ISS-CORPORATE

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainable Bond Framework

Industrial Development Corporation of South Africa

12 January 2026[1]

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	▪ Sustainable Bonds
Relevant standards	▪ Green Bond Principles (GBP), as administrated by the International Capital Market Association (ICMA) (as of June 2025) ▪ Social Bond Principles (SBP), as administrated by ICMA (as of June 2025)
Scope of verification	▪ IDC Sustainable Bond Framework (as of Jan. 7, 2026)[2]

[1] IDC initially published its Sustainable Bond Framework dated November 19, 2024. This was later substituted with an updated Sustainable Finance Framework as of March 20, 2025. On January 7, 2026, IDC revised its Sustainable Finance Framework and substituted the previous one. No modification occurred regarding the core elements of the Framework: use of proceeds, processes for project evaluation and selection, management of proceeds, reporting based on which ISS-Corporate performed its analysis in November 2024. The changes in IDC's Sustainable Finance Framework refer to the reference to the most updated versions of the Green Bond Principles and Social Bond Principles of the ICMA, as of June 2025, and the removal of the commitment to limit allocating proceeds to refinancing to 50%. The present SPO is issued in acknowledgement of these changes. The modifications to the Sustainable Finance Framework as of January 7, 2026 do not change the conclusion of the SPO provided on March 20, 2025.

[2] Ibid.

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Lifecycle	▪ IDC Eligibility Criteria (as of Jan. 7, 2026) ▪ Pre-issuance verification ▪ First update of the SPO delivered on Mar. 20, 2025 (ISS-Corporate weblink)
Validity	▪ Valid as long as the cited Framework remains unchanged

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SCOPE OF WORK

Industrial Development Corporation of South Africa (the "Issuer,", the "Corporation", or "IDC") commissioned ISS-Corporate to assist with its Sustainable Bonds by assessing three core elements to determine the sustainability quality of the instruments:

1. IDC Sustainable Bond Framework (as Jan. 7, 2026) benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP), and Sustainability Bond Guidelines (SBG).
2. The Eligibility Criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against ISS-Corporate proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. Consistency of Sustainable Bonds with IDC's sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

IDC OVERVIEW

IDC is a national industrial development finance institution founded in 1940. It is wholly owned by the Government of South Africa under the supervision of the Department of Trade Industry and Competition. IDC provides financing to industrial clients in sectors such as mining, energy, textiles, and infrastructure. IDC is headquartered in Sandown, South Africa.

ESG risks associated with the Issuer's industry

IDC is classified in the Development Banks industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies in this industry are Sustainability Standards for financial products and services, Goal-oriented promotion of sustainability issues, Climate change and related risks, Labor standards and working conditions.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION[3]
Part I: **Alignment with GBP/SBP/SBG**	The Issuer has defined a formal concept for its Sustainable Bonds regarding the use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the GBP, SBP, and SBG.	**Aligned**
Part II: **Sustainability quality of the eligibility criteria**	The Sustainable Bond will (re)finance the following eligible asset categories: Transition Categories: [4] Agro-processing and Agriculture, Automotive and Transport Sector and Equipment, Chemicals, Medical and Industrial Mineral Products, Energy, Infrastructure, Machinery, Equipment, and Electronics, Mining and Metals, and Textiles and Wood Products. Green categories: Renewable Energy, Energy Efficiency, Clean Transportation, Climate Change Adaptation, Sustainable Water and Wastewater Management, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, and Terrestrial and Aquatic Biodiversity Conservation. Social categories: Employment Generation, and Socioeconomic Advancement and Empowerment. Product and/or service-related use of proceeds categories[5] individually contribute to one or more of the following SDGs:	**Positive**

[3] The evaluation is based on IDC's Sustainable Bond Framework (Jan. 7, 2026 version), on the analyzed selection criteria as received on Mar. 20, 2025. The assessment remains unchanged and is based on the analysis delivered on Mar. 20, 2025.
[4] These expenditures are classified as transition based on IDC's categorization of the Framework. ISS-Corporate notes that these expenditures intend to decarbonize hard-to-abate sectors in South Africa. However, ISS-Corporate assesses these expenditures following its proprietary methodology on green and social activities.
[5] Chemical, Medical, and Industrial Mineral Products; Energy; Infrastructure; Mining and Metals; Textiles and Wood Products.

SPO SECTION	SUMMARY	EVALUATION[3]
	 Other use of proceed categories improve the operational impacts of IDC's borrower(s) and mitigate potential negative externalities of its sector/their sectors on one or more of the following SDGs:  The environmental and social risks associated with those use of proceeds categories and the financial institution are managed.	
Part III: **Consistency of sustainable bonds with IDC's sustainability strategy**	The key sustainability objectives and the rationale for issuing sustainable bonds are clearly described by the Issuer. The majority the project categories considered are in line with the Issuer's sustainability objectives.	**Consistent with Issuer's sustainability strategy**

SPO ASSESSMENT

PART I: ALIGNMENT WITH THE GBP, SBP, SBG[6]

This section evaluates the alignment of the IDC's Sustainable Bond Framework (as of Jan. 7, 2026) with the GBP, SBP, SBG.

GBP, SBP, SBG	ALIGNMENT	OPINION
1. Use of proceeds	✓	The Use of Proceeds description provided by IDC's Sustainable Bond Framework is **aligned** with the GBP, SBP, SBG. The Issuer's green/social/transition categories align with the project categories as proposed by the GBP, SBP, SBG. Criteria are clearly defined and transparently. Disclosure of an allocation period and commitment to report by project category has been provided and environmental/social benefits are described. The Issuer defines a look-back period of three years, in line with best market practice.
2. Process for project evaluation and selection	✓	The Process for Project Evaluation and Selection description provided by IDC's Sustainable Bond Framework is **aligned** with the GBP, SBP, and SBG. The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed appropriately. Moreover, the projects selected show alignment with the Issuer's sustainability strategy and clearly show the intended benefit to the relevant population. The Issuer defines exclusion criteria for harmful projects categories.

[6] The assessment remains unchanged and is based on the analysis that was delivered on March 20, 2025 (following the engagements with IDC from August to November 2024 and in March 2025), with one exception. The percentage of refinancing, whose disclosure is considered best market practice, was removed from IDC's Sustainable Finance Framework, and subsequently also from this assessment. This disclosure does not affect the conclusion regarding the alignment with the relevant market standards.

GBP, SBP, SBG	ALIGNMENT	OPINION
		The Issuer clearly defines responsibilities in the process for project evaluation and selection and is transparent about it and involves various stakeholders in this process.
3. Management of proceeds	✓	The Management of Proceeds provided by IDC's Sustainable Bond Framework is **aligned** with the GBP, SBP, SBG. The net proceeds collected will be equal the amount allocated to eligible projects. The net proceeds are tracked appropriately and attested in a formal internal process. The net proceeds are managed on an aggregated basis for multiple transition, green, social bonds (portfolio approach) once SBF compliance process has been established. Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds. The Issuer has defined an expected allocation period matching the term to maturity of the bond.
4. Reporting	✓	The allocation and impact reporting provided by IDC's Sustainable Bond Framework is **aligned** with the GBP, SBP, SBG. The Issuer commits to disclose the allocation of proceeds transparently and report with appropriate frequency. The reporting will be publicly available on the Issuer's website. IDC has disclosed the type of information that will be reported and explains that the level of expected reporting will be at the portfolio level. Moreover, the Issuer intends to report annually until the bond proceeds have been fully allocated. The Issuer is transparent on the level of impact reporting and further defines the frequency of the impact reporting, in line with best market practice.

PART II: SUSTAINABILITY QUALITY OF THE SELECTION CRITERIA[7]

A. CONTRIBUTION OF THE INSTRUMENT_TYPE TO THE U.N. SDGs[8]

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.

1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as ISS ESG's SDG Solutions Assessment, a proprietary methodology designed to assess the impact of an Issuer's products or services on the SDGs, as well as other ESG benchmarks (the EU taxonomy Climate Delegated Act, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:

Obstruction	No Net Impact	Contribution

Each of the sustainable bonds' use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Renewable Energy *Acquisition of, construction, generation, or maintenance of renewable power and associated infrastructure for:* ▪ *Wind, Solar (PV or CSP/ thermal),[9] or Ocean power.*	**Contribution**	

[9] The Framework notes that at least 85% of the electricity generated from CSP facilities must be derived from solar energy sources.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
▪ *Small scale hydropower (<25 MWh; run-of-river hydropower with low storage capacity)* ▪ *Hydropower with Life cycle carbon intensity of below 100 gCO_2e/kWh; or power density above 10W/m^2 for facilities that became operational after 2019 and above 5 W/m^2 for those before the end of 2019.*[10] ▪ *Geothermal power projects: emit ≤100 gCO_2e/kWh.* ▪ *Production of green hydrogen and associated green ammonia production and its transportation through mainly aviation, road trucks, buses, rail and shipping).*[11] ▪ *Manufacturing, development or import of components of renewable energy technologies that support renewable energy projects as listed above, including wind turbines or solar panels.* ▪ *Biogas or biomass power from waste materials or certified sustainable crops.*[12, 13]		
Renewable Energy ▪ *Manufacturing, development or import of components of renewable energy technologies that support renewable energy projects as listed above, such as battery storage for renewable energy.*	**Contribution**	

[8] The impact of the UoP categories on U.N. SDGs is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Framework.
[9] The Framework notes that at least 85% of the electricity generated from CSP facilities must be derived from solar energy sources.
[10] IDC confirmed to ISS-Corporate that hydroelectric powerplants receiving financing under the Framework will not exceed 1,000 MW of capacity.
[11] The Issuer confirms that the production of green hydrogen will be limited to electrolysis powered exclusively from renewable energy source.
[12] The Framework notes that biomass sourced from pea, palm oil feedstock, and areas of high biodiversity and carbon stocks will be excluded from receiving financing under the Framework.
[13] Eligible certifications include FSC, PEFC, RSB, ISCC, Bonsucro and RTRS. Furthermore, a Food Security Impact Assessment will be conducted to ensure certified sustainable crops do not compete with food and/or feed production.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
▪ *Transactions where businesses use wheeling agreements to offset CO2 emissions to achieve net zero.*[14,15]		
Energy Efficiency *Development, manufacture and/or installation of components or technologies to enable energy efficiencies (e.g., smart meters, energy efficient appliances and peak demand management technology).*	**Contribution**	
Clean Transportation *Transportation projects or initiatives that meet the following thresholds individually or at a portfolio level:* ▪ *Rail* ▪ *Buses and passenger rail (maximum 50 gCO_2/km).*	**Contribution**	
Clean Transportation *Transportation projects or initiatives that meet the following thresholds individually or at a portfolio level:* ▪ *Fully electric passenger and/or cargo ships* ▪ *Hydrogen-powered passenger and/or cargo ships.*[16] *Import, manufacture, development, acquisition, or construction of:* ▪ *New Energy vehicles (NEVs): Battery electric vehicles (BEV) only,* ▪ *Light commercial and passenger hybrid vehicles with individual emissions below 109 gCO_2/km.*	**Contribution**	

[14] Wheeling agreements allow businesses to purchase electricity generated from renewable energy sources, which is then transmitted through a third-party utility's grid to offset the buyer's CO_2 emissions and contribute to their net-zero targets. These agreements facilitate the delivery of renewable energy from generation sites to consumption points, even if these points are geographically distant.
[15] IDC has confirmed to ISS-Corporate that a prorated approach will be used to solely finance expenditures related to connecting renewable energy sources to the grid.
[16] ISS-Corporate notes that hydrogen-powered passenger and/or cargo ships have zero tailpipe CO_2 emissions.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
▪ *Charging stations or supporting infrastructure for NEVs and hybrid vehicles for specific use cases.*[17] ▪ *Shipping infrastructure including bunkering facilities for hydrogen,* [18] *ammonia; infrastructure for alternative maritime power including outlets; electrical distribution and control systems.*[19] ▪ *Transport infrastructure projects, in particular, the manufacturing, development, or purchase of specialized parts such as EV batteries or ICT systems such as microcontrollers and wireless communication infrastructure that aim to improve the general transport logistics to increase energy efficiency by at least 15% per unit of service (e.g., BTU/ passenger-km).*		
Climate Change Adaptation[20] ▪ *Infrastructure and activities that address physical climate risk and increase the resilience of eco-systems, e.g., expansion or maintenance of flood defence systems, wildfire mitigation and management and biodiversity protection (within the agricultural sector) for new cycles of production.* *Wildfire mitigation includes:* ▪ *Firebreaks and buffer zones: development of firebreaks, which are strategically cleared areas that slow or stop the spread of wildfires. Buffer zones around high-risk areas, such as*	**Contribution**	

[17] IDC excludes the financing of parking lots within this activity.
[18] IDC has confirmed to ISS-Corporate that the hydrogen fuels supported by the shipping infrastructure will meet the eligibility requirements noted in the Framework.
[19] The Framework notes that all the financed infrastructure will be for ships that meet the eligibility criteria of the Framework.
[20] IDC's Framework notes that investments within this activity will undergo climate change risk assessments, which include a vulnerability assessment and require IDC's clients to have an adaptation plan in place.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
agricultural lands or forests, critical in reducing fire damage. o *Early detection and warning systems: investments in technology for early detection, such as satellite-based monitoring, sensors, and warning systems.* ▪ *Firefighting infrastructure: Financing for firefighting equipment and infrastructure, such as water tanks, helicopters for aerial firefighting, and fire stations, will be provided.* ▪ *Monitoring technologies including climate observation and information support system.*		
Climate Change Adaptation *Infrastructure and activities that address physical climate risk and increase the resilience of eco-systems and biodiversity protection (within the Agricultural Sector) for new cycles of production:* ▪ *Conservation of critical habitats: preservation of biodiversity hotspots, such as wetlands, grasslands, and forested areas.* ▪ *Sustainable land management practices: agricultural practices that promote biodiversity, such as crop rotation, agroforestry, and sustainable grazing.*[21]	**Contribution**	
Climate Change Adaptation ***Carbon financing*** ▪ *Financing the scaling of the voluntary carbon credits market through projects that are otherwise eligible within this*	**Contribution**	

[21] Agricultural operations will be sustainability certified by Rainforest Alliance, Better Cotton Initiative, or USDA Organic

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Framework, and are certified under at least one of the following standards:[22,23] ○ *American Carbon Registry* ○ *Clean Development Mechanism* ○ *Climate Action Reserve* ○ *The Gold Standard* ○ *Verified Carbon Standard* ○ *Plan Vivo* ○ *Standards eligible under the Regulations under Section 19 of the South African Carbon Tax Act* ○ *Standards for mitigation outcomes that are agreed by parties to cooperative approaches under Article 6 paragraph 2 of the Paris Agreement; and* ○ *Sustainable Development Mechanism under Article 6 paragraph 4 of the Paris Agreement* ▪ *Financing the acquisition of carbon credits- certified utilising all standards mentioned above.*[24]		
Sustainable Water and Wastewater Management *Sustainable infrastructure for clean and/or potable water.*	**Contribution**	
Sustainable Water and Wastewater Management *Investments in sustainable infrastructure including:* ▪ *Water efficiency improvements, such as:*	**Contribution**	

[22] The assessment is limited to the certifications listed in the Framework.
[23] ISS-Corporate is not specifically opining on the credibility of the different certification schemes that are included in the criteria.
[24] The Framework notes that the acquisition of carbon credits does not entail the direct financing of companies for the purchase of carbon credits. IDC intends to provide financing for projects, such as reforestation, afforestation, and ecosystem restoration that are considered as eligible under voluntary carbon credit schemes.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
○ *Leak-detection systems to identify and mitigate water loss in existing infrastructure.* ○ *Upgrades to irrigation systems that implement efficient technologies, such as drip irrigation, to minimise water consumption in agriculture.* ○ *Smart water management technologies that use data analytics to optimise water distribution and usage* ▪ *Water treatment plants for water recycling that treat and reuse wastewater for non-potable applications, thereby reducing the demand on freshwater sources.* ▪ *Rainwater harvesting systems that capture and store rainwater for irrigation or other uses* ▪ *Wastewater treatment*[25] ▪ *Desalination Plants*[26] ▪ *Sustainable urban drainage systems*		
Pollution Prevention and Control *Acquisition or development of projects that capture methane gas in wastewater treatment plants, or landfills.* [27, 28]	**Contribution**	
Pollution Prevention and Control *Acquisition or development of projects that capture methane gas in mining activities.* [29]	**Contribution**	

[25] The Framework notes the exclusion of wastewater treatment from fossil-fuel operations.
[26] The Framework notes that desalination projects must: (i) have an environmental risk mitigation strategy that addresses the management of brine; and (ii) be primarily powered by renewables or low-carbon sources (with an average carbon intensity at or below 100 C02e/kWh).
[27] The Framework notes that the financing of capture methane gas activities will be limited to projects that are based on decommissioned or non-operational landfill facilities and have a gas capture efficiency of at least 75%.
[28] The Framework notes that the captured biomethane it will primarily be used for renewable energy generation, which may include electricity production or heating applications. Additionally, there is potential for the captured methane to be utilized in hydrogen production through processes such as steam methane reforming.
[29] Ibid.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Pollution Prevention and Control *Storage and bulking facilities dedicated to transfer waste to downstream waste reduction assets.*[30]	**Contribution**	
Environmentally Sustainable Management of Living Natural Resources and Land Use *Collection, sorting, cleaning, refurbishment, reconditioning and/or repair of products for re-use. These include:*[31] ▪ *Electronics: mobile phones, laptops, tablets, and other consumer electronics that can be refurbished or repaired for continued use.* ▪ *Appliances: household appliances, including refrigerators, washing machines, and microwaves, which can be serviced or refurbished to extend their lifespan.* ▪ *Furniture: items like chairs, tables, and cabinets that can be restored or reconditioned for resale or donation.* ▪ *Textiles: clothing and fabric items that can be cleaned, repaired or refurbished to promote sustainable fashion practices.*	**Contribution**	
Environmentally Sustainable Management of Living Natural Resources and Land Use *Activities that promote closed loop supply chains and circular procurement strategies. Examples include:* ▪ *Product take-back programs: Initiatives where companies offer incentives for customers to return used products,*	**Contribution**	

[30] IDC confirms to ensure that collected waste (including plastic waste) that is collected and returned to suppliers, is either reused or recycled.
[31] IDC confirms that there are strict controls in place to ensure that the collected items are indeed reused. The controls include quality assessment, ensuring that the refurbished/reconditioned products are acceptable to be placed on the market for resale or donated.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
allowing for refurbishment, recycling, or safe disposal. ▪ *Material recovery facilities: Investments in facilities that specialize in sorting and processing recyclables to ensure materials are reintegrated into the production cycle.*		
Biodiversity Conservation (Terrestrial Ecosystems) ▪ *Projects involved in conservation through the preservation and/or restoration of biodiversity and valuable natural habitats, where the entity implementing the project was not responsible for the degradation of that ecosystem in the first place.* ▪ *Projects related to the ongoing monitoring and surveillance of land protected areas. Such projects include:* o *Biodiversity monitoring programs: initiatives that involve regular assessments of species populations, habitat conditions, and ecological health in protected areas. This may include the use of remote sensing technologies and field surveys to track changes over time.* o *Enforcement and compliance monitoring: activities focused on ensuring adherence to regulations within protected areas. This could involve patrols and surveillance to prevent poaching, or habitat destruction, often supported by community engagement and training.* o *Data management and reporting systems: development of platforms for collecting, analysing, and sharing data*	**Contribution**	

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
related to biodiversity and ecosystem health. This may involve partnerships with research institutions to enhance data quality and accessibility.		
Biodiversity Conservation (Aquatic Ecosystems) ▪ *Projects involved in conservation through the preservation and/or restoration of biodiversity and valuable natural habitats, where the entity implementing the project was not responsible for the degradation of that ecosystem in the first place.* ▪ *Projects related to the ongoing monitoring and surveillance of marine protected areas. Such projects include:* ○ *Marine surveillance initiatives: projects aimed at monitoring marine ecosystems, such as tracking fish populations, monitoring coral reef health, and assessing the impact of climate change on marine biodiversity. This may also involve the use of underwater drones and acoustic monitoring systems.* ○ *Enforcement and compliance monitoring: activities focused on ensuring adherence to regulations within protected areas. This could involve patrols and surveillance to prevent illegal fishing poaching, or habitat destruction, often supported by community engagement and training.* ○ *Data management and reporting systems: development of platforms for collecting, analysing, and sharing data related to biodiversity and*	**Contribution**	14 LIFE BELOW WATER

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
ecosystem health. This may involve partnerships with research institutions to enhance data quality and accessibility.		

SOCIAL CATEGORIES

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Employment Generation, Socioeconomic Advancement and Empowerment *Financing the provision of telecommunications infrastructure to underserved populations in Africa (i.e. replacement of existing infrastructure with new one or developing new infrastructure, etc.).* *Target population:* *Underserved and remote communities across Africa.*[32]	**Contribution**	
Employment Generation, Socioeconomic Advancement and Empowerment *Financing water infrastructure and sanitation projects that aim to enhance access to underserved populations. These include:* ▪ *Construction and development of desalination plants to provide clean water in water-scarce regions.* ▪ *Water purification and treatment plants to ensure safe drinking water in underserved communities* ▪ *Water distribution networks to improve access to clean water, particularly in rural or underserved areas.* ▪ *Development of wastewater treatment plants for proper waste management and to reduce environmental pollution.* *Target Population:* *Underserved populations*	**Contribution**	

[32] IDC has confirmed to ISS-Corporate that it defines underserved communities as communities belonging to rural, elderly, low-literacy, blue collar, and low-income populations.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Employment Generation, Socioeconomic Advancement and Empowerment *Financing sanitation projects that aim to enhance access to underserved populations. These include:* ▪ *Construction of sanitation facilities to improve hygiene and health standards in underserved regions.* *Target Population:* *Underserved population*	**Contribution**	
Employment Generation, Socioeconomic Advancement and Empowerment *Financing energy projects that aim to enhance access to underserved populations. These include:* ▪ *Development and expansion of renewable energy projects, including solar, wind, and mini-grid systems, aimed at providing reliable and clean energy to remote or underserved populations.* ▪ *Off-grid energy solutions to bring electricity to areas without access to national grids.* *Target Population:* *Underserved population*	**Contribution**	
Employment Generation, Socioeconomic Advancement and Empowerment *Financing nature-based projects that improve reliability of water supply during extended periods of droughts, in particular, protection from heat stress, reservoirs, etc. The projects include:* ▪ *Protection from heat stress, which safeguards communities and*	**Contribution**	

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
ecosystems against the adverse effects of prolonged droughts. *Target Population:* *Underserved communities, rural populations, and areas vulnerable to water scarcity.*		
Employment Generation, Socioeconomic Advancement and Empowerment *(Small) Reservoir construction to enhance water storage capacity and ensure a steady water supply during dry periods.*[33] *Target Population:* *Underserved communities, rural populations, and areas vulnerable to water scarcity.*	**Contribution**	
Employment Generation *Facilitation of access to markets for small-scale farmers (up to 10 hectares),*[34] *through value-added processing and market linkages.*[35] *Types of Projects Intended for financing:* ▪ *Value-added processing facilities: Investment in local agro-processing units that allow farmers to add value to their produce before market delivery. Examples include milling, drying, packaging, or canning facilities.* ▪ *Cold chain and logistics: Development of infrastructure that supports the preservation and transport of perishable goods, ensuring that farmers can reach broader markets with fresh, high-quality produce.* ▪ *Market linkages and distribution platforms: Support for digital*	**Contribution**	

[33] Small reservoirs are defined as those with a capacity of up to 500,000 m^3. Large reservoirs exceed this threshold.
[34] The definition is informed by the Food and Agriculture Organization's definition of Smallholders and Family Farmers.
[35] Small-scale farmers are defined by IDC as individuals or groups engaged in agricultural production on relatively small landholdings. These farmers typically lack access to large-scale mechanized farming techniques and have limited resources, capital, and market access. They are often highly vulnerable to socioeconomic crises and environmental impacts.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
platforms or cooperatives that facilitate direct sales between small-scale farmers and retailers, wholesalers, or end consumers. This includes e-commerce solutions that help farmers bypass traditional intermediaries.		
Employment Generation *Training and capacity building:* ▪ *Projects aimed at upskilling small-scale farmers in sustainable farming practices, market readiness, and business management, thereby increasing their competitiveness in local and international markets.*[36] ▪ *Projects aimed at training farmers in best practices for aggregation, marketing, and cooperative management to ensure that initiatives financed under this framework are sustainable and effective*	**Contribution**	
Employment Generation *Financing small-scale and large-scale commercial farmers through aggregation platforms ensuring bulk purchase of inputs and centralised marketing of produce. This is in line with the Agriculture and Poultry Masterplans. Such projects include the development of storage facilities that allow for the safe and efficient storage of agricultural produce. This is crucial for minimising post-harvest losses and ensuring that farmers can hold their products until market conditions are favourable.*[37] *Target Population:*	**Contribution**	

[36] Ibid.
[37] IDC confirms that these projects aim to have a substantial impact on food security and the reduction of food waste. IDC commits to will ensure that impact assessments are conducted to evaluate the potential benefits of these projects, specifically focusing on their contribution to reducing food waste and improving food security in the respective areas.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
General population		
Socioeconomic Advancement and Empowerment[38] *Financing the development and material upgrades of public transportation infrastructure (rail) projects based in underdeveloped areas of Africa.* *Target Population:* *Marginalised and underserved communities*	**Contribution**	
Socioeconomic Advancement and Empowerment *Financing of social infrastructure i.e. health facilities.* [39] *This includes construction and renovation of clinics and hospitals that prioritize inclusivity and access for marginalised populations.* *Target Population:* *General population, in particular women and youth, members of the Black community and persons with disabilities.*	**Contribution**	
Socioeconomic Advancement and Empowerment *Financing of social infrastructure i.e. education facilities.* [40] *This includes development of schools and vocational training centers aimed at providing quality education to youth and fostering skills development.* *Target Population:* *General population, in particular women and youth, members of the Black community and persons with disabilities.*	**Contribution**	

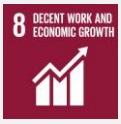
[38] For the public transportation infrastructure development projects under this category, ISS-Corporate considers that the most direct impact is linked to environmental topics. However, the activities might generate other environmental and/or social impacts. IDC decides to classify this as a social category.
[39] The assessment is limited to the projects provided in the Framework and communicated by IDC.
[40] Ibid.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Socioeconomic Advancement and Empowerment *Financing of social infrastructure i.e. community halls.*[41] *This includes establishment of multi-purpose community centers that serve as hubs for social activities, training, and support services, particularly targeting women and youth.* *Target Population:* *General population, in particular women and youth, members of the Black community and persons with disabilities.*	**Contribution**	
Socioeconomic Advancement and Empowerment *Financing of new distribution networks and transmission networks including associated Information Technologies* *Target Population:* *Local communities in underserved areas*	**Contribution**	
Socioeconomic Advancement and Empowerment *Capital raising for and lending to regional Funds and supranational organisations, NGOs and intermediaries where the purpose of the funding is for investments that are aligned with the eligible activities under this Framework and are clearly communicated in the legal documentation.*[42]	**Contribution**	
Socioeconomic Advancement and Empowerment[43] *Develop sustainable tourism destinations and experiences that minimize environmental impact. Such projects include:*	**Contribution**	

[41] Ibid.
[42] The Issuer confirms that funding recipients under this category are exclusively not-for-profit entities.
[43] For construction of eco-lodges projects under this category, ISS-Corporate considers that the most direct impact is linked to environmental topics. However, the activities might generate other environmental and/or social impacts. IDC decides to classify this as a social category.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
▪ *Community-Owned Eco-Lodges: Financing eco-lodges owned and operated by local communities, especially women and youth.* [44] *These initiatives often include training programs that empower local populations to manage and operate these facilities, thereby generating jobs and ensuring that the economic benefits remain within the community.* *Target Population:* *Local communities in tourism relevant areas, especially women and youth*		
Socioeconomic Advancement and Empowerment *Develop sustainable tourism destinations and experiences that minimize environmental impact. Such projects include:* ▪ *Cultural Tourism Initiatives: Projects aimed at promoting local cultures and traditions can include the development of community-based tourism experiences. These projects focus on youth and women by involving them in guiding, crafting, and showcasing local heritage, thus providing employment and operational roles.* *Target Population:* *Local communities in tourism relevant areas, especially women and youth*	**Contribution**	
Socioeconomic Advancement and Empowerment *Support local communities through responsible tourism initiatives and cultural preservation*	**Contribution**	

[44] These establishments will require environmental certification such as Green Key or EarthCheck. ISS-Corporate's assessment is limited to lodges that are certified with these certifications.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
efforts. These include capacity building programs, such as: ▪ *Programs that equip local community members, particularly women and youth, with the skills needed to provide guided tours.* ▪ *Training on storytelling techniques, historical education, customer service, and first-aid training to ensure a comprehensive and safe experience for tourists.* *Target Population:* *Local community members, particularly marginalised groups.* [45]		
Socioeconomic Advancement and Empowerment *Support local communities through responsible tourism initiatives and cultural preservation efforts. These include capacity building programs, such as:* ▪ *Initiatives that promote environmental sustainability in tourism, such as community-led conservation efforts that involve locals in protecting natural resources while simultaneously attracting eco-conscious tourists. This could include training on sustainable practices, such as waste management, conservation techniques, and responsible wildlife tourism, further empowering local communities.* *Target Population:* *Local community members, particularly marginalized groups.*	**Contribution**	

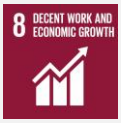
[45] Marginalized groups include but are not limited to black South Africans, women, youth and rural populations.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Socioeconomic Advancement and Empowerment *Support local communities through responsible tourism initiatives and cultural preservation efforts. These include cultural preservation progects, such as:* ▪ *Cultural Preservation Projects: Initiatives that aim to preserve and promote local cultures, traditions, and languages. This can involve workshops for artisans to produce traditional crafts, dance and music classes for youth, and initiatives to document and share local histories* ▪ *Community festivals and cultural events that showcase local talent and traditions, providing platforms for artists and performers from underrepresented communities.* ▪ *Improvements to community infrastructure that supports tourism, such as developing visitor centers that provide information on local history and culture, enhancing public spaces to accommodate community events, and improving accessibility for persons with disabilities.* *Target population:* *Local community members, particularly marginalised groups*	**Contribution**	
Socioeconomic Advancement and Empowerment[46] *Support local communities through responsible tourism initiatives and cultural preservation efforts. These include infrastructure development, such as:*	**Contribution**	

[46] For projects relating to sustainable tourism under this category, ISS-Corporate considers that the most direct impact is linked to environmental topics. However, the activities might generate other environmental and/or social impacts. IDC decides to classify this as a social category.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
▪ *Initiatives that create sustainable tourism facilities owned and operated by local communities, ensuring that profits directly benefit the local economy.*[47] *Target population:* *Local community members, particularly marginalised groups*		
Socioeconomic Advancement and Empowerment *Promote eco-certifications and green tourism standards to consumers, such as Green Key, Earth Check, Travelife and Biosphere Responsible Tourism:*[48] *Projects under this category include:* ▪ *Workshops on Eco-Certifications designed to educate tourism operators, particularly women and youth, about the benefits and requirements of eco-certifications. These workshops will provide practical guidance on how to achieve certification and maintain sustainable practice* ▪ *Training Programs that provide hands-on training to local communities, focusing on sustainable tourism practices that align with green tourism standards. This may include training on waste management, energy efficiency, water conservation, and responsible sourcing.* *Target Population:* *Women run or operated businesses, youth run or operated businesses, persons with disabilities, black-owned businesses.*	**Contribution**	

[47] These facilities will align with certifications such as EarthCheck and Green Key. ISS-Corporate's assessment is limited to the facilities that have achieved EarthCheck and Green Key certifications.
[48] ISS-Corporate's assessment is limited to the certifications list communicated by IDC.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Socioeconomic Advancement and Empowerment *Promote eco-certifications and green tourism standards to consumers, such as Green Key, Earth Check, Travelife and Biosphere Responsible Tourism:*[49] *Projects under this category include:* ▪ *Support for Certification Applications: Financial assistance to small and medium enterprises (SMEs) in the tourism sector to help cover costs associated with applying for eco-certifications, such as documentation preparation and consultancy fees.*	**Contribution**	
Socioeconomic Advancement and Empowerment[50] *Promote eco-certifications and green tourism standards to consumers, such as Green Key, Earth Check, and Travelife:*[51] *Projects under this category include:* ▪ *Development of Green Practices: Projects aimed at helping local tourism businesses develop and implement green practices, such as sustainable waste management systems, energy-efficient infrastructure, and conservation efforts.* *Target Population:* *Women run or operated businesses, youth run or operated businesses, persons with disabilities, black-owned businesses.*	**Contribution**	

[49] Ibid.
[50] For projects related to sustainable waste management systems, energy efficient infrastructure and conservation under this category, ISS-Corporate considers that the most direct impact is linked to environmental topics. However, the activities might generate other environmental and/or social impacts. IDC decides to classify this as a social category.
[51] ISS-Corporate's assessment is limited to the certifications list communicated by IDC.

TRANSITION EXPENDITURES[52]

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Agro-processing and Agriculture *Promotion of sustainable farming practices and precision agriculture techniques:* ▪ *Financing activities relating to the use of organic waste from plant residues as compost material in soils to improve soil organic matter concentrations, and soil structure and reduce soil loss.*[53]	**Contribution**	
Agro-processing and Agriculture *Investments in project development of sustainable crop/product diversification and resilient farming methods, such as:* ▪ *Financing of projects or activities that enhance the resilience of agribusinesses against climate risks, such as soil loss/erosion reduction structures, including gabion walls, canal banks, etc.*[54]	**Contribution**	
Agro-processing and Agriculture *Promote the use of renewable energy and energy efficiency improvements in carbon intensive agro-processing and agricultural activities, such as:* ▪ *Financing of solar panel installation and conversion of crop residues or agricultural by-products as energy sources on farms.*	**Contribution**	
Agro-processing and Agriculture	**Contribution**	

[52] These expenditures are classified as transition based on IDC's categorization of the Framework. ISS-Corporate notes that these expenditures intend to decarbonize hard-to-abate sectors in South Africa. However, ISS-Corporate assesses these expenditures following its proprietary methodology on green and social activities.
[53] The Framework notes financing will be directed towards fruit growers that have existing operations certified to Global GAP, and greenfield orchard farms are not required to be certified to Global GAP.
[54] IDC has confirmed to ISS-Corporate that investments within this activity will undergo climate change risk assessments, which include a vulnerability assessment and require IDC's clients to have an adaptation plan in place.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Promotion of sustainable farming practices, precision agriculture techniques and/or water management systems: ▪ *Financing the purchase and adoption of water-saving technologies to reduce electricity usage, and efficient water-saving irrigation technology, such as smart water probes, weather stations, Normalized Difference Vegetation Index (NDVI) drone technologies, and low-flow drip irrigation techniques.*		
Agro-processing and Agriculture *Promotion of sustainable farming practices, precision agriculture techniques and/or water management systems:* ▪ *Water management systems such as rainwater harvesting, irrigation efficiency upgrades, drought- resistant crop systems, and climate-smart agriculture techniques.*[55,56]	**Contribution**	
Agro-processing and Agriculture *Investments in project development of sustainable crop/product diversification and resilient farming methods, such as:* ▪ *Financing project scoping and pre-feasibility studies for sustainable crop diversification and green product diversification in distressed industries.*	**Contribution**	
Automotive and Transport Sector and Equipment ▪ *Purchase, adoption and scaling of new energy vehicles (NEVs)* [57] *in logistics, last-mile delivery, public transport, and*	**Contribution**	

[55] IDC has confirmed to ISS-Corporate that the financing of drought resistant crops includes the planting of crop varieties that are better adapted to arid and semi-arid regions increasing their resiliency against drought.
[56] IDC has confirmed to ISS-Corporate that climate-smart agriculture techniques include integrated water management systems such as the capturing and storage of rainwater, efficient irrigation technologies, and water metering to manage water use in agricultural activities.
[57] The Framework identifies New Energy Vehicles as battery-powered, hybrids, and fuel-cell electric vehicles.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
e-hailing, long-haul logistics, and niche applications such as (tourism/agriculture/industrial/ mining/ maritime and aviation). ▪ *Financing the transition of the automotive sector to assemble and manufacture NEVs.* [58] *Examples of projects include development or upgrading of NEV manufacturing facilities, components production, and training and workforce development.*[59,60] ▪ *Financing the research and development, and deployment of technologies that enable the production and enhancement of NEVs, such as battery technology, charging infrastructure, and fuel cell systems. Research and development projects can include innovations in efficient NEV production, battery technology, lightweight materials, and sustainable supply chain practices.* ▪ *Equipment As a Service (EAAS) platforms that offer equipment rental or leasing services through investments in technologies that track usage, maintenance, and optimization of the equipment lifecycle. The finance equipment or services will be exclusively linked to NEVs.* ▪ *Investments in sustainable practices of MAAS, and EAAS through incorporation of electric or hybrid vehicles into the fleet, improving energy efficiency, and promoting environmentally friendly operations.*		

[58] Investments within this activity follow the Government of South Africa's Just Energy Transition Investment Plan, which the financing of activities such as reducing value chain emissions associated with the manufacturing of batteries in electric vehicles.
[59] The Framework notes components production can include electric motors, batteries, and fuel cells.
[60] Training and workforce development can include the financing of programs that provide training in sustainable manufacturing techniques and NEV assembly processes.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Automotive and Transport Sector and Equipment ▪ *Development of auxiliary and ancillary infrastructure, software/digital, and artificial intelligence-enabled infrastructure such as charging stations and networks, battery swapping stations for depleted electric vehicle batteries, digital infrastructure,[61, 62] and renewable-energy-powered charging stations and energy storage.[63]* *Investments include battery component manufacturing and assembling, and reduction of value chain emissions such as Battery mineral beneficiation and recycling of batteries.*	**Contribution**	
Chemicals, Medical, and Industrial Mineral Products *Financing within this category is directed towards the decarbonization of hard-to-abate sectors such as steel, cement, aluminum, chemicals, medical, and industrial mineral products. Activities may include:[64]* ▪ *Development of chemical precursors for battery manufacturing through the financing of research and development projects aimed at increasing efficiency, capacity and safety of battery systems;* ▪ *Infrastructure related to the manufacturing of critical minerals require for battery generation such as lithium hydroxide, nickel sulfate, and cobalt sulfate;* ▪ *Sustainable extraction and processing of raw materials; and* ▪ *Manufacturing techniques that reduce waste and energy consumption.*	**Contribution**	

[61] The Framework defines digital infrastructure as platforms and software for fleet management, route optimization, and energy efficiency improvements to transport systems.
[62] IDC has confirmed to ISS-Corporate that the digital infrastructure financed under the Framework is intended to support the development and adoption of NEVs.
[63] The Framework specifies solar and wind energy as renewable energy sources.
[64] IDC has confirmed the financing to these sectors to ISS-Corporate.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Infrastructure ▪ *Investments in sustainable, water infrastructure projects, such as water treatment facilities, water recycling and reuse systems, desalination plants, water distribution networks, and stormwater management systems.*	**Contribution**	
Infrastructure ▪ *Investments in sustainable infrastructure projects, including, renewable energy grids.* ▪ *Investments in sustainable infrastructure projects, including public and logistics transportation.*[65]	**Contribution**	
Infrastructure *Enhancing climate resiliency into infrastructure planning and design, such as climate adaptation projects and climate-proofing of new infrastructure.*[66] *Examples of projects include retrofitting roads, bridges, construction of seawalls, flood control systems, and climate-proofing of new infrastructure.* ▪ *Utilizing smart technologies for efficient resource management and monitoring of new infrastructure, such as smart meters to increase energy efficiency.*	**Contribution**	
Infrastructure ▪ *Enhancing climate resiliency into infrastructure planning and design, such as climate adaptation projects and climate-proofing of new infrastructure.*[67]	**Contribution**	

[65] Projects financed within this category will be in line with the criteria listed in the Clean Transportation category of the Framework.
[66] IDC has confirmed to ISS-Corporate that investments within this activity will undergo climate change risk assessments, which include a vulnerability assessment and require IDC's clients to have an adaptation plan in place.
[67] Ibid.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Examples of projects include green roofs.		
Machinery, Equipment, and Electronics ▪ *Development and manufacturing of new energy-efficient machinery and equipment for the renewable energy sector and sustainable agriculture sector, including new local metering components, planting, and harvesting machinery or components.* ▪ *Investments in innovation in energy-efficient and resource-saving technologies, including advanced metering infrastructure, and automation systems.*	**Contribution**	
Mining and Metals *Investments in recycling technologies to reduce the consumption of virgin materials in the mining processes through the financing of:* ▪ *Advanced sorting technologies that enhance the recovery of recyclable materials from waste streams.* ▪ *Hydrometallurgical processes for extracting valuable metals from electronic waste and other recycled materials.* ▪ *Shredding and granulation equipment to facilitate the recycling of metal scrap and reduce the need for virgin materials.* ▪ *Collaboration platforms that bring recyclers closer to producers in the mining value chain, ensuring efficient material recovery and minimizing sourcing of virgin materials.* ▪ *Promoting electronic waste management and recycling through financing programs supporting electronic waste recycling, responsible disposal, reuse and refurbishment. Activities may also include the development of infrastructure for safe*	**Contribution**	

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
electronic waste collection and recycling facilities.		
Mining and Metals *Supporting the diversification into sustainable mineral alternatives for clean energy technologies through the financing of the following projects:* ▪ *Research and development initiatives focused on alternative materials, such as sodium-ion batteries, to reduce reliance on traditional minerals.* ▪ *Establishment of processing facilities for rare earth elements that are crucial in renewable energy technologies and energy-efficient applications.* *The financing of these activities will be directed towards supporting the development of clean transportation and renewable energy technologies.*	**Contribution**	

2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or "operational impact improvement") resulting from the operational performance projects (re)financed by the UoP categories, as well as related U.N. SDGs impacted. The assessment displays how the UoP categories mitigate the exposure to the negative externalities relevant to the business model and the sector of the Issuer's clients.

IDC finances operations/processes in a variety of third-party sectors. For clarity, ISS-Corporate does not display the exposure to negative externalities linked to the sectors of the operations/processes financed.

The table below displays the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT[68]	SUSTAINABLE DEVELOPMENT GOALS
Chemicals, Medical, and Industrial Mineral Products *Financing within this category is directed towards the decarbonization of hard-to-abate sectors such as steel, cement, aluminum, chemicals, medical, and industrial mineral products. Activities may include:*[69] ▪ *Financing technologies that increase energy efficiency, and reduce waste in production processes.* *Examples of projects include electric arc furnaces, waste heat recovery systems, CHP systems, and biomass and waste-to-energy technologies.*	✓	
Chemicals, Medical, and Industrial Mineral Products *Financing within this category is directed towards the decarbonization of hard-to-abate sectors such as steel, cement, aluminum, chemicals, medical, and industrial mineral products. Activities may include:* ▪ *Investments in sustainable materials that reduce value chain emissions through processes that minimize GHG emissions in comparison to traditional methods; incorporation of renewable materials and energy sources in chemical production;*	✓	

[68] Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.
[69] IDC has confirmed the financing to these sectors to ISS-Corporate.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT[68]	SUSTAINABLE DEVELOPMENT GOALS
energy and water resource efficiency processes. Examples of projects include recycled and bio-based materials.[70] ▪ *Employing circular economy principles through the financing waste reduction and recycling projects that reuse, recycle and recover materials such as industrial by-products or packaging waste; research and development initiatives to create safer, less toxic products that can be easily recycled or biodegraded; and substitution of harmful chemicals with sustainable alternatives.* ▪ *Development, manufacturing and commercialization of sustainable alternatives to conventional chemical products through the financing of biodegradable or compostable packaging materials derived from plant-based materials;* [71] *phosphate-free and biodegradable cleaning products; production of microplastics or paraben-free personal care products; low-emission adhesives, sealants, and paints used in construction; and bio-based plastics and polymers produced from biomass sources.* ▪ *Procurement of recycled, waste and resource efficient materials such as recycled plastics used in packaging, construction and consumer goods; recycled metals such as steel and aluminum; using industrial waste by-products such as fly ash and slag in construction and road building; and bio-based materials.* [72]		
Chemicals, Medical, and Industrial Mineral Products *Financing within this category is directed towards the decarbonization of hard-to-abate sectors such as*	✓	

[70] IDC has communicated to ISS-Corporate that recycled and bio-based materials includes the use of post-consumer or post-industrial waste materials, and materials made from renewable plant-based resources, such as natural fibers.
[71] IDC has confirmed to ISS-Corporate that biodegradable plastics will be made from non-food-based biomass feedstock, which includes agricultural residues.
[72] The Framework notes that the materials must be sourced from certified recycled or waste streams.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT[68]	SUSTAINABLE DEVELOPMENT GOALS
steel, cement, aluminum, chemicals, medical, and industrial mineral products. Activities may include:[73] ▪ *Upgrades and improvements to industrial and manufacturing processes such as energy-efficient equipment installation (motors, boilers, and HVAC systems), process optimization technology and systems including energy management software, waste heat recovery systems, renewable energy integration into existing manufacturing facilities,* [74] *and automated systems to reduce energy usage.* ▪ *Industrial/utility energy efficiency improvements including changes in processes, reduction of heat loss excluding inherently carbon-intensive processes. Examples of such energy efficiency improvements include upgrading control systems, installing systems that capture and reuse waste heat generated during production processes, improving insulation in industrial facilities to reduce heat loss, and energy management systems.* ▪ *Replacement of heating/cooling systems in existing industrial, commercial or residential infrastructure with hybrid fossil-fuels-based power systems. Projects may include upgrading traditional fossil fuel boilers with heat pumps that use renewable energy, hybrid heating and cooling systems, and replacement of older cooling systems.*[75] ▪ *Replacement of heating/cooling systems in existing industrial, commercial or residential infrastructure through the financing integrated heat recovery systems that use waste heat from industrial processes for heating.* ▪ *Procurement of sustainable carbon feedstock supply to transition from the use of fossil hydrocarbons. Projects may include developing supply chains for bio-based feedstock such as biomass, bio-waste, and agricultural residues to replace fossil fuels-based consumption in production processes; and supporting the use of*		

[73] IDC has confirmed the financing to these sectors to ISS-Corporate.
[74] The Framework notes renewable energy systems can include solar or wind energy sources.
[75] IDC has confirmed to ISS-Corporate that it intends to solely finance components of hybrid heating or cooling systems that utilize renewable energy.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT[68]	SUSTAINABLE DEVELOPMENT GOALS
green hydrogen as feedstock for ammonia and chemicals production. ▪ *Beneficiation of green hydrogen into sustainable chemicals through the financing of green hydrogen production and storage; the use of green hydrogen in chemical production; and replacing fossil fuel based energy use with green hydrogen in industrial processes.* ▪ *Manufacturing of green fuels through the financing of projects such as green hydrogen-based and biofuels including biodiesel, bioethanol and biogas.*[76] ▪ *Financing the acquisition or development of projects that reduce air emissions such as facilitating the transition of high-emissions fuels use to renewable energy sources; energy efficient improvements such as optimization of fuel use and heat loss reduction.*		
Chemicals, Medical, and Industrial Mineral Products *Financing within this category is directed towards the decarbonization of hard-to-abate sectors such as steel, cement, aluminum, chemicals, medical, and industrial mineral products. Activities may include:* ▪ *Water treatment and water recycling in chemicals production.*	✓	
Energy *The Framework intends to provide financing for renewable energy use and energy efficiency improvements in hard-to-abate sectors such as steel, cement, aluminum, chemicals, medical, and industrial mineral products. Activities may include:* ▪ *Renewable energy projects used to replace fossil fuel-based power sources in hard-to-abate sectors, such as Mining and Metals, Machinery, Equipment and Electronics, Agro-processing and Agriculture, Infrastructure, Automotive and Transport Equipment, Chemicals, Medical and Industrial Mineral Products, Textile and Wood Products, Tourism and Services Sector.*	✓	

[76] The Framework notes that biofuels will be produced using non-food-based feedstock.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT[68]	SUSTAINABLE DEVELOPMENT GOALS
▪ *Facilitating the expansion of renewable energy consumption, such as solar, wind, and hydroelectric power, and energy efficiency improvements in hard-to-abate sectors.* ▪ *Powering the supply of water services with renewable energy.* ▪ *Fostering innovation in energy storage technologies and grid management systems, including grid expansion activities.*[77] ▪ *Green hydrogen production projects in line with South Africa's green hydrogen commercialization strategy in the carbon intensive sectors.* ▪ *Projects to unlock grid development for renewable energy integration.* ▪ *Development of biogas or biomass power from waste materials or certified sustainable crops with fossil fuel backup.* ▪ *Biofuels- bacteria-based fuels production.* ▪ *Procurement of recycled, waste, and resource-efficient materials as input technology.*		
Infrastructure ▪ *Investments in digital economy infrastructure and telecommunication infrastructure to improve fiber connective access including telecommunication access and competitiveness.*	✓	
Mining and Metals ▪ *Implementing energy-efficient technologies and practices in mining operations, such as upgrading equipment to more energy-efficient models for extraction and processing; optimising operational processes to minimise energy consumption, such as advanced ore processing techniques; implementing renewable energy sources to power mining operations, reducing reliance on fossil fuels; and adopting energy management systems to monitor and improve energy use throughout mining activities.*	✓	

[77] IDC has confirmed to ISS-Corporate that grid expansion projects will solely focus on connecting renewable energy sources to the grid.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT[68]	SUSTAINABLE DEVELOPMENT GOALS
Mining and Metals *Decarbonizing the production of green direct reduced iron (DRI) through the financing of following projects:* ▪ *Investment in hydrogen-based DRI production technologies, which utilize green hydrogen to significantly reduce carbon emissions compared to traditional methods.* ▪ *Upgrading existing steel mills to enhance energy efficiency and integrate renewable energy sources into their operations.* ▪ *Development of innovative processes that utilize bio-based feedstocks for steel production, contributing to a lower carbon footprint.*	✓	
Textiles and Wood Products ▪ *Investments in sustainable forestry practices and certification schemes in compliance with the South African Forestry Assurance Scheme ("SAFAS") Forest Management standard.* [78] *Activities include the reduction of water consumption during dyeing process in textiles manufacturing, transparency in the sourcing of materials.* ▪ *Implementation of Waterless Dyeing Technologies: Projects that utilize innovative techniques to significantly reduce or eliminate water usage in dyeing processes.* ▪ *Recycling of Wastewater: Investments in systems that treat and recycle wastewater generated during dyeing and finishing, promoting resource efficiency.* ▪ *Implementation of Closed-Loop Systems: Projects that install systems to recycle and reuse water within the dyeing process, minimizing freshwater intake.* ▪ *Adoption of Low-Water Dyeing Technologies: Investments in technologies that require significantly less water for dyeing fabrics, such as digital printing techniques or waterless dyeing methods.*	✓	

[78] IDC has confirmed the eligible certification schemes include FSC and PEFC.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT[68]	SUSTAINABLE DEVELOPMENT GOALS
▪ *Process Optimization: Projects focused on optimizing existing dyeing processes to enhance efficiency and reduce overall water usage.* ▪ *Training and Capacity Building: Initiatives aimed at training staff in best practices for water management and conservation in dyeing operations.* ▪ *Reduction of water consumption during the dyeing process in textile manufacturing.* ▪ *Promotion of water recycling initiatives in the textile value chain.*		
Textiles and Wood Products ▪ *Financing the use of recycled materials in textile manufacturing.*[79]	✓	
Textiles and Wood Products *Promoting the use of "clean" steam generation within textiles and wood through the financing of the following projects:*[80] ▪ *Upgrading to energy-efficient machinery that reduces energy consumption during dyeing and finishing operations.* ▪ *Installation of Biomass Boilers: Projects that utilize biomass as a fuel source for steam generation, reducing reliance on fossil fuels and lowering emissions.* ▪ *Heat Recovery Systems: Investments in technologies that capture and reuse waste heat from production processes to generate steam.* ▪ *Solar Thermal Systems: Projects that use solar energy for steam generation.* ▪ *Upgrade of Existing Steam Systems: Initiatives that enhance the efficiency of current steam generation systems, including improved insulation and automation.*	✓	

[79] The Framework notes that recycled and organic materials used in textile manufacturing will be required to meet credible third-party certification standards.
[80] IDC's Framework defines "clean" steam generation as processes that minimize environmental impact through the use of renewable energy, low-emission technologies, and energy efficiency improvements.

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBILITY CRITERIA[81]

The table below evaluates the eligibility criteria against issuance-specific KPIs. The vast majority of the assets are and will be located in South Africa.

ASSESSMENT AGAINST KPIs

Integration of ESG guidelines into the financing process

IDC has integrated environmental and social due diligence into its overall transaction due diligence process, ensuring that environmental and social risks are considered alongside financial and reputational risks. This approach reflects IDC's commitment to sustainable and responsible investment practices, acknowledging the importance of these factors in the long-term success and ethical grounding of business activities. The due diligence process is guided by compliance with several regulatory and standard frameworks, including the IDC Exclusion List and Restricted Activities, which define activities IDC refuses to invest or finance, ensuring investments do not contribute to harmful or unethical practices. Additionally, compliance with national environmental and social laws, as well as the IFC Performance Standards, is a critical aspect of this process.

The due diligence process involves a comprehensive assessment of environmental and social risks associated with potential investments. This includes reviewing all available records and documentation related to the business activity, conducting site inspections, and interviewing relevant stakeholders. The business activity's performance is analyzed against the IFC Performance Standards and other internationally recognized guidelines to identify any gaps and areas for improvement. Where gaps are found, additional measures are identified and implemented through an Environmental and Social Action Plan (ESAP) to ensure that risks are mitigated to an acceptable level.

Once a transaction is approved, IDC continues to monitor the client's compliance with the environmental and social clauses stipulated in the legal agreement. Monitoring includes the review of annual environmental and social performance reports, site visits, and the development of corrective action plans when necessary. In the event that an ESG (Environmental, Social, Resilience and Governance) risk is identified, IDC engages with internal stakeholders and external authorities to resolve non-compliance issues and develop appropriate mitigation strategies. The final assessment of the risk determines whether it is manageable or poses a significant threat, with necessary actions integrated into the ESAP such as diversifying the asset. This comprehensive approach to due diligence and ongoing monitoring ensures that IDC's investments are aligned with its commitment to responsible and sustainable business practices.

[81] The assessment remains unchanged and is based on the analysis that was delivered on March 20, 2025 (following the engagements with IDC from August to November 2024 and in March 2025).

Integration of ESG guidelines into the financing process for most sensitive sectors[82] financed under the Framework

Integration of ESG guidelines into the financing process for forestry

IDC does not have any processes and policies in place in relation to surface and ground water management; responsible use of fertilizers and pesticides; alternatives to pesticides, herbicides, and fertilizers; hazardous materials management; soil erosion, compaction and productivity; fire management; reforestation with native species; and multi-age and multi-species instead of monocultures.

However, the Issuer has implemented comprehensive environmental and social guidelines for its lending and investing activities for clients in the forestry sector. IDC has developed an E&S (Environmental and Social) checklist that aligns with the IFC Performance Standards, designed to assess both prospective and repeat investments. This checklist provides IDC with initial information to understand the scale and significance of the environmental and social impacts and risks associated with the planned investment. In doing so, it ensures that potential issues are identified early in the process, allowing for more informed decision-making. During the project appraisal process, IDC checks whether the client has valid permits and licenses, standard operating procedures, plans, and policies associated with the industry sector standards or international guidelines. The monitoring process includes the bi-annual review of environmental and social performance reports, site visits, and the development of corrective action plans when necessary. In addition, in projects with issues that may include involuntary resettlement, loss of biodiversity, impacts on Indigenous communities, community and worker safety, pollution, and contamination, borrowers are required to deliver monthly progress reports.

In addition to the IFC Performance Standards, the checklist incorporates provisions from the World Bank Group Environmental, Health, and Safety Guidelines for Forest Harvesting Operations, as well as IFC sector factsheets related to forestry. These resources provide specific guidance on the environmental impacts of forestry management practices. Furthermore, international sustainability standards and industry certifications, such as those from the Forest Stewardship Council (FSC), are also applied. These standards offer further direction on best practices in sustainable forestry management, helping to ensure that IDC's investments are environmentally responsible and socially sound.

Integration of ESG guidelines into the financing process for agriculture/fisheries/aquaculture/mining

IDC does not have any processes and policies in place in relation to water resources; water contamination and eutrophication; soil erosion and fertility; atmospheric emissions; responsible use of pesticides, herbicides, and fertilizers; alternatives to pesticides; herbicides,

[82] The categorization of a sector as" most sensitive" follows an evaluation of the number of controversies prevalent in the context of the financing operations of a financial institution.

and fertilizers; crop rotation; polyculture farming instead of monoculture farming (crop diversity); and crop residues and solid waste.

IDC has however developed an E&S (Environmental and Social) checklist aligned with the IFC Performance Standards to assess both prospective and repeat investments. This checklist is designed to provide IDC with initial information, allowing the organization to understand the scale and significance of environmental and social impacts and risks associated with the planned investments. This process is crucial in ensuring that potential risks are identified and managed appropriately from the outset. The monitoring process is identical to the monitoring process for the forestry sector, outlined above. In addition to the E&S checklist, IDC further references to industry specific guidelines such as the World Bank Environmental, Health, and Safety guidelines on Fish Processing/Aquaculture and the Aquaculture Development Bill.

For investments related to annual crop production, the checklist incorporates provisions from the World Bank Group Environmental, Health, and Safety (EHS) Guidelines for Annual Crop Production, as well as IFC sector factsheets on crops and gardening. These guidelines and resources provide detailed guidance on the environmental impacts associated with agricultural management practices, ensuring that IDC's investments in this sector are both sustainable and responsible. However, IDC finances the agricultural sector based on acceptable industry standards as approved per different commodity associations. The treatment, disposal, and reuse of crop residues and solid waste is managed through applicable environment regulations and enforced by the IDC's EHS unit.

Similarly, for investments in poultry production and livestock farming, the checklist integrates the World Bank Group EHS Guidelines for Poultry Production, the IFC Good Practice Note on Improving Animal Welfare in Livestock Operations, and the IFC sector factsheet on livestock farming. These references offer comprehensive guidance on managing environmental impacts and improving animal welfare within agricultural operations.

For mining-related investments, IDC's checklist applies provisions from the World Bank Group EHS Guidelines for Mining and the IFC sector factsheet on mining and quarrying during the project appraisal process. These resources provide specific guidance on the environmental impacts associated with mining management practices, ensuring that IDC's investments in the mining sector are aligned with best practices for environmental stewardship and social responsibility. Beyond their E&S checklist, IDC requires their borrowers to conduct an environmental and social impact assessment (ESIA), have environmental authorization, a water use license, a waste management license, and an air emissions license. Client related transparency is ensured through public participation process. This process permits stakeholders, Interested and Affected Parties (I&Aps) an opportunity to comment on or raise issues relevant to the client's activities during the ESIA phase.

Labor, health and safety

IDC ensure that high health and safety standards are respected for the projects underlying the transaction by implementing Health and Safety assessments in projects, and evaluating whether a client can effectively implement the necessary precautions to prevent accidents, injuries, and illnesses among workers as they perform their duties. These assessments ensure that the client adheres to industry-specific worker safety standards and adopts preventive and protective measures aimed at eliminating, controlling, and minimizing workplace hazards. A key aspect of these evaluations is verifying that the appropriate personal protective equipment (PPE) is in place, in accordance with IFC Performance Standard 2 (Labor and Working Conditions). If these are not in place, the EHS Specialist discusses the corrective action plan with the client and the deal team. The corrective action plan is included in the legal agreement and the timeframe for implementation of specific mitigation measures varies according to the E&S risk and may range from being a condition of transaction approval to a reasonable timeframe from disbursement.

✓ The guidelines for these assessments are informed by several authoritative sources, including the International Labor Organization (ILO), the Compensation for Occupational Injuries and Diseases Act (COIDA) of 1993, and the Occupational Health and Safety Act (OHS Act No. 85 of 1993). Additionally, the assessments are guided by the World Bank Group Environmental, Health, and Safety General Guidelines. These frameworks collectively ensure that health and safety measures are robust, comprehensive, and aligned with international best practices, thereby safeguarding the well-being of workers in the projects under consideration.

Regarding labor standards, clients are required to demonstrate a commitment to establishing a robust worker-management relationship that aligns with IFC Performance Standard 2 (Labor and Working Conditions). This relationship is evaluated across several key aspects, ensuring that the client's practices are consistent with the guidelines set forth by the ILO. The assessment covers the client's human resources policies and procedures, working conditions, and terms of employment, ensuring they are fair and transparent. Additionally, the client's adherence to workers' rights, including the right to freely associate, bargain collectively, and form or join workers' organizations, is critically assessed. The evaluation also includes ensuring non-discrimination and equal opportunity in the workplace, proper handling of retrenchment processes, and the existence of a functional grievance mechanism for workers. Furthermore, strict compliance with regulations regarding child labor and forced labor is verified. Beyond these international standards, the client's compliance with national labor laws in the country of operation is also thoroughly assessed to ensure full legal and ethical adherence.

Biodiversity

✓ IDC ensures that assets financed under this Framework feature the respect of biodiversity as an integral part of the planning process (e.g. protection of critically endangered species; protection of endangered species; protection of vulnerable species; and setting aside of biodiversity areas). IDC has implemented an E&S checklist which includes an assessment of biodiversity in projects to help clients avoid or mitigate potential threats to biodiversity resulting from their operations. This assessment is aligned with national environmental legislation, specifically the National Biodiversity Act 10 of 2004, and is conducted according to the screening requirements of IFC Performance Standard 6 (PS 6). The assessment considers various factors, including modified habitats, natural habitats, and critical habitats, as identified by the International Union for the Conservation of Nature (IUCN) Red List of Threatened Species. It also takes into account legally protected areas and the prevention of invasive alien species.

Clients are screened in accordance with IFC PS 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources. Compliance with these standards is monitored through a process that includes reviewing periodic environmental and social performance reports submitted by the client on an annual basis, as well as conducting site visits to observe the client's operations firsthand. This monitoring ensures that clients adhere to the biodiversity conservation measures outlined in the IFC PSs.

In addition to compliance with national legislation such as the National Environmental Management: Biodiversity Act 10 of 2004, the IDC also relies on screening projects according to IFC PS 6 and the World Bank Group Environmental, Health, and Safety (EHS) Guidelines. This comprehensive approach ensures that the projects not only comply with local laws but also meet international standards for biodiversity conservation and sustainable management of natural resources.

Community dialogue

✓ IDC ensures that assets financed under this Framework feature community dialogue as an integral part of the planning process (e.g. sound information about communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms, and compensation schemes). IDC's E&S checklist includes a comprehensive assessment of projects based on IFC Performance Standard 4 (PS4) which focuses on Community Health, Safety, and Security. This assessment ensures that clients are responsible for avoiding or minimizing environmental and social (E&S) risks and impacts that may affect the surrounding public due to their operations. A key component of this assessment is determining whether the client has conducted proper

consultations, typically carried out during the project's ESIA, and whether grievance mechanisms are in place to address community concerns.

The assessment covers various critical areas to ensure the safety and well-being of the community. These include the safety of infrastructure and equipment, the handling of hazardous materials, the management of environmental and natural resource issues, and measures to prevent community exposure to disease. Additionally, the assessment considers the potential increase in traffic, the client's emergency preparedness and response plans, and the use of security personnel to ensure that operations within the community are managed effectively and responsibly.

Clients are evaluated in accordance with IFC PS4 and the Occupational Health and Safety Act No. 85 of 1993. Adherence to these standards is monitored through a process that involves the review of periodic environmental and social performance reports submitted by the client annually, as well as site visits to observe operations. In addition to national laws, the World Bank Group Environmental, Health, and Safety (EHS) Guidelines are also applied to cover community-related issues, ensuring that the projects not only comply with local regulations but also meet international standards for community health, safety, and security.

Inclusion

✓ The Issuer has policies in place systematically ensuring that borrowers are not discriminated on the basis of age, disability, ethnic origin, family status, race, religion, gender, sexual orientation, nationality, and social origin. This is evidenced by IDC's responsible investment strategy incorporating compliance with the ILO's core labor standards on Decent Work Gender, Diversity and Inclusion into its responsible investment policy.

Responsible treatment of customers with debt repayment problems

○ There is currently limited information to ensure IDC has a process in place to treat customers with debt repayment problems responsibly. However, IDC has implemented Pre-emptive Actions including conservative loan-to-value ratios, responsible lending practices, and ongoing monitoring of financial covenants. This ensures early identification of potential risks and appropriate interventions. Additionally, Debt Counselling Services have been implemented via IDC's post-investment and workout teams maintaining continuous engagement with clients. Internal and external assistance is offered to help clients understand their financial obligations and to provide guidance in times of difficulty. Furthermore, Debt Restructuring is provided via tailored debt restructuring options under non-detrimental conditions for clients facing repayment

challenges, with a focus on maintaining the long-term sustainability of their businesses while honoring their commitments. Despite primarily focusing on non-retail clients for any mortgage-based transactions, IDC ensures that sales or foreclosures, if they occur, are conducted under fair and non-detrimental conditions, always with client consent. These constitute the policies of IDC with regard to responsible and sustainable lending practices. However, no policy has been provided to this date making this unable to be verified.

Exclusion criteria

IDC's Exclusion and Restricted Lists are designed to guide IDC's investment activities by outlining the types of industries and sectors that the organization will not fund or that require special consideration. Any activity not on the Exclusion or Restricted List is considered acceptable for IDC investment or funding.

The Exclusion List specifies activities that IDC will not fund under any circumstances. This includes projects or trades that are illegal under South African or host country laws, as well as those prohibited by international conventions and agreements. Examples include the production or trade in illegal substances, wildlife products regulated by CITES, ozone-depleting substances, and cross-border trade in hazardous chemicals or waste. IDC also excludes activities involving child labor, modern slavery, human rights violations, and illegal practices such as animal cruelty, as defined by the UN Convention on Animal Health and Protection. Additionally, the production or trade of asbestos fibers, tobacco, pornography, and certain forestry and fishing practices are also prohibited. The exclusion also extends to any projects that impinge on indigenous lands without consent, coal-to-power projects, and those with an Environmental and Social Risk Rating (ESRR) of 4 during due diligence.

The Restricted List includes activities that IDC may consider for funding on a case-by-case basis, provided specific conditions are met. These include limits on the percentage of a borrower's assets and turnover that are related to restricted activities and assurances that IDC funding will not support the excluded areas of operation. Restricted activities include the production or trade in weapons and munitions, military equipment, hotel infrastructure projects linked to gambling, and projects lacking the necessary environmental or geological approvals. Additionally, transactions that have migrated to an ESRR 4 rating during post-investment monitoring must develop a risk management strategy, or IDC will exit from the investment.

PART III: CONSISTENCY OF THE SUSTAINABLE BOND WITH IDC'S SUSTAINABILITY STRATEGY[83]

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
Strategic ESG topics	The Issuer developed the Sustainable Industrial Development Pathways, which focus on the following strategic topics: ▪ Creating and maintaining employment in South Africa's manufacturing sectors through investments in low-carbon transition activities. ▪ Financing the development of renewable energy, green hydrogen, and critical minerals industries in South Africa. ▪ Supporting collective transformation and ecosystem development including investments in supply chains to support the development of "green" sectors such as renewable energy, and clean transportation. ▪ Supporting the climate resilience of sectors that are vulnerable to the physical risks of climate change, including through the development of regional value chains.
ESG goals/targets	There is no information available on the Issuer's sustainability KPIs and targets.
Action plan	The Issuers action plan is characterized by a multisector funding strategy with the following strategic priorities: ▪ Developing and supporting pioneering projects ▪ Providing customized finance and investment solutions ▪ Partnering with others to extend its reach, capital and impact ▪ on-financial support to entrepreneurs and selected state programmes and support through its organisational capabilities.
Climate transition strategy	IDC's climate transition strategy is based on four pillars: ▪ Catalyzing low carbon transitions and green growth, whereby the IDC is supporting firms to adopt and adapt cleaner technologies, fuels and processes in the transition to higher productivity sectors like manufacturing, including supporting existing hard-to-abate sectors to transition.

[83] The assessment remains unchanged and is based on the analysis that was delivered on March 20, 2025 (following the engagements with IDC from August to November 2024 and in March 2025). No new information was shared by IDC. The assessment regarding breaching of international norms and controversies as they are no longer part of the scope of the SPO.

TOPIC	ISSUER APPROACH
	▪ Facilitating economic diversification and jobs-rich industrialization, whereby the IDC is supporting investments in higher value-adding and productivity activities that are labor-absorbing within sectors (sectoral deepening). More specifically, financing a transition towards medium and high-technology manufacturing. ▪ Supporting resilience to physical climate risks: Including supporting firms to adopt and adapt technologies and processes to support climate resilience, particularly in the agricultural sector.
Sustainability reporting	The Issuer reports on its sustainability performance and initiatives annually. The report is prepared following the international sustainability reporting framework by the International Financial Reporting Standards.
Industry associations, collective commitments	The Issuer is a member of the United Nations Environment Programme Finance Initiative.
Previous sustainable or sustainability-linked issuances or transactions and publication of sustainable financing framework	-

Rationale for issuance

IDC is a development financial institution established in 1940. The Corporation's primary objective is to contribute to the sustainable economic development in Africa by providing financing solutions to SMEs, and businesses across several sectors. Through the Framework, IDC intends to provide capital towards new and existing projects and activities aimed at promoting the transition and transformation of key strategic South African industrial sectors, industries and value chains. These sectors include mining, agriculture, chemicals, and infrastructure.

Additionally, IDC also intends to generate positive social impact across underserved, marginalized and remote communities in South Africa by providing financing for regional development projects.

Opinion: *The sustainability objectives and the rationale for issuing green bonds are clearly described by the Issuer. The majority of the project categories financed are in line with the Issuer's sustainability objectives.*

DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework remains unchanged.
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ANNEX: QUALITY MANAGEMENT PROCESSES

SCOPE

IDC commissioned ISS-Corporate to compile a Sustainable Bond Framework SPO. The second-party opinion process includes verifying whether the Sustainable Bond Framework aligns with the Green Bond Principles, Social Bond Principles, and Sustainable Bond Guidelines and assessing the sustainability credentials of its Sustainable Bonds, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party opinion:

- Green Bond Principles, ICMA, June 2025
- Social Bond Principles, ICMA, June 2025
- Sustainability Bond Guidelines, ICMA, June 2021

ISSUER'S RESPONSIBILITY

IDC's responsibility was to provide information and documentation on:

- Framework
- Selection criteria
- Documentation of ESG risks management

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS STOXX, which ISS-Corporate is part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the Sustainable Bond to be issued by IDC has been conducted based on proprietary methodology and in line with the ICMA Green Bond Principles, Social Bond Principles, and Sustainable Bond Guidelines

The engagement with IDC took place from August to November 2024. The engagement for the first update of the SPO took place in March 2025. The engagement for the second update of the SPO took place from December 2025 to January 2026.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS STOXX Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS STOXX.

About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Please visit ISS-Corporate's website to learn more about our services for bond issuers.

For more information on SPO services, please contact SPOsales@iss-corporate.com.

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