Banco Bolivariano

FINANCING FRAMEWORK FOR **BIODIVERSITY BONDS**

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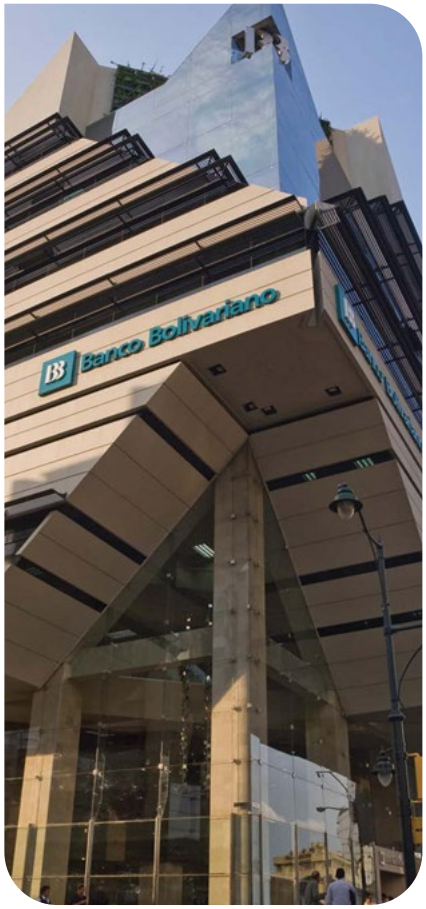
01 Introduction

Banco Bolivariano C.A. (Banco Bolivariano) is a reliable and financially sound institution, currently maintaining one of the highest levels of asset quality, profitability and liquidity within the Ecuadorian financial system.



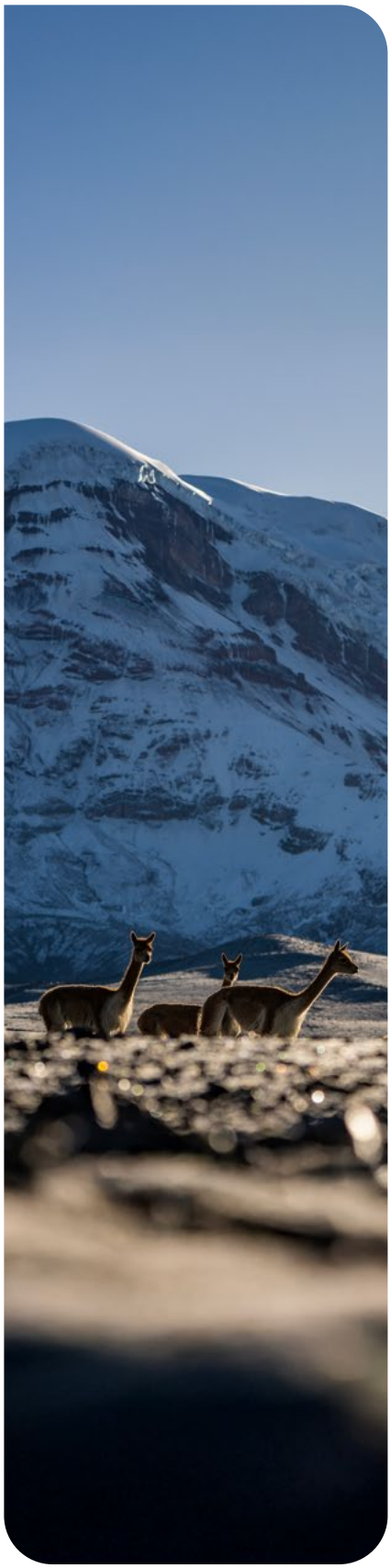
Over its 45 years of institutional history, Banco Bolivariano has provided comprehensive financial solutions to its clients, showing growth figures and a market share that reflect the commitment of the institution and its shareholders to the country's development. As of December 31, 2024, the credit portfolio of the Ecuadorian financial system recorded a growth of USD 3.81 billion (9.0%) compared to 2023, reaching a total volume of USD 45.93 billion. By the end of December 2024, Banco Bolivariano's credit portfolio reached USD 3.59 billion, representing a 9.6% growth compared to December 2023.

The largest component of Banco Bolivariano's credit portfolio is the commercial/productive sector, with a balance of USD 2.47 billion; followed by the consumer portfolio, with USD 982 million; and the real estate or housing portfolio, with a balance of USD 135 million[1]. The majority of the investment portfolio consists of AAA-rated securities, reflecting the institution's conservative profile.

Additionally, by the end of 2024, Banco Bolivariano's assets had risen to USD 5.39 billion, while the overall total of the national financial system stood at USD 68.93 billion. Banco Bolivariano's share represents a 9.3% increase compared to the end of 2023, while the financial system as a whole grew by 13.4%. In 2024, Banco Bolivariano held a 7.9% market share in assets, ranking sixth within the private banking system[2].

Banco Bolivariano leads innovation in financial solutions that respond to the growing demand for sustainable options, aiming to improve the quality of life of people while helping to mitigate and reduce negative impacts on the environment and social inequalities, and boosting Ecuador's development. Through its *CrediPlus Green Credit* product, which offers preferential financial conditions, Banco Bolivariano actively finances projects related to energy efficiency, waste diversion, water savings, electromobility and organic banana production, among others. Banco Bolivariano also actively finances construction companies responsible for urban housing or office projects that apply sustainability criteria during construction, offering them specialized technical assistance. Additionally, the credit services offered to small- and medium-sized enterprises (SMEs) help drive the country's productive sector and address Sustainable Development Goals (SDGs) 8 (Decent Work and Economic Growth) and 9 (Industry, Innovation and Infrastructure), fostering financial inclusion and job creation.

[1] Segment to which legal entities engaged in commercial activity belong.
[2] General Shareholders' Meeting, Banco Bolivariano 2025.



Banco Bolivariano marked a milestone in its commitment to sustainability by issuing its first thematic bond –the Blue Bond—in 2023.

This bond, which includes performance-based incentives and is a pioneer both in the country and globally, raised USD 80 million to finance projects that promote the conservation and sustainable use of marine and coastal resources. The eligibility criteria for the financed projects include key areas such as aquaculture and fishing, water and sanitation, waste management, and the circular economy, demonstrating Banco Bolivariano's interest in engaging in biodiversity-related initiatives.

This initiative demonstrated Banco Bolivariano's ability to innovate in financial solutions that have a positive environmental impact. The success of the Blue Bond lays the foundation for interest in a new issuance: a Biodiversity Bond, which will enable the bank to expand its positive impact on environmental conservation.

To ensure the integration of sustainability into its strategy and operations, Banco Bolivariano has a Sustainability Department that is responsible for developing its sustainable finance strategy according to the bank's Sustainability Management Policy. Additionally, Banco Bolivariano has established a Sustainability Committee, led by the Executive Vice President and consisting of senior management, which meets quarterly to address strategic topics that include sustainable finance reporting, sustainable funding, progress on the United Nations Environment Programme Finance Initiative (UNEP-FI) objectives, recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the Task Force on Nature-Related Financial Disclosures (TNFD), and the status of the Environmental and Social Management System (ESMS).

As part of its commitment to sustainability, Banco Bolivariano is a signatory of the Sustainable Finance Protocol of Ecuador through the Association of Private Banks of Ecuador (ASOBANCA), of which it has been a member since 2019[3]. Based on the Sustainable Finance Protocol, the bank defined the focal points of its Sustainable Finance strategy: (i) Institutional eco-efficiency; (ii) ESMS; and (iii) Green Financing.

Banco Bolivariano is also a signatory of the Principles for Responsible Banking and participated in ASOBANCA's initiative to develop 22 sectoral guidelines aimed at mitigating the environmental and social impact of productive credit in the Ecuadorian financial sector. Additionally, it is one of the early adopters of the TNFD.

[3] Sustainable Finance Protocol, 2016. Development Bank of Latin America (CAF), UNEP, ASOBANCA, IFC. Galápagos, Ecuador. 4p

Biodiversity Context

The species richness of our planet is essential for maintaining healthy ecosystems and ensuring human well-being.

Its economic value is estimated at USD 44 trillion annually, representing more than half of the world's Gross Domestic Product (GDP)[4]. However, biodiversity loss threatens ecosystem stability and the survival of countless species[5]. Ecuador, one of the world's 17 megadiverse countries, is home to a high percentage of the planet's plant and animal species[6][7].

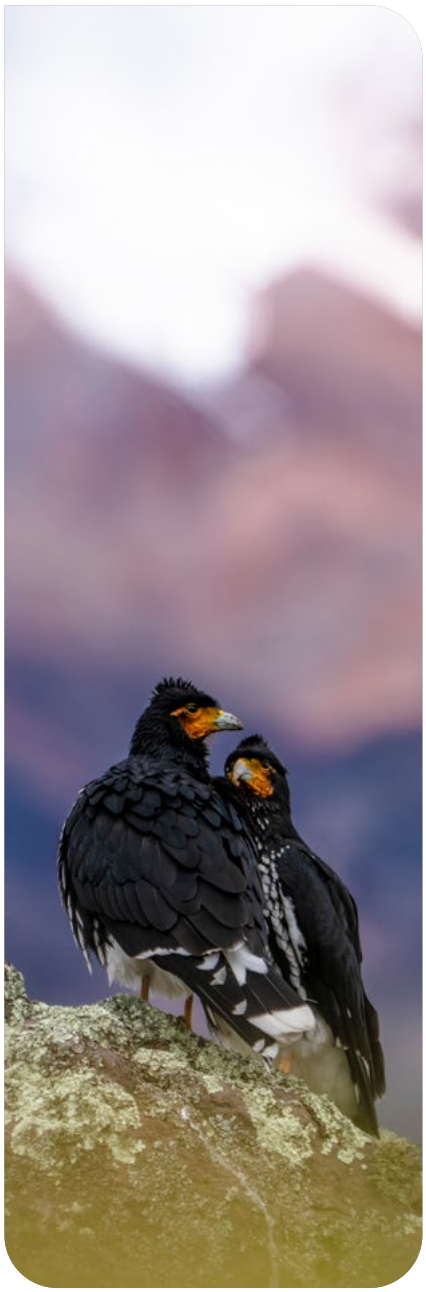
Ecuador, known for its vast natural wealth, relies on sectors such as agriculture, aquaculture, forestry and ecotourism for its economic and social development. These sectors, which are crucial to the economy, generate significant social, economic and environmental benefits. Agriculture, which employs 28.7% of the economically active population and contributed 7.68% to the national GDP in 2023, is critical to the country's food security and the development of rural communities[8][9]. More than 64% of national agricultural production is in the hands of small producers, who play a key role in the local economy and in preserving agricultural traditions. Aquaculture, with shrimp exports leading the way, generates around 290,000 direct and indirect jobs and drives the development of coastal communities. This sector, one of the motors of the Ecuadorian economy, recorded a growth of 11.8% in 2022, boosting the local economy[10]. Despite challenges, aquaculture remains a fundamental pillar of the economy and a major source of employment.

The forestry sector also contributes to providing essential ecosystem services for human well-being, such as climate regulation and the protection of water sources. According to government studies, the reforestation of 15,245 hectares and sustainable forest management are key to ensuring that these services continue to be provided, reducing domestic emissions and protecting ecosystem functions[11]. Ecotourism, which is on the rise, offers an opportunity to promote sustainable development through responsible tourism, generating income for local communities and fostering appreciation for natural heritage. With 1,535,815 tourists visiting Ecuador in 2023, 57.49% of whom focused on nature observation, this activity boasts great potential for generating sustainable employment and fostering local development[12].

Despite its importance, biodiversity in Ecuador faces serious threats. Ecuador has one of the highest deforestation rates in Latin America, with an annual loss of approximately 67,000 hectares of forest. Expansion of the agricultural frontier, illegal logging, and illegal mining are the main catalysts of deforestation, resulting in habitat loss for countless species.

[4] World Economic Forum, 2021
[5] IPBES, 2019
[6] UNEP
[7] Ministry of the Environment of Ecuador, 2023
[8] National Institute of Statistics and Censuses (INEC), 2022
[9] Central Bank of Ecuador (BCE), 2023
[10] ECB, 2023
[11] Ministry of Environment, Water and Ecological Transition (MAATE), 2021-2025
[12] Ministry of Tourism, 2024

Biodiversity conservation in Ecuador is an urgent challenge that requires active participation from the government, the private sector, local communities and civil society.



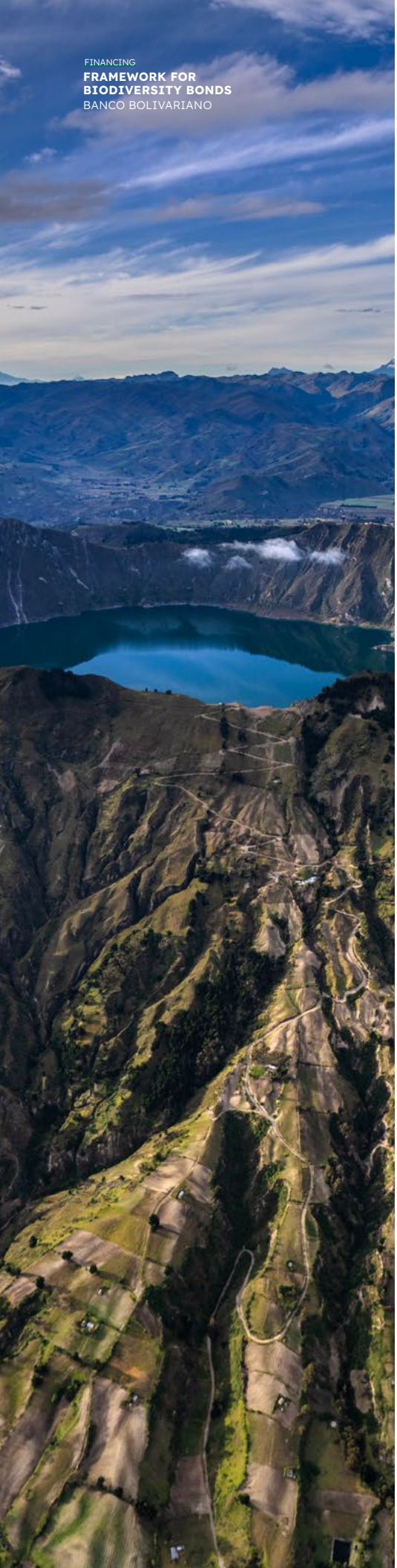
According to the International Union for Conservation of Nature (IUCN) Red List of Threatened Species, Ecuador is home to more than 1,300 plant and animal species that are at risk of extinction. Water and soil pollution caused by industrial activities, illegal mining, pesticide use and wastewater discharge also affect ecosystem health and the quality of life of communities. Overexploitation of fishery resources, such as tuna and shrimp, threatens the sustainability of marine populations. This loss of biodiversity not only affects the country's natural wealth, but also has economic and social consequences.

Ecuador is considered one of the most megadiverse countries in the world due to its variety of ecosystems, ranging from the Amazon and the Andes to the coast and the Galápagos Islands. However, this natural wealth faces threats, such as deforestation, agricultural expansion, illegal mining, climate change and pollution.

To address these challenges, the country has a National System of Protected Areas that covers 20% of its territory, including national parks, such as Yasuní, Cotopaxi and Sangay; biological reserves like the Mache-Chindul Ecological Reserve; and the Galápagos Archipelago, a UNESCO World Heritage Site widely recognized for its unique biodiversity. These protected areas serve as refuges for a wide variety of species and ecosystems, and play a fundamental role in climate regulation, watershed protection and biodiversity conservation. Preserving these ecosystems not only ensures ecological balance, but is also key to the well-being of local populations who depend on natural resources for their livelihoods and development.

In seeking innovative solutions for financing biodiversity conservation, biodiversity bonds have emerged as a promising tool. In Ecuador, biodiversity bonds hold great potential for financing projects related to productive land use/agriculture, sustainable freshwater/marine production, plastic waste management, forestry and plantations, and tourism/ecotourism services. These projects will not only contribute to biodiversity conservation, but also generate economic and social benefits for local communities by creating jobs, improving quality of life and strengthening resilience to climate change.

The development of a Biodiversity Financing Framework in Ecuador offers a unique opportunity for investors to engage in the conservation of invaluable natural heritage. This framework is aligned with the Sustainable Development Goals (SDGs) and Ecuador's National Climate Change Adaptation Plan for 2023–2027. It will enable resources to be channeled toward projects that protect biodiversity, generate economic and social benefits for local communities, and contribute to a sustainable future.



Objective of this framework (the "FRAMEWORK")

Under this Framework, Banco Bolivariano may issue bonds to finance projects[13] that are expected to generate co-benefits for biodiversity, support the conservation and/or restoration of biodiversity, and/or support the conservation, enhancement and restoration of ecosystems. Projects financed with the proceeds from these Bonds will be aligned with Banco Bolivariano's strategy, the Sustainable Development Goals (SDGs), and the following internationally accepted guidelines and principles for biodiversity bond issuance:

- IFC Biodiversity Finance Reference Guide[14].
- Kunming-Montreal Global Biodiversity Framework[15].
- Ecuador's 2020 Green and Social Bond Guidelines[16].
- 2021 Green Bond Principles (GBP) by the International Capital Market Association (ICMA)[17].
- 2021 Sustainability Bond Guidelines (SBG) by ICMA[18].
- Green Loan Principles (GLP) by the Loan Market Association (LMA)[19].
- Climate Bonds Standard by the Climate Bonds Initiative (CBI)[20].
- United Nations (UN) Sustainable Blue Economy Finance Principles (2018)[21].
- UN Global Compact Sustainable Ocean Principles and Practical Guidance for Implementation[22].

The Framework OUTLINES:

I. **Use of Proceeds:** The types of projects eligible for financing with the net proceeds from the Biodiversity Bond.
II. **Project Evaluation and Selection Process:** The process for evaluating and selecting projects for the Biodiversity Bond.
III. **Management of Proceeds:** The management of the proceeds from the Biodiversity Bond.
IV. **Reporting and Disclosure:** The reports Banco Bolivariano undertakes to prepare regarding the use of proceeds and their environmental impacts.

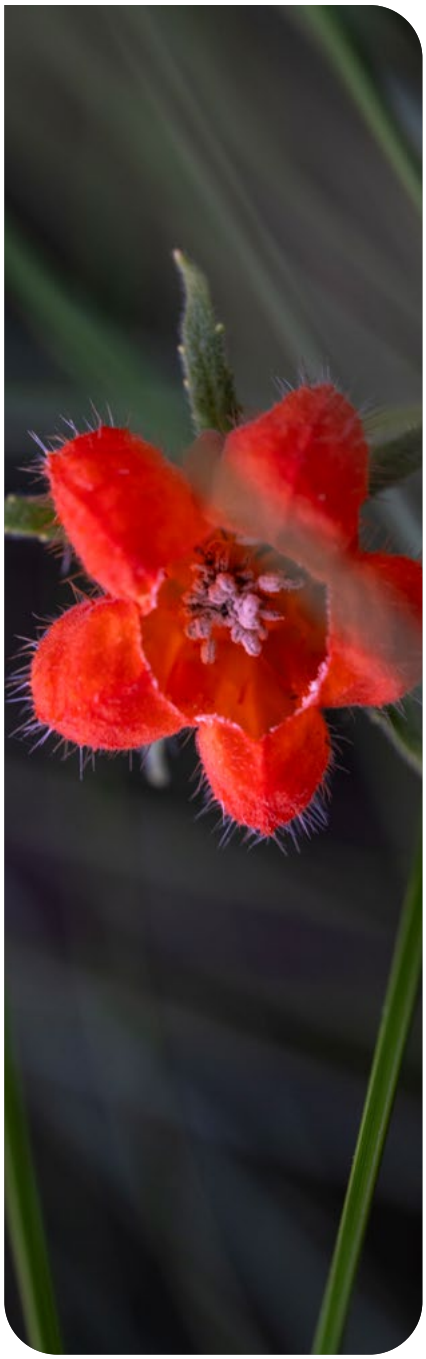
This document will represent a reference framework for issuing biodiversity bonds, and will be subject to second-party opinions (the "Opinion"). Both the Framework and the Opinion will be published on Banco Bolivariano's website.

[13] Including loans, working capital, and the different types of financing provided by the bank.
[14] https://www.ifc.org/content/dam/ifc/doc/2024/biodiversity-finance-reference-guide-es.pdf
[15] https://www.cbd.int/doc/decisions/cop-15/cop-15-dec-04-en.pdf
[16] https://www.bolsadequito.com/documentos/marketing/guia_bonos_bvq.pdf
[17] https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Translations/2021/Spanish-GBP-2021.pdf?vid=2
[18] https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/
[19] https://www.lsta.org/content/green-loan-principles/
[20] https://www.climatebonds.net/files/files/climate-bonds-standard-v3-20191210.pdf
[21] https://www.unepfi.org/blue-finance/the-principles/
[22] https://unglobalcompact.org/take-action/practical-guidances-for-the-un-global-compact-sustainable-ocean-principles

Use of **Proceeds**

02

Banco Bolivariano will allocate the proceeds from the issuance of the Biodiversity Bond to finance projects that contribute to the conservation, protection, restoration and/or sustainable management of biodiversity and ecosystem services.



Projects must be consistent with the Green Bond Principles, the Green Loan Principles and the IFC Biodiversity Finance Reference Guide. Additionally, they must contribute to SDG 14 (Life Below Water) and/or SDG 15 (Life on Land). Projects must adhere to environmental and social safeguards and standards, and address one or more key drivers of biodiversity loss.

To ensure consistency with the aforementioned principles and guidelines, an exclusion framework for projects has been established. Accordingly, this Bond will not finance projects that fall under any of the following categories:

- **Projects included in the Exclusion List (see Annex 1).** This list includes projects that, due to their nature, are not eligible for financing because of their potential negative environmental and social impacts.
- **Category A environmental and social risk (E&S) projects (see Annex 3).** Category A projects are those with significant adverse environmental impacts that may be sensitive, diverse or unprecedented. These impacts may affect a broader area than the sites or facilities where activities are carried out.
- **Projects in high-risk sectors (see Annexes 1 and 3).** These sectors are defined by their high potential to generate negative environmental and social impacts.

Based on the internationally accepted guidelines and principles mentioned above, the proceeds from the Biodiversity Bond issuance will be used to finance activities aligned with Banco Bolivariano's sustainability approach. Funds will be allocated to activities that meet one or more of the following eligibility criteria[23].

[23] They will be applied exclusively to finance or refinance, in whole or in part, new and/or existing eligible green projects, save for the case of entities with certifications listed in Annex 2, in which case the loans may also be used for working capital.

Projects focused on promoting sustainable and regenerative agriculture to reduce biodiversity loss and increase productivity without compromising the environment.

a) Eligibility Criteria

I. Productive land use/agriculture

The aim is to encourage the reduction of agrochemical use, crop diversification, soil restoration and the use of native species. This also includes certified sustainable crop production, the development of alternatives such as hydroponics and beef substitutes that reduce land pressure and prevent land conversion, and the adoption of innovative technologies to optimize land use and protect biodiversity.

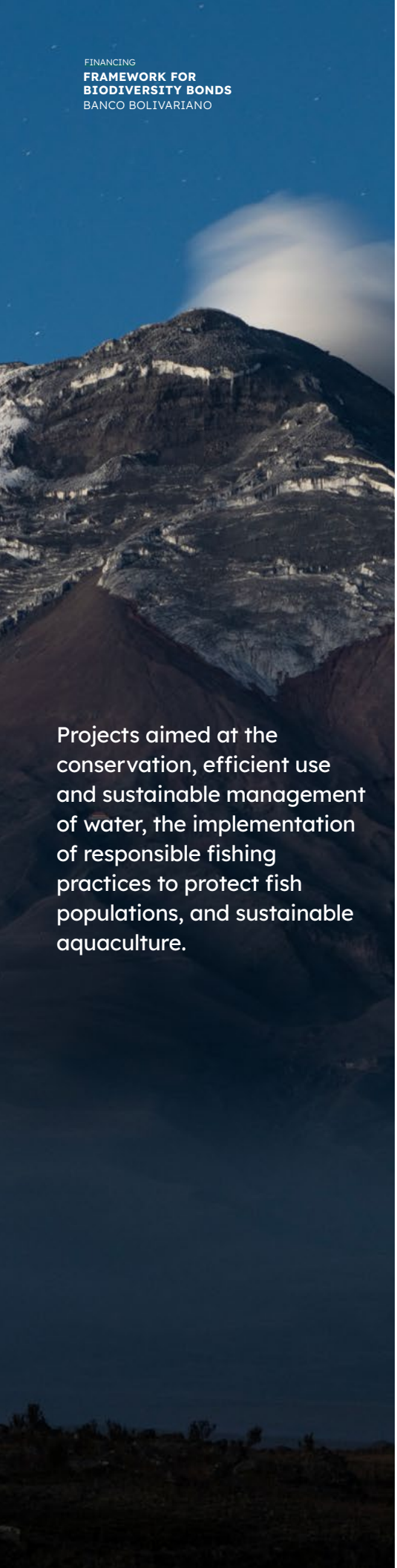
i. **Climate-Smart Agriculture (CSA):** Projects that promote sustainable agricultural practices that improve land productivity, reduce environmental impact and increase ecosystem resilience.

- Projects that contribute to a reduction in synthetic fertilizer use by at least 20% during project implementation to reduce downstream eutrophication and promote the use of biofertilizers and other organic solutions (e.g. composting). This may be supported by an eligible organic certification (see Annex 2).
- Projects that shift from monoculture to diversified cropping systems, including intercropping and the use of cover crops to improve resilience and soil quality.
- Projects involving the cultivation of native or naturalized species that can more easily adapt to variations in production cycles, water quality/ availability and temperature.

ii. **Regenerative Agriculture:** Agricultural practices that, among other benefits, rebuild organic matter in soil, restore biodiversity in degraded soils, improve and maintain ecosystem functions, and preserve native seed varieties. This also includes sustainable fiber production and other activities focused on ecosystem restoration through improved management.

iii. **Crops/Commodities:** Production and trade of certified crops/commodities aligned with robust sustainability certifications (see Annex 2), featuring audit protocols that confirm biodiversity protection and potential climate benefits. This demonstrates best practices related to soil health measurement[24], aimed at preventing degradation and addressing drivers of biodiversity loss.

[24] Monoculture plantations will be excluded unless they are shown to be organic or certified under Rainforest Alliance.



Projects aimed at the conservation, efficient use and sustainable management of water, the implementation of responsible fishing practices to protect fish populations, and sustainable aquaculture.

iv. **Alternative Production Practices or Products:** Alternative production practices or products, such as sustainable hydroponics and alternatives to beef, aimed at reducing land pressure and preventing land conversion. This includes agricultural practices that contribute to wildlife protection -especially for threatened and endangered species (wildlife-friendly options)- and businesses that promote wildlife-friendly practices to improve land management, establish corridors for wildlife movement, and reduce the demand for wild animal meat.

v. **Innovation and Technologies:** Adoption of innovations and technologies that improve land use and agricultural practices, such as geospatial data tools and tools for detecting soil degradation.

II. Sustainable production in freshwater/marine environments

This includes initiatives focused on reducing pollution in freshwater and marine bodies to protect aquatic habitats and biodiversity. This also includes projects to improve wastewater treatment, adopt technologies to minimize environmental impacts, and develop eco-friendly products to ensure the conservation and continuity of essential ecosystem services.

i. **Measures that achieve conservation, greater efficiency and sustainable water use:** Projects with at least a 20% reduction in water use, where there are clear benefits for local biodiversity or ecosystem services.

ii. **Development and manufacturing of water conservation products:** For residential and commercial use, i.e. low-flow showerheads, faucet aerators, greywater recycling systems and low-flow toilets.

iii. **Measures to reduce pollution levels in wetlands or other freshwater bodies:** Includes techniques for rehabilitating riparian zones, such as bodies of water and stormwater retention systems, to restore and protect riparian and aquatic ecosystems, improve water quality and reduce pollution. This includes planting native vegetation along water banks near agricultural areas or wastewater discharge points, containment barrier systems to capture and filter rainwater, reservoirs for controlled storage and stormwater management, and the implementation of rain gardens or permeable soils that filter and retain pollutants before they reach the drainage system. These practices help to mitigate erosion, improve water quality, and optimize water management.

iv. Biodiversity-friendly fishing: A sustainable approach aimed at minimizing impacts on aquatic ecosystems. Activities may include the following, among others:

- Production, trade or retail/wholesale of fishery products that meet or exceed best practice certification standards (see Annex 2).

v. Sustainable Aquaculture Production[25]: Investments in aquaculture with recognized certifications (see Annex 2) that integrate responsible, sustainable and innovative practices for cultivating aquatic species, minimizing environmental impacts, optimizing the use of resources, reducing pollution and preserving biodiversity by mitigating the overexploitation of wild and/or threatened species. This is achieved by demonstrating that critical ecosystems, such as mangroves, marshes and seagrasses, are not compromised. For example:

- Implementation of optimal environmental practices, including mangrove and wetland conservation; effective effluent management and water quality control; sediment control and sludge management; soil and water conservation; efficient use of fishmeal and fish oil; responsible sourcing of broodstock and juveniles; escape control and minimization of impacts on biodiversity and wildlife.
- Adoption of advanced technologies for modernizing aquaculture practices, such as automatic feeders, aeration systems, process monitoring and automation, which improve efficiency and productivity while reducing pressure on natural ecosystems.
- Recirculating aquaculture systems that allow species to be cultivated under controlled conditions where water is filtered and treated without affecting natural ecosystems.
- Aquaculture effluent treatment systems using biofilters, advanced filtration or aquatic plant treatment, which minimize water pollution.
- Aquaponics projects that utilize sustainable fish feed, such as insect meal, where waste from aquatic crops is used as fertilizer for agricultural crops, fostering more efficient and sustainable circular production.
- Use of alternative technologies to chemical products to reduce pollution across the aquatic ecosystem, minimizing waste discharge into water sources.

[25] Best practices for investment in aquaculture include the following environmental practices: Conservation of mangroves and wetlands; effective effluent management and water quality control; sediment control and sludge management; soil and water conservation; efficient use of fishmeal and fish oil; responsible sourcing of broodstock and juveniles; escape control and minimization of impact on biodiversity and wildlife.

vi. **Regenerative/Restorative Aquaculture Production:** Through integrated practices that promote biodiversity and water quality, generating sustainable farming systems, i.e. the cultivation of bivalves and seaweed to increase food production and restore ocean health.

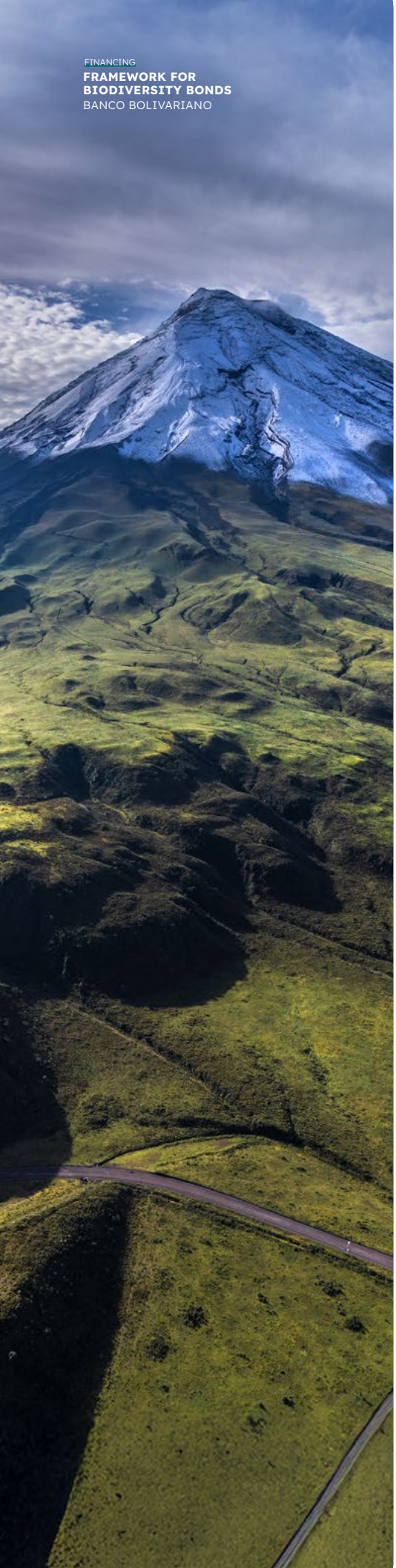
vii. **Sustainable Fishing and Fishing Practices:** Operations that comply with gear restrictions/modifications, capture and sourcing procedures, and vessel modifications, consistent with best practices to prevent fishery degradation. For example:

- **Selective fishing systems and technologies:** Methods that allow for the targeted capture of specific species, minimizing bycatch of non-target or endangered species. Examples include the use of circle hooks, nets with turtle excluder devices and fishing techniques based on identifying specific fish schools.

viii. **Adoption of Supply Chain Management Practices and/or Technologies:** Initiatives that reduce losses, expand market access and shorten transportation times in supply chain management, including cold storage, fish processing facilities and maritime transport. For example:

- Solar-powered cold storage systems (solar freezers) to expand market access and reduce losses.
- High-efficiency refrigeration and freezing technologies.
- Digital traceability platforms and IoT (Internet of Things) sensors for real-time monitoring of the fishing industry, enabling tracking from origin along the entire supply chain.
- Biodegradable[26], low-impact packaging for fish transportation.

[26] To ensure the biodegradability of packaging, a technical data sheet and certifications according to applicable standards are required, distinguishing between: Test methods to evaluate biodegradability: ASTM D5338, ISO 17586:2016, NTE INEN 2642 or Standards to certify that the product is compostable: ASTM D6400, EN 13432, ISO 17088



ix. Manufacturing or Retail of Ocean- and Water-Friendly Household Products: For example, biodegradable and phosphate-free products, such as detergents, shampoos, soaps, deodorants, cleaners, microbead-free toothpaste and non-plastic packaging, including:

- Biodegradable phosphate-free detergents, natural fabric softeners, multi-purpose cleaners based on natural ingredients or biodegradable surfactants, and cleaning utensils made from natural or biodegradable fibers.
- Personal hygiene products, such as sulfate- and silicone-free shampoos, biodegradable bar soap, aluminum-free deodorants (in stick or cream form), microbead-free toothpaste, sanitary pads and reusable diapers.
- Alternatives to plastics in packaging and utensils: Natural fiber wash bags, refillable bottles, reusable dispensers, waxed paper for packaging, natural fiber brushes, etc.

x. Reducing downstream eutrophication by replacing synthetic phosphate or nitrogen-based fertilizers with non-synthetic organic fertilizers: Includes projects linked to improved agricultural practices. For example:

- Production of organic fertilizers from waste, such as biodigesters, composting and vermiculture.
- Controlling soil nutrients through cover crops, controlled irrigation and precision agriculture.
- Agroforestry systems to improve nutrient retention and reduce soil erosion.

xi. Preventing stormwater and wastewater runoff into waterways: This includes investments in nature-based solutions for wastewater treatment, such as constructed wetlands to support the removal of organic wastewater contaminants. For example:

- Sustainable urban drainage systems, such as green roofs, rain gardens, permeable pavements and runoff retention areas.
- Bioremediation using microorganisms or plants to break down contaminants in soil and water.
- Biofilters and filtration beds or other natural systems for wastewater treatment.
- Reservoirs: Infrastructure to manage and store stormwater, preventing runoff.

xii. **Modernization of wastewater treatment plants:** Initiatives at the agricultural, industrial, commercial, residential or urban levels aimed at eliminating all pollutants harmful to biodiversity. These may include technologies such as:

- Advanced treatment technologies, such as ultrafiltration, electrocoagulation, advanced oxidation, reverse osmosis, etc.
- Constructed wetlands and bioreactors for natural water treatment.
- Wastewater treatment to prevent pollution and support sustainable resource management for agricultural, industrial, commercial and residential use.

xiii. **Improve upstream watershed activities:** Implementation of improved land management, as well as agricultural and sanitation practices to reduce sediment flow and pollution. These may include practices such as agroforestry systems, cover crops, sustainable agricultural practices, construction of natural barriers such as infiltration ditches, terraces or riparian vegetation, implementation of domestic wastewater treatment systems such as biodigesters[27], constructed wetland systems, etc.

III. Waste and plastics management

Projects aimed at reducing the environmental impact of plastics.

By manufacturing, marketing and financing biodegradable, recyclable and low-carbon products, as well as implementing solutions to improve waste management and reduce pollution in land-based and water-based ecosystems.

i. **Manufacturing, trade financing, or wholesale or retail sale of compostable and biodegradable products:** Includes financing for projects that produce plant-based plastics and packaging solutions that displace traditional products that impact marine, freshwater, and terrestrial biodiversity. Other activities that may also be considered include:

- Manufacturing of compostable and biodegradable products: Biopolymers, or other compostable or biodegradable materials.

[27] Mitigating methane leaks requires validation of studies and designs, compliance with construction and operation protocols, experienced companies with environmental permits (MAATE, Ecuador), and the complementary application of ISO standards and EPA/EU guidelines.

ii. **Manufacturing, trade financing or retailing of biodegradable and low-carbon materials[28]:** Projects that support alternative initiatives to cotton and fossil-based fibers (such as Lyocell). Other technologies may also be included, such as:

- Sustainable production of biodegradable fibers and textiles, such as hemp, linen or bamboo fiber.
- Technology to verify the sustainable origin of materials for traceability.

iii. **Urban drainage systems:** Initiatives that prevent the runoff of plastic, solid waste and pollutants into marine and freshwater habitats. For example:

- Sustainable drainage systems using permeable materials to retain water pollutants, infiltration ditches, etc.
- Waste collection technologies such as garbage traps in drains or devices or filters to capture microplastics, etc.

iv. **Flood mitigation measures:** Projects that prevent the runoff of plastic, solid waste or pollutants, such as stormwater storage and control systems with filtration systems or traps for debris and microplastics; reforestation and wetland restoration to increase soil absorption capacity; and riparian buffer zones with plant barriers to reduce water velocity and retain sediment.

v. **Reducing plastic use[29]:** This includes both product design and manufacturing, as well as using recycled plastics for waste disposal needs. For example:

- Packaging redesign using biodegradable, compostable or recycled plastic materials.
- Product redesign, implementation of recycling systems and reuse of plastics in manufacturing processes.
- Development of recycling plants for plastic waste management, including sorting, recycling and appropriate treatment facilities.

[28] Requires verification of GHG emissions at the company level (ISO 14064-3) and demonstration of progress toward corporate carbon neutrality (ISO 14068-1), ensuring the integrity of the funded sustainable practices.

[29] Material eligibility must be aligned with Ecuador's Organic Law for the Rationalization, Reuse and Reduction of Single-Use Plastics, ensuring compliance with recycled content parameters and thresholds and promoting the local circular economy.

vi. **Support for research and innovative technology aimed at recycling single-use plastics:** Funding for larger-scale plastic recycling efforts, such as the automation of plastic sorting and separation; research into chemical recycling processes to break down plastics; optimization of shredding, extrusion and regranulation processes; development of bioplastics made from recycled plastic waste; development and implementation of plastic recycling methods.

vii. **Plastic recycling activities and facilities:** Building recycling plants and operating plastics recycling facilities, as well as carrying out various plastics recycling activities.

viii. **Sustainable reuse or upcycling of plastics:** Sustainable reuse or upcycling of plastics, promoting practices that allow existing plastics to be repurposed, thereby reducing the need to produce new plastic materials and minimizing environmental impacts.

IV. Forestry and plantations

Projects aimed at promoting sustainable and responsible forest management and tree crop production that prevent deforestation and create and maintain diverse habitats to foster biodiversity.

This project also includes initiatives that integrate agroforestry systems that combine trees and crops with sustainable agricultural practices to conserve biodiversity and high ecological value ecosystems, reducing biodiversity loss.

i. **Sustainable forest management:** Forest production and management that meets international best practices and internationally accepted quality certification standards (Annex 2) to ensure ecological, economic and socia[30] benefits. This includes optimizing carbon[31] sequestration, quantifiable through standardized measurement protocols, and promoting and prioritizing biodiversity by implementing planting practices that enhance and diversify local ecosystems and habitats.

ii. **Sustainable tree crop production:** Projects that incorporate native or naturalized (and non-invasive) species and do not cause or result in deforestation or loss of natural forests or any other biodiversity hotspots with high conservation value or ecosystems with high carbon stocks.

iii. **Agroforestry systems linked to sustainable agricultural practices:** Mixed production of trees and crops using native or naturalized species appropriate to local climatic conditions.

[30] Monoculture plantations will be excluded.

[31] For proper optimization and quantification of carbon capturing, a baseline must be established that allows for the measurement and monitoring of carbon sequestration over time. Those starting new projects should establish this baseline at the beginning of their operations.

V. Tourism/ecotourism services

Ecotourism projects that minimize the impacts of tourism on nature and contribute to habitat conservation and restoration.

Which may include managing tourism and tourism revenue streams towards conservation, reducing carbon emissions, and generating economic, social and fiscal incentives for the protection of biodiversity, both within and outside conservatio[32] areas, under recognized ecotourism standards.

i. **Sustainable ecotourism redevelopment projects certified under international standards (see Annex 2):** Redevelopment projects that, as part of their commitment to sustainable ecotourism, implement initiatives to conserve or restore habitats in their surroundings or prevent increased habitat encroachment, and work to reduce carbon emissions through efficiency measures at the redeveloped facilities. This includes minimizing their environmental impact through the design and operation of their redeveloped[33] physical facilities.

ii. **Ecotourism operations:** Activities aimed at sustainability through the efficient use of key resources, such as energy and water, and waste minimization compared to their baseline and in accordance with the principles of international sustainable tourism through at least one of the following actions:

- 20% reduction in energy consumption by implementing efficiency measures and using renewable energy.
- 20% savings on water use.
- Minimizing waste generation by eliminating single-use plastics and using reusable or biodegradable alternatives.

[32] In protected areas, the following are required: absence of biodiversity loss, legal permits, community consultation, conservation programs and UNESCO/Zero Extinction Partnership consent at relevant sites.

[33] Facilities must demonstrate a reduction in the environmental impact of existing buildings with an EDGE (Excellence in Design for Greater Efficiencies) or LEED (Leadership in Energy and Environmental Design) certification that demonstrates an improvement of at least 20% in energy efficiency and 20% in water efficiency compared to a baseline building without such certification, with a measurable impact.

All funded projects must comply with national social and environmental regulations.

b) General Criteria

Furthermore, Biodiversity Bond proceeds will not be used to fund projects that meet one or more of the following criteria:

- Clients or projects that are classified as Category A, in terms of their social and environmental impact. Category A projects are likely to have significant adverse environmental impacts that are sensitive, diverse or unprecedented. These impacts may affect a wider area than the sites or facilities subject to physical work.
- Clients or projects included in the exclusion list (Annex 1).
- Clients or projects in high-risk sectors (Annex 3).

c) Alignment with the UN Sustainable Development Goals

The 2030 Agenda for Sustainable Development defines 17 Global Goals with 169 targets that seek to promote sustainable development, encompassing economic, environmental and social sustainability, with a focus on equality and inclusion. The projects financed through this Bond are aligned with the United Nations SDGs described in Table 1.

ODS Target

2.3 Increase the productivity and income of small-scale food producers, particularly women, indigenous peoples, family farmers, pastoralists, and fishers.

2.4 Ensure sustainable food production systems that increase productivity and resilience to climate change while minimizing negative environmental impacts.

ODS Target

- 6.3 Improve water quality by reducing pollution, eliminating wastewater discharges, and minimizing the release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse of water globally.
- 6.4 Significantly increase water use efficiency across all sectors and ensure sustainable withdrawals and supplies of freshwater to address water scarcity and substantially reduce the number of people affected by this problem.
- 6.4 Implement integrated water resources management at all levels, including through transboundary cooperation, as appropriate.
- 6.5 Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes, to ensure their sustainability and resilience.

ODS Target

- 8.4 Progressively improve the efficiency of global resources in consumption and production, seeking to decouple economic growth from environmental degradation.
- 8.9 Formulate and implement policies aimed at promoting sustainable tourism that creates jobs and promotes local culture and products.

ODS Target

- 9.4 Upgrade infrastructure and repurpose industries to make them sustainable, using resources more efficiently while adopting clean, environmentally sound technologies and industrial processes.
- 9.5 Increase scientific research and improve the technological capacity of industrial sectors in all countries, particularly in developing countries.

ODS Target

- **12.2** Achieve sustainable management and efficient use of natural resources.
- **12.3** Halve per capita global food waste at the retail and consumer levels and reduce food losses along production and distribution chains.
- **12.4** Achieve environmentally sound management of chemicals and all waste throughout their life cycle.
- **12.5** Substantially reduce waste generation through prevention, reduction, recycling and reuse.

ODS Target

- **13.1** Strengthen resilience and adaptive capacity to climate-related risks and natural disasters in all countries.
- **13.2** Integrate climate change measures into national policies, strategies and plans.

ODS Target

- **14.1** Prevent and significantly reduce marine pollution of all kinds, particularly from land-based activities.
- **14.2** Sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts and adopt measures for their restoration.
- **14.7** Increase the economic benefits to small island developing States and least developed countries from the sustainable use of marine resources.

ODS Target

- **15.1** Ensure the conservation, restoration and sustainable use of terrestrial and freshwater ecosystems and their services.
- **15.2** Promote sustainable management of all types of forests, halt deforestation, restore degraded forests, and increase afforestation and reforestation globally.
- **15.3** Combat desertification, restore degraded lands and soils, including lands affected by desertification, drought and floods.
- **15.4** Ensure the conservation of mountain ecosystems, including their biological diversity, in order to enhance their capacity to provide benefits essential for sustainable development.

Project evaluation and **selection process**

03

All loans selected for inclusion in the biodiversity bond portfolio must pass through Banco Bolivariano's standard credit analysis process, including the ESMS, and ensure compliance with local regulations.

Customer Assessment: Banco Bolivariano's credit process begins with a customer assessment prior to submitting credit applications in order to verify their financial viability and legal status.

Payment Capacity Assessment: Subsequently, any application for loan products (loans, lines of credit) goes through a payment capacity assessment process based on: financial information (cash flows, balance sheets, sales volume, operating and administrative expenses, margins and profitability, etc.), commercial and operational information (relationships with relevant clients and suppliers), collateral requirements in accordance with the bank's credit policy, debt levels including relationships with other local banks, funding providers and Banco Bolivariano, among other matters, which allows Banco Bolivariano to assess the potential negative impacts of internal and external risks and the financial viability of the project.

This phase includes an assessment of the ESMS guidelines found in the Bank's current manuals and formats. The ESMS applies to: (i) credit operations equal to or greater than USD 300,000 for small- and medium-sized enterprise (SME) banking; and (ii) credit operations equal to or greater than USD 500,000 for corporate and business banking; and allows the bank to categorize them according to their E&S risk level; and depending on each category, perform due diligence to assess these risks. All SME and corporate and business banking segments must go through the ESMS. Financing requests in these segments will be categorized, evaluated and monitored based on their environmental and social impact and risk.

Verification of the Client Profile, ESMS and Investment Plan: After receiving the client's financing request, the Commercial Manager (Corporate Banking, Personal Banking or SME) verifies whether:

- The transaction corresponds to an individual or legal entity in the SME or Business and Corporate segments.
- The client meets the initial requirements that apply in Banco Bolivariano's normal credit process.
- The client submits an investment plan describing the projects to be financed.

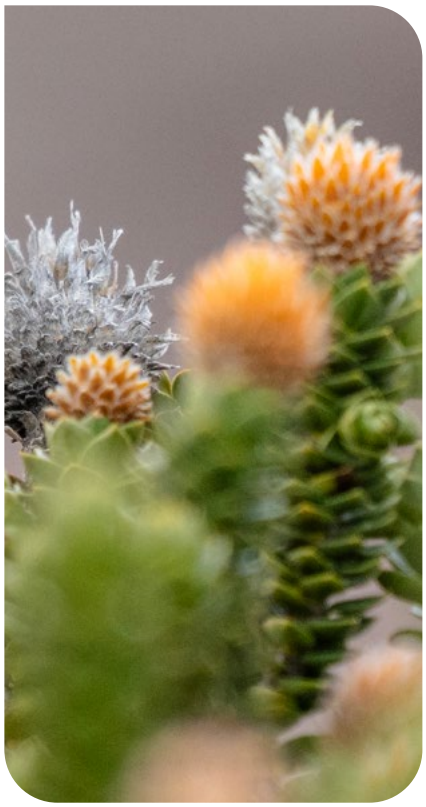
Based on the commercial activity or activities declared by the client, the Commercial Officer verifies that the activity or activities is/are not included on the ESMS Exclusion List (see ESMS Manual). If the activity is not on the Exclusion List, the Commercial Officer will continue following the appropriate ESMS procedure, in coordination with the E&S Risk Specialist.

The ESMS assessment process includes evaluating project proposals to confirm their eligibility for the biodiversity bond. This includes identifying whether project activities are considered to be high environmental risk activities (Category A activities.

Once eligibility is confirmed, due diligence is carried out, which involves an initial desktop phase that includes reviewing secondary information, information provided by the client, reviewing questionnaires provided by Banco Bolivariano, analyzing the location using Banco Bolivariano's Geographic Information Systems (GIS), and any additional information that may be requested to complete the analysis. Additionally, a field visit will be conducted to verify the information gathered during the desktop phase.

The scope of environmental and social due diligence will be carried out in accordance with the requirements of IFC Performance Standard 6 (PS6) and its Guidance Note 6. The ESMS process must confirm that the project:

- Is not located in a legally protected area or an internationally recognized area. However, if the project is in one of these areas, it must demonstrate (paragraph 20 of PS6) that:
  - The proposed project activity is legally permitted and consistent with the area's management plan.
  - The client has consulted with the managers or promoters of the protected area, affected communities, indigenous peoples, or other stakeholders in carrying out the project.
  - The client has launched additional programs, where appropriate, to promote and enhance the area's conservation values.
- Projects in UNESCO Natural and Mixed World Heritage Sites (WHS) and Alliance for Zero Extinction (AZE) areas will be excluded unless they can positively contribute to the conservation values of these areas. If the project provides a positive contribution, then explicit consent must be obtained, through the IFC, from the UNESCO Secretariat and the AZE Steering Committee. The IFC must be informed before proceeding with a project in any WHS or AZE setting.
- It must not negatively impact natural habitats or significant biodiversity values, and there must be no net loss as defined in ND6 and GN6. There must be no conversion or degradation of natural habitats, and no natural habitat conversion may have been carried out in the last 5 years or is planned to take place in the future. Processes must be in place to determine when natural habitat identification requires independent expert verification.



- It does not produce significant adverse impacts on populations of species with a conservation status of "Endangered" or "Critically Endangered" according to the IUCN Red List. For projects where potential impacts of natural habitat conversion or impacts on species with a conservation status of "Endangered" or "Critically Endangered" are identified, independent expert verification will be required. It does not require or has not required compensation for biodiversity loss in the past, as defined in PS6 and GN6.

The ESMS process will include an assessment of clients' capacity to manage socio-environmental risks and impacts. When project gaps are identified with the standards and permits applicable to the project and the development of plans, as well as with the PS6 requirements, action plans will be developed to implement corrective measures. The action plans must be agreed upon with the clients and must include realistic implementation timelines. Legal contracts with clients must reference such action plans.

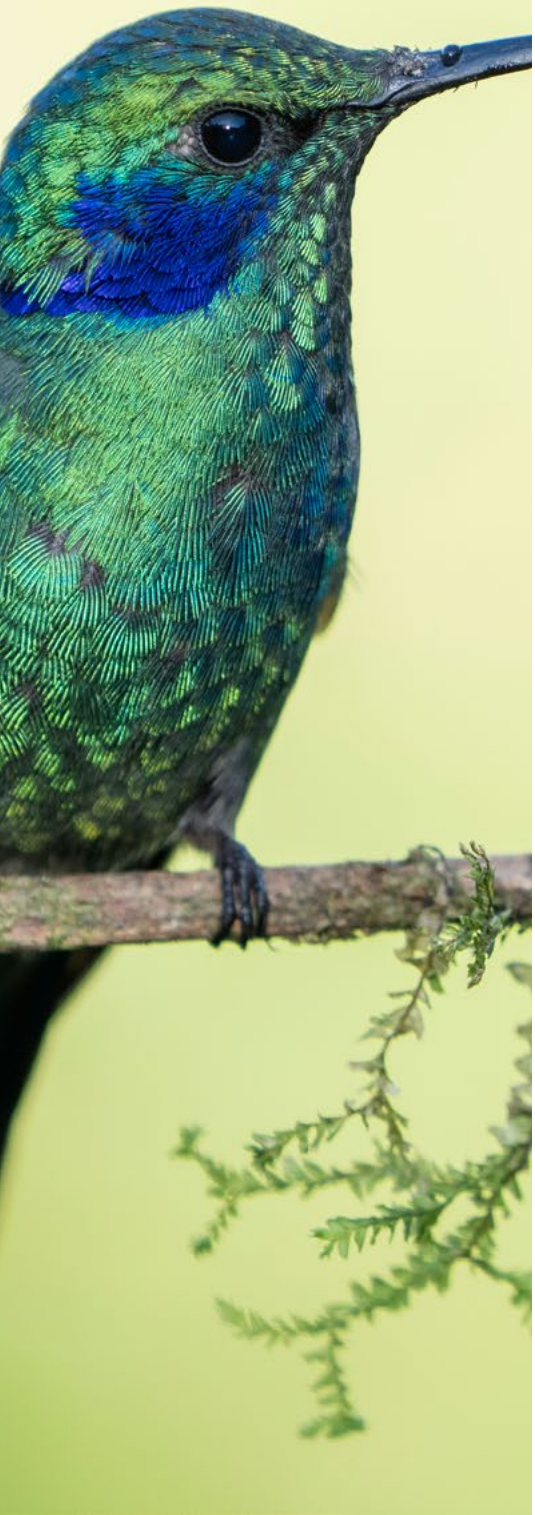
If Banco Bolivariano deems it necessary, it will engage external experts to gather relevant information.

Evaluate the Credit Proposal: With this information, the Risk area will evaluate the credit proposal, which will then be approved or rejected by the respective Credit Committee.

Evaluation of investment projects: Once the credit proposal has been assessed, the next step consists of analyzing the corresponding investment projects.

The evaluation of **investment projects** consists of a critical and systematic assessment of each phase of the project cycle, which includes the following stages, at a minimum:

- Identification and definition of the Project and its area of influence.
- Demand analysis.
- Forecasted project costs and benefits.
- Analysis of the Project's economic and financial profitability.
- Project impact on the environment. This stage will include the evaluation of specific criteria for eligibility of biodiversity credits.
- Presentation of the Project's socio-environmental action plan.



Biodiversity Bond Eligibility

The Commercial Officer will review the Investment Plan to determine whether or not the project is eligible to apply for a biodiversity credit and proceed to the next step.

Classification of the Thematic or Conventional Transaction: The Commercial Officer will visit the client to gather information to document the loan, as is done with conventional loans. The Commercial Officer will fill out the Biodiversity Line selection matrix and coordinates with the E&S Risk Specialist to validate environmental impacts, or make any necessary meetings with an External Consultant (if applicable) to prepare the report on environmental impacts prepared by the client.

Transactions will be classified as "biodiversity" only if they meet the requirements for the use of funds defined under the biodiversity bond framework.

Definition of Environmental Variables and Metrics: As part of the process, the Commercial Officer, consulting with the sustainability team, will include the Environmental Impact Variables and Metrics, which depend on the type of thematic product(s) involved in the transaction. The client must have provided the information to complete this data.

Registration on the Credit Platform: Using the same templates and platform that the Bank uses to process conventional loans, the Commercial Officer will enter all of the client's financial information into the system to make it available to the Credit Risk Analysts.

Risk Analysis and Approval: The Commercial Officer will send the credit file to the Risk Analyst, who will follow the same risk analysis procedures for any similar type of credit in the Bank.

The Risk Analyst will forward the file to the Credit Committee (or the corresponding approval body within the Bank).

During this evaluation, the Business Risk Analyst will conduct a detailed assessment of the following aspects: a quantitative analysis, including credit conditions, project evaluation ratios (IRR, NPV, PP, B/C, etc.), among others; and a qualitative analysis, including the company's financial, economic and administrative capacity to carry out the Project, investor profiles, and the structure of the Proposal.

The evaluation of the Credit Proposal by the Credit Committee is carried out in two stages:

Stages of credit proposal evaluation at Banco Bolivariano

Base Committee

Transaction or line of credit amount

Regular Client:
> USD 2.5-5.0 million

New Client:
> USD 1.0-2.5 million

Members

- Corporate Startup/Risk Manager
- Comprehensive Risk Manager
- Regional Corporate Banking Manager
- Banking Manager
- Treasury Manager

Expanded Committee

Transaction or line of credit amount

Regular Client:
> USD 5.0 million

New Client:
> USD 2.5 million

Members

- Corporate Startup/Risk Manager
- Comprehensive Risk Manager
- Regional Corporate Banking Manager
- Banking Manager
- Treasury Manager
- Financial Director
- CEO
- President

For a proposal to reach the Expanded Committee, it must first be approved by the Core Committee. All operations/ lines of credit must be approved unanimously by all Credit Committee members present. A minimum of three members is required for a meeting and vote to be considered valid. Each Credit Committee decision must be confirmed in the meeting minutes.

Once the disbursement has been made, an Administration and Monitoring phase is carried out, which includes ongoing client assessment (formal and informal) through regular contact, evaluation of financial information, and inspection of collateral, among others. Furthermore, if action plans were defined as a result of the ESMS, these plans must be reviewed and monitored.

Resource **management**

04

Once an operation is approved for the use of Biodiversity Bond resources as described in section 3, it will be labeled in the Project Assessment and Selection process as a biodiversity asset, classified as such under the Biodiversity Bond, and will include the approval date for tracking.

Banco Bolivariano, under its internal regulations and management system, will use its treasury department for the use and management of resources.

Banco Bolivariano will use a separate report to manage the allocation, tracking and reimbursement of proceeds. The report will be updated and maintained on a quarterly basis to ensure that all proceeds are traced and invested in eligible projects.

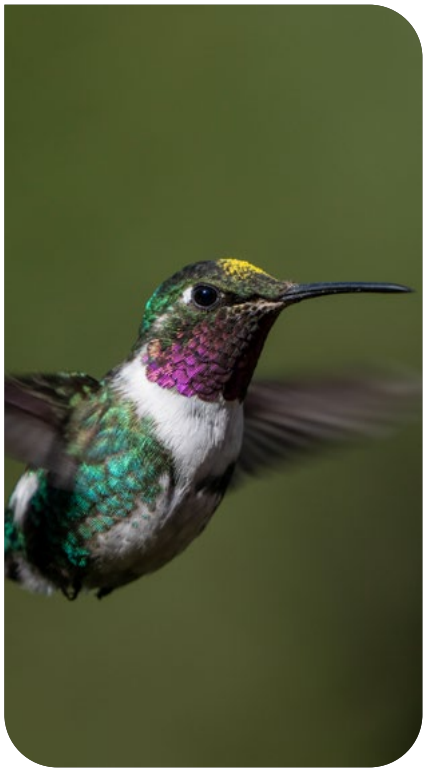
The proceeds from this Biodiversity Bond will be used exclusively to finance new or existing projects, if disbursements for such projects have not occurred more than six months prior to the bond's date of issue, and they must meet the eligibility criteria described above.

A maximum of ten percent (10%) of the proceeds may be allocated to existing projects. Banco Bolivariano will allocate the proceeds within 24 months of the date of issue. Unallocated proceeds will be managed according to Banco Bolivariano's investment portfolio and held exclusively in cash or high-liquidity, low-risk instruments. These funds may not be used to finance companies or projects other than those eligible under this Framework.

In the event of divestment or early repayment of a loan prior to the Bond's maturity date, Banco Bolivariano will reallocate the funds to loans that meet the eligibility criteria set forth in this Framework. If a project ceases to meet the eligibility criteria, Banco Bolivariano will replace the corresponding loan with another one that meets the eligibility criteria under this Framework within no more than six months of the date when it becomes aware of the event.

05 Disclosure and **Reporting**

Banco Bolivariano will maintain up-to-date and easily accessible information on the allocation of proceeds and the environmental performance of eligible biodiversity projects.



This will be done through annual reports to be published no later than 120 days after the end of each fiscal year and until the issued Bond reaches maturity. The reports will be made available in a dedicated section on Banco Bolivariano's website.

The reported information will include data related to:

- The use of proceeds, including a description of the project or its components that have received financing.
- The portion of proceeds applied to existing projects.
- The outstanding amount of net proceeds that have not yet been allocated to eligible projects by the end of the reporting period, and the external reviewer's reports verifying the use of proceeds.

Additionally, Banco Bolivariano will publish an annual report on the Bank's website for bondholders, which will include the following information:

- The percentage of proceeds pending allocation and information on how they are temporarily managed until allocation.
- The annual verification report referred to in Section 6.
- Details on the methodology and assumptions used to report on the Key Performance Indicators (KPIs) set under this Framework.

Additionally, data related to the impact of the projects will be provided, including suggested monitoring indicators for each eligibility category.

The following table describes the **proposed disclosure indicators**, which are based on the Biodiversity Finance Impact Metrics -a supplement to the Biodiversity Finance Reference Guide published by the IFC- for reporting the benefits of biodiversity projects. Table 3A presents the indicators used to monitor and assess alignment with the Sustainable Development Goals (SDGs).

Proposed reporting indicators

I Productive land use/ agriculture

Subcategory	Metrics	SDG
Climate-Smart Agriculture (CSA)	• Area under effective sustainable practices (ha) • Area under certified sustainable agriculture (in ha and % of cultivated land) • Production covered by organic or sustainable agriculture certification (in t/year and % of total production) • GHG emissions avoided and/or sequestered (tCO_2e/year) (on a best-effort basis) • Reduction in synthetic fertilizers as a share of total fertilizers used (m^3/year or in %)	
Regenerative Agriculture	• Area under effective sustainable practices (ha) • Area under certified sustainable agriculture (in ha and % of cultivated land) • Production covered by organic or sustainable agriculture certification (in t/year and % of total production) • GHG emissions avoided and/or sequestered (tCO_2e/year) (on a best-effort basis)	
Crop/Commodity Production and Trade	• Area under effective sustainable practices (ha) • Area under certified sustainable agriculture (in ha and % of cultivated land) • Production covered by organic or sustainable agriculture certification (in t/year and % of total production) • GHG emissions avoided and/or sequestered (tCO_2e/year) (on a best-effort basis)	
Alternative Production Practices	• Area under effective sustainable practices (ha) • Area under certified sustainable agriculture (in ha and % of cultivated land) • Production covered by organic or sustainable agriculture certification (in t/year and % of total production)	

II Sustainable production in freshwater/ marine environments

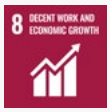
Subcategory	Metrics	SDG
Measures for Water Conservation, Increased Efficiency, and Sustainable Use	• Reduction in water use before and after the project (m^3/year or in %) • Volume of water treated, reused or recycled before and after the project (m^3/year)	
Development and Manufacturing of Water Conservation Products	• Water conservation products developed/manufactured (number; % increase) • Water flow rate of the product compared to standard flow rate (liters per minute and % reduction)	
Measures to Reduce Pollution Levels in Wetlands or Other Freshwater Bodies	• Improvements in water quality indicators[34]	
Biodiversity-Friendly Fishing	• Quantity and percentage of certified sustainable aquaculture production (in t/year and % of total)	
Sustainable Aquaculture Production	• Quantity and percentage of certified sustainable aquaculture production (in t/year and % of total) • GHG emissions avoided and/or sequestered (tCO_2e/year) (on a best-effort basis)	
Regenerative (Restorative) Aquaculture Production	• Quantity and percentage of certified sustainable aquaculture production (in t/year and % of total)	
Sustainable Fishing and Fishing Practices	• Quantity and percentage of certified sustainable aquaculture production (in t/year and % of total)	
Adoption of Supply Chain Management Practices and/or Technologies	• Quantity and percentage of certified sustainable aquaculture production (in t/year and % of total)	
Manufacturing or Retail of Ocean- and Water-Friendly Household Products	• Number of products awarded an eco-label, eco-efficiency mark or other internationally recognized environmental certification	
Reduction of Downstream Eutrophication through Substitution of Synthetic Phosphate- or Nitrogen-Based Fertilizers with Non-Synthetic Organic Fertilizers	• Reduction in synthetic fertilizers as a share of total fertilizers used (in %)	
Prevention of Stormwater and Wastewater Runoff into Waterways	• Wastewater treatment capacity of the infrastructure (in m^3/year)	
Modernization of Wastewater Treatment Plants	• Wastewater treatment capacity of the infrastructure (in m^3/year) • Volume of water treated, reused or recycled before and after the project (in m^3/year)	
Improvement of Upstream Watershed Activities	• Area covered by sustainable water and land resource management practices (in ha and % of total area; % increase)	

[34] Water quality indicators may include temperature, pH, biochemical oxygen demand (BOD), chemical oxygen demand (COD), total nitrogen, total phosphorus, total suspended solids (TSS), total heavy metals, perfluorinated and polyfluorinated chemicals (PFAS), microfibers or other potential contaminants.

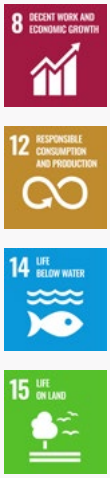
III Waste and plastics management

Subcategory	Metrics	SDG
Manufacturing, Trade Financing, or Retail of Biodegradable and Low-Carbon Materials	• Reduction or elimination of harmful substances (persistent, carcinogenic, mutagenic, reprotoxic) used in the project (tons/year).	     
Urban Drainage Systems	• Prevention of plastic and/or solid waste runoff into marine and freshwater habitats (tons/year; % increase).	
Flood Mitigation Measures	• Prevention of plastic and/or solid waste runoff into marine and freshwater habitats (tons/year; % increase).	
Reduction of Plastic Use in Product Design and Manufacturing, and Use of Recycled Plastics for Residual Material Needs	• Plastic waste prevented, minimized, reused or recycled before and after the project (tons/year). • Proportion of compostable and/or biodegradable and/or circular materials marketed before and after the project (compared to the original design, % proportion).	
Support for Research and Innovative Technology Aimed at Recycling Single-Use Plastics as Part of Larger-Scale Plastic Recycling Efforts	• Investment in research and innovative technology related to plastic recycling (in $; % increase)	
Plastic Recycling Activities and Facilities	• Plastic waste prevented, minimized, reused or recycled before and after the project (tons/year) • Amount of solid waste recycled and/or used in the production process to replace virgin materials (% of total waste)	
Sustainable Reuse or Repurposing of Plastics	• Plastic waste prevented, minimized, reused or recycled before and after the project (tons/year)	

IV Forestry and plantations

Subcategory	Metrics	SDG
Sustainable Forest Management	• Area under certified sustainable forest management (ha)	   
Sustainable Production of Tree Crops	• Area under certified sustainable forest management (ha) • Production of sustainable wood and wood products (in t/year)	
Agroforestry Systems	• Area under certified sustainable forest management (ha) • Production of sustainable wood and wood products (in t/year)	

V Tourism/ ecotourism services

Subcategory	Metrics	SDG
Certified Sustainable Ecotourism Renovation Projects	• Percentage of businesses/assets covered by sustainable tourism or ecotourism certification • Area of land restored or rehabilitated (ha) • Area of land under conservation practices (ha) • Local employees as part of the total ecotourism project workforce (number)	
Ecotourism Operations	• Area of land restored or rehabilitated (ha) • Area of land under conservation practices (ha) • Local employees as part of the total ecotourism project workforce (number) • GHG emissions avoided and/or sequestered (tCO_2e/year) (on a best-effort basis)	

Proposed Biodiversity Portfolio Monitoring Indicators for Reporting

I Productive land use/agriculture

Monitoring Indicator	Definition	Unit
Value of disbursed loans	Total value of loans disbursed to productive land use/agriculture projects by the financial intermediary during the reporting period.	USD
Number of disbursed loans	Total number of loans disbursed to productive land use/agriculture projects by the financial intermediary during the reporting period.	#
Value of outstanding loans	Total value of outstanding loans in the financial intermediary's productive land use/agriculture sub-segment at the end of the reporting period.	USD
Number of outstanding loans	Total number of outstanding loans in the financial intermediary's productive land use/agriculture sub-segment at the end of the reporting period.	#

II Sustainable freshwater/marine production

Monitoring Indicator	Definition	Unit
Value of disbursed loans	Total value of loans disbursed to sustainable freshwater/marine production projects by the financial intermediary during the reporting period.	USD
Number of disbursed loans	Total number of loans disbursed to sustainable freshwater/marine production projects by the financial intermediary during the reporting period.	#
Value of outstanding loans	Total value of outstanding loans in the financial intermediary's sustainable freshwater/marine production sub-segment at the end of the reporting period.	USD
Number of outstanding loans	Total number of outstanding loans in the financial intermediary's sustainable freshwater/marine production sub-segment at the end of the reporting period.	#

III Waste and plastics management

Monitoring Indicator	Definition	Unit
Value of disbursed loans	Total value of loans disbursed to waste and plastics management projects by the financial intermediary during the reporting period.	USD
Number of disbursed loans	Total number of loans disbursed to waste and plastics management projects by the financial intermediary during the reporting period.	#
Value of outstanding loans	Total value of outstanding loans in the financial intermediary's waste and plastics management sub-segment at the end of the reporting period.	USD
Number of outstanding loans	Total number of outstanding loans in the financial intermediary's waste and plastics management sub-segment at the end of the reporting period.	#

IV Forestry and plantations

Monitoring Indicator	Definition	Unit
Value of disbursed loans	Total value of loans disbursed to forestry and plantations projects by the financial intermediary during the reporting period.	USD
Number of disbursed loans	Total number of loans disbursed to forestry and plantations projects by the financial intermediary during the reporting period.	#
Value of outstanding loans	Total value of outstanding loans in the financial intermediary's forestry and plantations sub-segment at the end of the reporting period.	USD
Number of outstanding loans	Total number of outstanding loans in the financial intermediary's forestry and plantations sub-segment at the end of the reporting period.	#

V Tourism/ecotourism services

Monitoring Indicator	Definition	Unit
Value of disbursed loans	Total value of loans disbursed to tourism/ecotourism services projects by the financial intermediary during the reporting period.	USD
Number of disbursed loans	Total number of loans disbursed to tourism/ecotourism services projects by the financial intermediary during the reporting period.	#
Value of outstanding loans	Total value of outstanding loans in the financial intermediary's tourism/ecotourism services sub-segment at the end of the reporting period.	USD
Number of outstanding loans	Total number of outstanding loans in the financial intermediary's tourism/ecotourism services sub-segment at the end of the reporting period.	#

External **Review**

06

Second Party Opinion (SPO)

Banco Bolivariano has engaged a qualified SPO provider to provide a Second Party Opinion in order to confirm the alignment of this Biodiversity Bond Framework with the principles, guidelines and standards mentioned in Section 2. The Second Party Opinion will be considered the Independent External Review and will be published on Banco Bolivariano's website.

Annual Verification of Use of Proceeds

The verification of the use of proceeds from the Biodiversity Bond issued by Banco Bolivariano will be conducted annually by an independent auditor or external reviewer, and until the bond's maturity, to validate the alignment of the use of proceeds with eligible projects, evaluate the indicators and metrics specified in this Framework, and ensure that the environmental and social benefits of the financed projects meet investor expectations.

The external reviewer or auditor reports will also be published on Banco Bolivariano's official website no later than 120 days after the end of each fiscal year. The first report will be completed at the end of the fiscal year following the issuance of the Biodiversity Bond. The external review firm will also review the current and expected results of the KPIs set out in this framework.

07

Annex 1
Exclusion List

List of Excluded Activities

Banco Bolivariano will not knowingly finance projects, directly or indirectly, involved in the production, trade or use of the products, substances or activities listed below. Additional exclusions may apply in the context of a specific operation.

1. Prohibited Activities

a) Activities prohibited by the host country's laws or regulations, or by ratified international conventions and agreements, or that are subject to international phase-outs or prohibitions, such as:

i. Polychlorinated biphenyl (PCB) compounds.
ii. Pharmaceuticals, pesticides/herbicides and other hazardous substances subject to international phase-outs or prohibitions[35].
iii. Persistent organic pollutants[36].
iv. Ozone-depleting substances subject to international phase-outs[37].
v. Wild flora and fauna or related products regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora[38].
vi. Transboundary movement of waste or waste products[39], save for non-hazardous waste intended for recycling.
vii. Lead-based paints or coatings used in the construction of structures and roads[40].

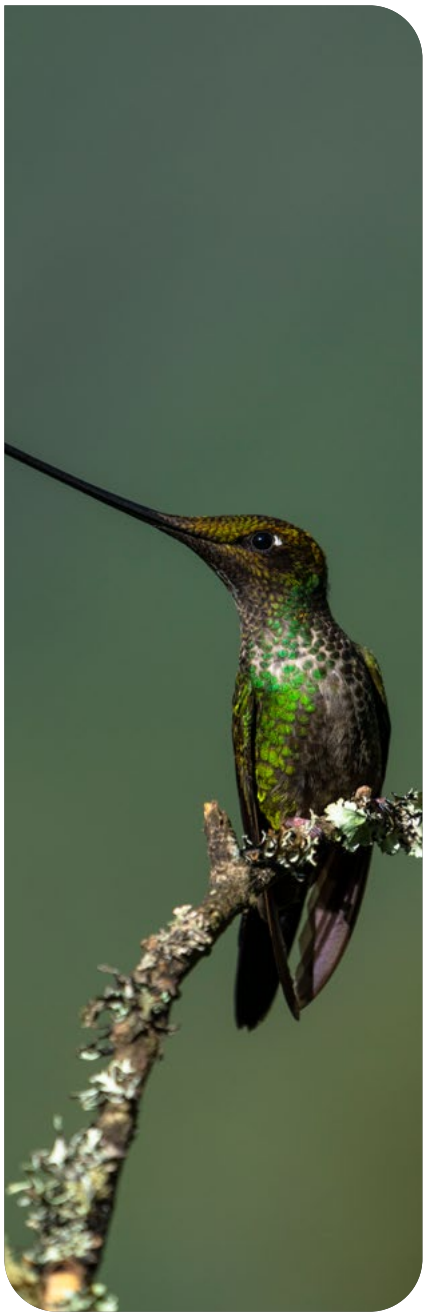
b) Destruction of High Conservation Value areas.

c) Activities prohibited by the host country's laws or regulations, or by ratified international conventions and agreements related to the protection of biodiversity resources or cultural heritage.

d) Commercial logging operations carried out in primary tropical rainforest.

e) Production or trade of wood or other forest products other than those from sustainably managed forests.

[35] Reference documents: Council Regulation (EEC) No. 2455/92 issued on July 23, 1992 concerning the export and import of certain hazardous chemicals, with its occasional amendments; United Nations, Consolidated List of Products Whose Consumption and/or Sale Have Been Banned, Withdrawn, Severely Restricted or Not Approved by Governments; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade; Stockholm Convention on Persistent Organic Pollutants; World Health Organization (WHO), Recommended Classification of Pesticides by Hazard; World Health Organization (WHO), Pharmaceuticals: Restrictions in Use and Availability.
[36] Stockholm Convention on Persistent Organic Pollutants, as amended in 2009.
[37] Ozone-depleting substances are chemical compounds that react with and reduce stratospheric ozone, leading to the well-known "ozone holes." The Montreal Protocol includes a list of these substances and the target dates set for their reduction and phase-out. Some of the chemical compounds regulated under the Montreal Protocol include aerosols, refrigerants, foaming agents, solvents and flame retardants. (www.unep.org/ozone/montreal.shtml).
[38] www.cites.org
[39] As defined in the Basel Convention (www.basel.int).
[40] Paints or coatings whose total lead concentrations exceed the lower of the following two thresholds: 90 ppm or the concentration limit set by the host country.



f) Palm oil.

g) Production or activities involving harmful or exploitative forms of forced labor[41]/ harmful child labor[42].

2. Other Activities

a) Activities that, while not violating a country's regulatory framework, may cause particularly significant adverse impacts for people and the environment, such as:

i. Production and sale of weapons, ammunition and other military goods or technologies.
ii. Pornography and/or prostitution.
iii. Production or sale of tobacco[43].
iv. Gambling, casinos and similar ventures[44].
v. Production or sale of radioactive materials[45].
vi. Loose asbestos fibers or products containing asbestos.
vii. Fishing with explosives and driftnet fishing in the marine environment with nets that are more than 2.5 km long.
viii. Production or trade of alcoholic beverages (excluding beer and wine).
ix. Racist and/or anti-democratic media.

b) Activities that are not aligned to the commitments made by Banco Bolivariano to address the challenges of climate change and promote environmental and social sustainability

i. Thermal coal mining, coal transport or coal-fired power generation and related facilities.
ii. Oil exploration and oil development projects[46].
iii. Oil refineries.
iv. Crude oil pipelines.
v. Construction or renovation of any power generation plant exclusively using HFO or diesel that produces energy for the public grid and increases absolute CO_2 emissions (i.e. where energy efficiency measures do not offset any increase in capacity or load factor).

[41] Forced labor means all work or service not voluntarily performed that is extracted from an individual under threat of force or penalty, as defined by the conventions of the International Labour Organization (ILO).
[42] People may only be employed if they are at least 15 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory schooling or a higher minimum age for employment. In such cases, the higher age shall apply.
[43] This does not apply to projects whose primary objective is not related to the production, trade or use of tobacco.
[44] This does not apply to projects whose primary objective is not related to the construction and operation of gambling venues, casinos and similar businesses.
[45] This restriction does not apply to the purchase of medical equipment, quality control (measurement) devices, or any equipment for which it can be demonstrated that the radioactive source will be insignificant or properly shielded.
[46] This applies only to associated facilities whose primary objective is related to the production, trade, or use of coal for power generation, or to the transmission of energy generated by a coal-fired power plant (e.g. a transmission line used only for such purposes).

vi. Any business with a planned expansion of captive coal used for power and/or heat generation. This does not apply to coal used to initiate chemical reactions or as an ingredient mixed with other materials, given the lack of viable and commercially feasible alternatives.

vii. Gas exploration and gas development projects. In exceptional circumstances, and on a case-by-case basis, consideration will be given to financing gas exploration and extraction infrastructure that entails a clear benefit in terms of access to energy for the poor, where greenhouse gas emissions are minimized, the projects are consistent with national climate change goals, and stranded asset risks have been duly analyzed.

Annex 2
List of Eligible Sustainability Certifications

The following certifications have been selected for their alignment with SDG 14 (Life Below Water) and SDG 15 (Life on Land), as well as their focus on environmental, social and economic sustainability.

These certifications are eligible for consideration under the Biodiversity Bond framework, as they ensure responsible practices in key sectors and contribute to biodiversity conservation.

Aquaculture

Aquaculture Stewardship Council (ASC): Certifies responsible aquaculture practices that minimize negative impacts on aquatic ecosystems, promote animal welfare, and reduce water pollution.

Wild-Capture Fisheries

Marine Stewardship Council (MSC): Certifies fisheries that operate sustainably, ensuring the conservation of fish stocks and minimizing impacts on the marine ecosystem.

Forest Management

- **Forest Stewardship Council (FSC):** Certifies projects that promote responsible forest management, protecting biodiversity, ecosystems and the rights of local communities.
- **Program for the Endorsement of Forest Certification (PEFC):** Similar to the FSC, it certifies projects that foster sustainable forest management, ensuring a balance between production and conservation.
- **Rainforest Alliance Sustainable Agriculture Standard:** A certification that promotes sustainable agricultural and forestry practices, protecting biodiversity, improving soil quality and conserving water resources.

Agriculture

- **Agriculture Roundtable on Responsible Soy:** Certifies projects that promote the responsible production, trade and use of soy, ensuring sustainable practices that respect the environment, labor rights and local communities.
- **Bonsucro Production Standard:** Certifies projects that promote sustainable sugarcane production, with standards that ensure responsible practices in environmental, social and economic aspects.
- **Fair Trade Standard for Small-Scale Producer Organizations:** Certifies projects that promote fair trade, certifying products that meet social, environmental and economic standards to ensure producers receive fair prices and decent working conditions.

Tourism

Global Sustainable Tourism Council Destinations: Establishes and manages global standards for sustainable travel and tourism, and provides a comprehensive definition of sustainable travel and tourism, organized to support four pillars of sustainability: sustainable management, social and community, cultural, and environmental.

Others

Roundtable on Sustainable Biomaterials Standard: Sets standards for sustainable fuels and materials made from biomass, waste and residues that apply to the production, processing, conversion, trade and use of biomass and biofuels.

Annex 3
Indicative List of Category A Activities (High-Risk Projects)

High-risk projects or activities are defined as those that lead to, or could result in, significant adverse environmental or social risks or impacts that are diverse, irreversible or unprecedented.

These generally include activities that involve:

i. Involuntary resettlement
ii. Risk of adverse impacts on indigenous peoples
iii. Significant risks or impacts on the environment, community health and safety, biodiversity or cultural heritage
iv. Risk of mass layoffs
v. Significant occupational health and safety risks (risk of serious injury or fatality to workers).

The following is an indicative list of activities or projects that could be classified as **Categoty A** projects:

- Large-scale infrastructure, including ports, port developments, highways, dams, reservoirs and thermal or hydroelectric power projects, among others.
- Large-scale agribusiness.
- Large-scale industrial plants.
- Development of new large industrial parks.
- Extractive industries: mining, quarrying, oil and gas developments, oil pipelines and gas pipelines.
- Large-scale ferrous and non-ferrous metal operations.
- Developments that require or have caused (in the last 5 years) significant involuntary resettlement of local communities.
- Projects that indigenous or tribal populations have opposed due to their negative impacts on these populations.
- Projects that include the manufacture, transport, use or disposal of hazardous and/or toxic materials, significant quantities of pesticides and herbicides, or domestic and hazardous waste disposal activities.
- Industrial-scale activities that involve a significant conversion or degradation of natural and/or critical habitats and/or activities in legally protected areas.
- Industrial-scale activities that involve the illegal logging, collection or trade of timber or other forest products from plantations and natural forests.
- Industrial-scale activities that involve the illegal harvesting of wild fish stocks or other aquatic species.

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