or asset-backed financings, and can be in the form of term loans, revolving credit facilities, or other types of debt. Further, participations in loans with unilateral or multilateral development banks or reputable financial institutions whereby the underlying loan subject to the participation satisfies the above criteria is also permitted under this Framework.

A) USE OF PROCEEDS

Each underlying loan to which this Framework applies shall have a use of proceeds provision, whereby the proceeds of such loan are used by the Borrower thereunder solely to (re)finance Eligible Projects, as further laid out in this section.

A distinction is made between Eligible Green Projects and Eligible Social Projects (together defined as **'Eligible Projects'**).

Eligible Projects may include existing loans that have been outstanding for no more than 3 years as of the date of the specific bond issuance. A longer backward-looking period may be applied on a case-by-case basis, if the circumstances allow for this.

Under this Framework, MSME may grant 3 types of loans:

- **Green Loan:** means a loan where an amount equal to the net proceeds will be exclusively used to (re)finance eligible expenditures falling within the Eligible Green Projects,
- **Social Loan:** means a loan where an amount equal to the net proceeds will be exclusively used to (re)finance eligible expenditures falling within the Eligible Social Projects,
- **Sustainability Loan:** means a loan where an amount equal to the net proceeds will be exclusively used to (re)finance eligible expenditures falling within Eligible Green and/or Social Projects.

Eligible Green Projects: Projects in the following categories can be considered for inclusion as Eligible Green Projects:

- A. Renewable energy
- B. Energy efficiency
- C. Clean transportation
- D. Green buildings
- E. Pollution prevention and control
- F. Environmentally sustainable management of living natural resources and land use
- G. Sustainable water and wastewater management
- H. Eco-efficient and/or circular economy – adapted products, production technologies and processes
- I. Terrestrial and aquatic biodiversity
- J. Climate change adaptation

A detailed overview on Eligible Green Projects and Reporting is included in Annex I.

Eligible Social Projects: Projects that aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially but not exclusively for (a) target population(s) (each a **'Target Population'**). A social issue threatens, hinders, or damages the well-being of society or a specific Target Population.

For Social Bonds issued by MSME, the general public of a country may be the Target Population, i.e. Eligible Social Projects may be offered to the general public as a whole. However, considering the general public of a country as the Target Population is limited to countries where the Eligible Social Projects address social issues which are generally prevalent in the country as a whole. As an example, the systemic lack of access to appropriate financing preventing employment generation (as measured by the ratio of private debt to GDP at the level of the respective country) is considered as a social issue which can be addressed by offering Eligible Social Projects to the general public.

Projects in the following categories (while indicative) can be considered for inclusion as Eligible Social Projects:

- A. Affordable basic infrastructure
- B. Access to essential services
- C. Affordable housing
- D. Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance
- E. Food security and sustainable food systems
- F. Socioeconomic advancement and empowerment

A detailed overview on Eligible Social Projects and their reporting is included in Annex II.

Restrictions on the Eligible Project may be applied based on the own internal assessment by the Servicer which can be stricter compared to this Framework. Potential restrictions depend on the specific characteristics of each Investee and need to be approved by the Symbiotics Sustainability Committee as described in section (b) below.

The standard exclusion list that applies to Social Loans or Sustainability Loans includes the below group of activities:

- › Production of or trade in any product or activity deemed illegal under applicable laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCBs¹, wildlife or products regulated under CITES²;
- › Production or trade in weapons and munitions;
- › Production or trade in alcoholic beverages (excluding beer and wine);
- › Production or trade in tobacco;
- › Gambling, casinos and equivalent enterprises;
- › Pornography and/or prostitution;
- › Activities involving or relating to racist and/or anti-democratic media;

¹ Polychlorinated biphenyls—a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985

² Convention on International Trade in Endangered Species of Wild Fauna and Flora

- › Activities leading to the destruction of High Conservation Value Areas³;
- › Production or trade in radioactive materials; this does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where Symbiotics considers the radioactive source to be trivial and/or adequately shielded;
- › Production or trade in unbounded asbestos fibres; this does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%;
- › Drift net fishing in the marine environment using nets in excess of 2.5 km. in length;
- › Production or activities involving harmful or exploitative forms of forced labor/harmful child labor or any form of human trafficking;
- › Production, trade, storage or transport of significant volumes of hazardous chemicals, or commercial-scale usage of hazardous chemicals; hazardous chemicals include gasoline, kerosene and other petroleum products;
- › Production or activities and leading to cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations; and
- › Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples.

A more stringent exclusion list may be applied on a case by case basis.

B) CRITERIA AND PROCESS FOR PROJECT EVALUATION AND SELECTION

For each bond to which this Framework applies, MSME will require Symbiotics to apply its criteria and process for the origination of the respective underlying loan, as described below.

Symbiotics has formed a Sustainable Bond Committee (**'The Committee'**) which will be responsible for approving the selection of the Borrowers and the criteria of Eligible Social Projects or Eligible Green Projects associated to the loan to be granted to such Borrower. The Committee makes its decision on a majority basis and consists of 3 members, representatives are one member of the (i) General Management (Managing or Executive Director), (ii) Risk and compliance division and (iii) an internal ESG or impact expert.

The Committee will meet prior to the issuance of any Sustainable Bond and, in case of a Basket Bond, prior to the finalisation of an underlying Sustainable Loan.

This assessment takes into account a number of quantitative and qualitative measures applied by Symbiotics' Markets Analysts, Investments Analysts and external specialists where necessary.

For each Borrower Symbiotics prepares a Social Responsibility Rating. This rating consists of a scale from

³ An area designated on the basis of High Conservation Values (HCVs) which are biological, ecological, social or cultural values considered outstandingly significant at the national, regional or global level

⁴ Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty

⁵ Harmful child labour means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development

1 to 5 stars and captures 7 dimensions being: (i) Social Governance, (ii) Labor Climate, (iii) Financial Inclusion, (iv) Client Protection, (v) Product Quality, (vi) Community Engagement and (vii) Environmental Policy. This rating methodology is updated on a continuous basis and will in time be replaced by an ESG score. Alternatively, Symbiotics may in specific circumstances – such as in case of loan participations – rely on such analysis being performed by a suitable third party – such as the lender of record under loan participations.

Further, where so indicated in the terms and conditions of a Sustainable Bond, MSME may require Symbiotics to apply additional filters in relation to the origination of an underlying loan, such as the application of an environmental and social monitoring system and the involvement of an environmental and social co-ordinator in the origination. The details and specifications of such filters will be disclosed in the terms and conditions of a Sustainable Bond.

C) MANAGEMENT OF PROCEEDS

The net proceeds of the Sustainable Bond will be on-lent to the Borrower(s) by MSME in accordance with the terms of an underlying loan(s).

Therefore, the management of the proceeds will take place at the level of the Borrower. Each Borrower to which this Framework applies will be contractually required to hold the proceeds of the underlying loan in a sub-account or to otherwise track the funds in its internal systems.

Each underlying loan made available can have one or more Eligible Green Projects and/or Social Projects that the Sustainable Bond finances. The Borrower will ensure and will make a repeating representation that each Eligible Project is not funded by more than one financing instrument to avoid double counting of Eligible Projects.

MSME will distribute the full bond proceeds (directly or indirectly) to the Borrower. Pending full allocation of the bond proceeds to Eligible Projects, the Borrower may be required to hold these unallocated proceeds in cash or other short-term money market instruments.

If the underlying Eligible Project is prepaid or no longer qualifies as an Eligible Green Project or Eligible Social Project, the Borrower has the possibility to replace the ineligible or prepaid project with an Eligible Project. If the Borrower fails to replace the project within a reasonable period, then it will either (i) be required to prepay the part of the loan that is not covered by the Eligible Project within one year or (ii) such failure constitutes an event of default under the terms of the loan.

Further, in case of a Basket Bond, MSME will ensure that the proceeds of the Basket Bond are held on a designated account pending the disbursement of the eligible underlying loan(s), and will further ensure that in case of a failure to disburse eligible underlying loans in an amount equal to the notional amount of the Basket Bond at the end of an appropriate period, the unallocated proceeds are applied towards an early redemption.

D) REPORTING

MSME will produce Sustainability, Social or Green Bond Use of Proceeds Reports (“Report”) per bond issuance annually.

Further, in case of a Basket Bond, the use of proceeds report will contain an overview of proceeds for each Social, Sustainability or Green loan granted on an aggregated basis. Such report will be made available annually.

This Report, which will be prepared for each Sustainable Bond or Basket Bond separately, will contain details of:

- › Allocation of funds by Eligible Project Category and, optionally, some examples of loans financed;
- › The amount of unallocated cash or cash equivalents;
- › If available, a breakdown of the countries where the funds have been deployed.

The terms and condition of a Sustainable Bond may provide for further details of a report applicable to such a bond.

Further, if indicated in the terms of a Sustainable Bond, MSME will ensure that Symbiotics may also provide annual impact reporting in respect of the projects financed. Such impact reporting will endeavor to follow the recommendations outlined in the '**Harmonized Frameworks for Impact Reporting**' for Green and Social Bonds respectively. If applicable, MSME will endeavor to ensure that Symbiotics provides ex-ante impact estimates on a project-by-project basis where this is possible. If quantitative measures are not available then Symbiotics will try to produce qualitative assessments. MSME will also endeavor to ensure that Symbiotics will produce ex-post impact measurements wherever possible, if an annual impact reporting applies.

3) EXTERNAL REVIEW

A) SECOND PARTY OPINION

MSME has commissioned a second party opinion for its Framework from DNV who has confirmed that the Framework complies with the Principles. This second party opinion as well as the Framework will be made available to the investors (i.e. will be displayed on the Luxembourg Green Exchange).

B) EXTERNAL VERIFICATION

MSME may request on an annual basis an external verification on each or a specific bond issued or loan structured under its Framework. In such case the verification may be provided starting one year after the issuance of or after the full amount has been allocated to Eligible Projects. Such external verification may be provided by an auditor or an external expert.

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4) ANNEX I - GREEN ELIGIBILITY AND REPORTING

MSME acts as a passthrough entity, whereby a bond is issued to grant loans to Investees in emerging and frontier countries. The eligibility of below Green Projects should be assessed within this context. The Green Eligibility and Reporting is applicable to standard Green Projects. Given the local differences in regulation, an alternative Eligible Project and/or Sub-category and/or reporting standard may apply as decided upon on a project-by-project basis. Any significant harm resulting from Green Eligible Projects should be nullified for the project to remain eligible. Investments in fossil fuel, biofuel from sources that deplete carbon pools and/or compete with food resources are excluded from eligibility.

Eligible Project Category	Eligible Project Sub-category (including, not limited to)	Key potential reporting indicators*
Renewable energy	<ul style="list-style-type: none"> › Wind power (on-shore) › Marine renewable energy (off-shore wind, solar, tidal, etc.) › Geothermal power (with direct emissions <100gCO₂/kWh) › Solar power (concentrated solar power, photovoltaic power) › Biomass or biogas power (in line with waste/sustainable feedstocks value chain and confirmation that projects do not compete food products or contribute to deforestation) › Ocean power (e.g. wave, tidal, ocean currents, salt gradient) › Hydropower plants (run-of-river plant which does not have an artificial reservoir) large hydro projects (>25MW) are excluded 	<ul style="list-style-type: none"> › Annual GHG emissions reduced/avoided in tons of CO₂ equivalent › Annual renewable energy generation in MWh/GWh
Energy efficiency	<ul style="list-style-type: none"> › New refurbished buildings (resulting in a 30% energy efficiency improvement) › Machinery and equipment (replacement, minimum 30% energy efficiency improvement) › Energy storage › District heating (that use district heating or cooling system using at least 50 % renewable energy, 50 % waste heat, 75 % co-generated heat or 50 % of a combination of such energy and heat) › Smart grids › Appliances and products (minimum energy stars or equivalent) 	<ul style="list-style-type: none"> › Annual energy savings in MWh/GWh › Annual GHG emissions reduced/avoided in tons of CO₂ equivalent
Clean transportation	<ul style="list-style-type: none"> › Electric, hydrogen, public, rail and non-motorized transportation, › Infrastructure for low-carbon transport (e.g. clean energy vehicles) and reduction of harmful emissions 	<ul style="list-style-type: none"> › Annual GHG emissions reduced/avoided in tons of CO₂ equivalent › Reduction of air pollutants
Green buildings (meeting regional, national, internationally recognised standards / certifications)	<ul style="list-style-type: none"> › Certified buildings (EDGE, BREEAM Excellent and outstanding, LEED Platinum or Gold, or equivalent, etc.) 	<ul style="list-style-type: none"> › kWh/m² of GBA p.a. › % of energy use reduced/avoided › % water reduced/avoided
Pollution prevention and control	<ul style="list-style-type: none"> › Reduction of air emissions (investments into technology with main purpose to reduce air emissions) › Greenhouse gas control › Soil remediation › Waste prevention, reduction or recycling 	<ul style="list-style-type: none"> › Increase of recycling capacity (tons) › Increase of collection capacity (tons) › CO₂ emissions avoided (tCO₂e)
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> › Sustainable agriculture and Sustainable animal husbandry (Guided by 22 June 2021 CBI criteria within the context of Emerging and Frontier Markets) <ul style="list-style-type: none"> – E.g. reduction in energy, water, fertilizer etc. usage. – Investments in crop selection, improve existing carbon pools etc. › Climate smart farm inputs (e.g. biological crop protection, drip irrigation) › Sustainable fishery and aquaculture › Sustainable forestry (afforestation, reforestation, forest rehabilitation/restoration, existing forest management) › Preservation or restoration of natural landscapes 	<ul style="list-style-type: none"> › Area of land reforested (hectares or acres) › Area of previously non-forested land that is forested (hectares or acres)
Sustainable water and wastewater management	<ul style="list-style-type: none"> › Sustainable infrastructure for clean drinking water › Wastewater treatment › Sustainable urban drainage systems › River training › Flooding mitigation mechanisms 	<ul style="list-style-type: none"> › Wastewater quality improvement › Amount of wastewater treated /avoided › Water savings (m³)

Eligible Project Category	Eligible Project Sub-category (including, not limited to)	Key potential reporting indicators*
Eco-efficient and/or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> › Funding towards companies active within the renewable energy value chain › Agricultural value chain (resulting into companies active in increasing efficiency, lower crop loss and/or improvement in biodiversity) › Production value chain (investments enabling circular/eco efficient economy) › Natural resources value chain (investments in circular economy, recycling, etc.) › Research and development investments into improvements into the above-mentioned value chains 	<ul style="list-style-type: none"> › Annual GHG emissions reduced/avoided in tons of CO2 equivalent › % of energy use reduced/avoided › % water reduced/avoided › Reduction of air pollutants
Terrestrial and aquatic biodiversity	<ul style="list-style-type: none"> › Financed activity is either contributing to conserving/increasing biodiversity, or the core business/aim of the project is to conserve or increase biodiversity › The transition to, or maintenance of, silvo-pastoral systems, if no conversion of natural land is involved 	<ul style="list-style-type: none"> › Biodiversity loss avoided or reduced (# of species) › Expenditure on conservation and sustainable use of biodiversity and ecosystems
Climate change adaptation	<p>Projects with the aim to adapt to (local) changing environmental conditions due to climate change (including but not limited to):</p> <ul style="list-style-type: none"> › Infrastructure projects to adapt to extreme weather › Infrastructure projects to adapt to rising sea levels › Alleviation of ocean acidification › Alleviation of soil erosion 	<ul style="list-style-type: none"> › Number of people benefitting from measures to mitigate the consequences of climate change such as natural disasters › Flood-resilient floor space › High-risk assets with climate insurance cover

* Reporting of the key performance indicators on a quantitative basis is preferred above a qualitative assessment, only for instances where a quantitative approach is not possible (due to a multitude of reasons) a qualitative approach is taken.

5) ANNEX II - SOCIAL ELIGIBILITY AND REPORTING

MSME acts as a passthrough entity, whereby a bond is issued to grant loans to Investees in emerging and frontier countries to a specific Target Population. The eligibility of below Social Projects should be assessed within this context. The Social Eligibility and Reporting is applicable to standard Social Projects. Given the local differences in regulation an alternative Eligible Project and/or Sub-category and/or reporting standard may apply as decided upon on a project-by-project basis. Any significant harm resulting from Social Eligible Projects should be nullified for the project to remain eligible .

Eligible Project Category	Eligible Project Sub-category (including, not limited to)	Key potential reporting indicators*
Affordable basic infrastructure	<ul style="list-style-type: none"> › For those previously not able to access such services or at excessive rates › Water › Sanitation sewage › Public transport › Basic transport infrastructure 	<ul style="list-style-type: none"> › Number of infrastructure project built/upgraded › Number of new household water connections › Number of people provided with adequate and equitable sanitation › Kilometers of feeder roads rehabilitated/constructed › Length of sustainable road construction with equitable access › Number of people with access to sustainable transport systems › Number of residents benefitting from basic infrastructure new/upgraded which is otherwise not accessible
Access to essential services	<ul style="list-style-type: none"> › Education services <ul style="list-style-type: none"> – Vocational training – Primary and secondary school – Tech companies (service providers) – Professional training services › Health services <ul style="list-style-type: none"> – Health clinics – Health facilities (labs) – Pharmaceuticals – Health technologies › Financial services (for those not previously able to access such services or at excessive rates) <ul style="list-style-type: none"> – Household finance 	<ul style="list-style-type: none"> › Number of students who gained access to education and/or vocational training opportunities › % of female students › Number of teachers employed › Additional new schools built › Number of patients with gained access to medical services › Number of caregivers employed › Additional healthcare infrastructure built › Number of loans to low-medium income households (LMIH) › Average loan size of loans to LMIH and microenterprises › Geographical outreach of microfinance portfolio financing agriculture or production activities
Affordable housing	<ul style="list-style-type: none"> › As social and public housing (rent) › Affordable housing (ownership) › Student houses › Homes for the elderly 	<ul style="list-style-type: none"> › Number of individuals (to be) housed › Number of housing units constructed or improved
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance	<ul style="list-style-type: none"> › Increase access to financing to Target Population and/or at appropriate rates › Microfinance › SME Finance 	<ul style="list-style-type: none"> › Number of loans to SMEs or microenterprises › Amount of SME loan portfolio › Sector distribution of SME loan portfolio › Number of jobs financed/maintained › % of microfinance borrowers in rural areas › % of women microfinance borrowers
Food security and sustainable food systems	<ul style="list-style-type: none"> › Financial services for smallholder farmers › Decrease food loss, increase local production (decrease imports), shorten value chains, decrease waste within/by: <ul style="list-style-type: none"> – Food production – Food packing /manufacturing – Food technology 	<ul style="list-style-type: none"> › Number of loans to smallholder farmers/small scale agriculture › Geographical outreach of loan to smallholder farmers/small scale agriculture

Eligible Project Category	Eligible Project Sub-category (including, not limited to)	Key potential reporting indicators*
Socioeconomic advancement and empowerment	Participation and/or improvement of: <ul style="list-style-type: none"> › Women and/or sexual and gender minorities › Aging population and vulnerable youth › Vulnerable groups, (including as a result of natural disasters) › In access and/or control over assets, services, resources and opportunities and/or participation and integration into the market and society, including reduction of income inequality 	<ul style="list-style-type: none"> › Number of individuals serviced › % Female borrowers / employees

* Reporting of the key performance indicators on a quantitative basis is preferred above a qualitative assessment, only for instances where a quantitative approach is not possible (due to a multitude of reasons) a qualitative approach is taken.

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