ASSESSMENT
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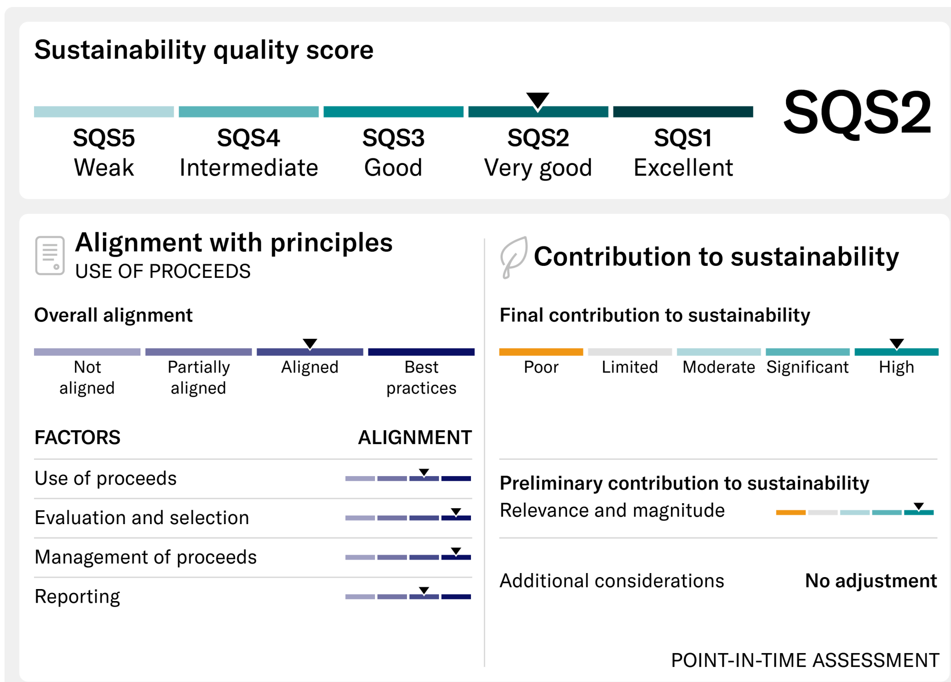
Fondo Especial para Financiamientos Agropecuarios (FEFA)

Second Party Opinion – April 2024 Social Bond Assigned SQS2 Sustainability Quality Score

Summary

We have assigned an SQS2 sustainability quality score (very good) to Fondo Especial para Financiamientos Agropecuarios' (FEFA) social bond issuance dated 7 April 2024. The issuer's use-of-proceeds issuance financed projects across three eligible social categories. The issuance is aligned with the four core components of the International Capital Market Association's (ICMA) Social Bond Principles (SBP) 2025, and the issuance demonstrates a high contribution to sustainability.



Scope

We have provided a second party opinion (SPO) on the sustainability credentials of FEFA's social bond issuance dated 7 April 2024, including its alignment with the ICMA's SBP 2025. Under its issuance, FEFA financed projects across three eligible social categories, as outlined in Appendix 2 of this report. The issuance totaled approximately MXN1,806 million (around $108 million) and matures in April 2027.

Our assessment is based on the details of FEFA's April 2024 social bond issuance provided by the issuer, and the commitments outlined in the Fideicomisos Instituidos en Relación con la Agricultura's (FIRA) sustainable bond framework dated April 2023. Our opinion reflects our point-in-time assessment[1] of this information, as well as other public and non-public information provided by the company.

We produced this SPO based on our Assessment Framework: Second Party Opinions on Sustainable Debt, published in October 2025.

Issuer profile

Fideicomisos Instituidos en Relación con la Agricultura (FIRA) was established in 1954 by the Federal Government of Mexico as the trustor and the Bank of Mexico as the trustee. FIRA manages four trusts: the Guarantee and Promotion Fund for Agriculture, Livestock Breeding and Poultry Farming (FONDO); the Fondo Especial para Financiamientos Agropecuarios (FEFA); the Special Fund for Technical Assistance and Agricultural Credit Guarantee (FEGA); and the Guarantee and Promotion Fund for Fishing Activities (FOPESCA). Each trust operates its own assets, granting second-tier financial products and services. Their activities complement each other to promote the development of the agriculture, livestock breeding, fishing, forestry and rural sectors in Mexico.

The social bond under our assessment was issued by FEFA, which facilitates access to financing through credit and discount operations for agriculture, livestock, poultry farming, agro-industries, fishing and other related projects in the sector.

Strengths

» Most of the funds were allocated toward microloans and family-level lending, with the highly relevant aim of addressing financial accessibility and socioeconomic disparities in Mexico's rural regions

» Mechanisms implemented to promote education among the target population, including sustainable agricultural practices

» Experienced thematic bond issuer with a track record of issuing bonds under its framework

Challenges

» Livestock activities pose potential negative environmental externalities despite accounting for a small portion of financing under FEFA's April 2024 social issuance

Alignment with principles

FEFA's April 2024 social bond issuance is aligned with the four pillars of the core components of the ICMA's SBP 2025. For a summary alignment with principles scorecard, please see Appendix 1.

- ○ Green Bond Principles (GBP)
- ○ Green Loan Principles (GLP)
- ☑ Social Bond Principles (SBP)
- ○ Social Loan Principles (SLP)
- ○ Sustainability-Linked Bond Principles (SLBP)
- ○ Sustainability Linked Loan Principles (SLLP)

Use of proceeds

Not aligned	Partially aligned	Aligned ▼	Best practices

Clarity of the eligible categories – BEST PRACTICES

The nature of the expenditures and eligible categories of FEFA's April 2024 social bond issuance are included in FIRA's 2023 sustainable bond framework. FEFA is one of the trust funds authorized to issue bonds within FIRA's framework, which includes 14 eligible green and social categories overall. With respect to the April 2024 social bond issuance, which is the focus of our assessment, three social categories were financed, namely: access to financial products and services for producers and companies in the agricultural, forestry, fishing and rural sectors (financial inclusion); use of financial products and services for entrepreneurs, producers and companies in the agricultural, forestry, fishing and rural sectors (financial penetration); and financial intermediaries increasing the supply of products and services that help overcome barriers to financial inclusion (strengthening of financial channels).

The projects are all located in Mexico. The target populations for each category are clearly defined and include micro, small and medium enterprises (MSMEs) in the agriculture, forestry, fishing and rural sectors.

Clarity of the environmental or social objectives – BEST PRACTICES

The issuer has clearly described the social objectives associated with all three eligible categories, which are financial inclusion and socioeconomic development. Each category is relevant to the respective social objectives, and the identified objectives are matched to and coherent with the United Nations' (UN) Sustainable Development Goals (SDGs). For more information, please see Appendix 2.

Clarity of the expected benefits – ALIGNED

The issuer has clearly defined the expected social benefits for all eligible categories. The benefits are measurable for each category and have been quantified in the post-issuance reporting at an eligible category level and at a regional level within Mexico.This transaction was exclusively allocated to new eligible loans, as confirmed by FEFA. Although we acknowledge that the transaction had no refinancing, the issuer did not explicitly disclose the proceeds distribution share between financing and refinancing to investors prior to issuance. Therefore, we consider that FEFA did not meet the best practice regarding the disclosure of refinancing. While FIRA's framework stipulates a 24-month lookback period for refinancing, this provision is not applicable given the absence of refinancing in the current issuance.

Process for project evaluation and selection

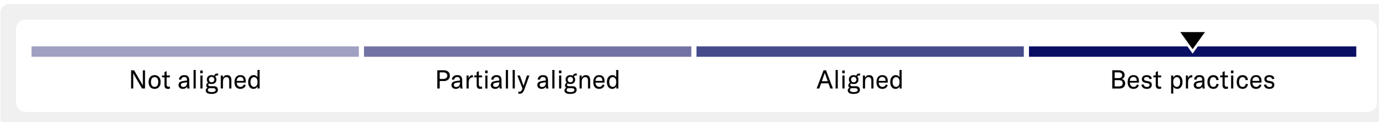
Not aligned	Partially aligned	Aligned	Best practices ▼

Transparency and clarity of the process for defining and monitoring eligible projects – BEST PRACTICES

FEFA's decision-making process for determining the eligibility of projects is clearly defined in FIRA's 2023 sustainable bond framework. FEFA's promotion, business, finance and portfolio teams are responsible for identifying the eligibility criteria. The portfolio team is responsible for creating a database on eligible projects, the business team verifies that the projects comply with the eligibility criteria, and the business and portfolio teams identify eligible projects to avoid double counting with thematic bonds or loans from international finance institutions. In case any funded project is no longer compliant with the eligibility criteria, the issuer has committed to reallocate funding to another eligible project.

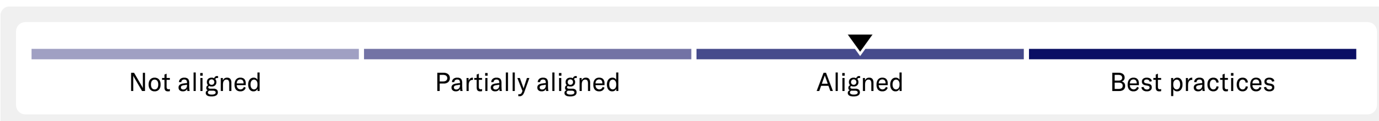
The issuer has established an environmental and social risk administration system (SARAS), which is disclosed in the framework. FIRA's monitoring through SARAS would take place throughout the life of the bond; however, SARAS does not cover most of the financed projects, as it applies only to those projects requiring authorization from FIRA's Credit Committees, based on the Financial Intermediary's credit quality and the amount of financing. FIRA also includes mechanisms to monitor compliance of financial intermediaries with national environmental law, and to manage social risks to beneficiaries.

Management of proceeds



Allocation and tracking of proceeds – BEST PRACTICES
The issuer has defined a clear process for the management and allocation of proceeds in its framework, with proceeds from the bond held in a FEFA account to ensure transparency and traceability. FEFA's promotion and business teams are responsible for managing the allocation of proceeds. All funds from FEFA's April 2024 social bond have been allocated in less than 12 months, according to its first post-issuance report. Temporarily unallocated proceeds were held in liquid assets or bank accounts as disclosed in the framework.

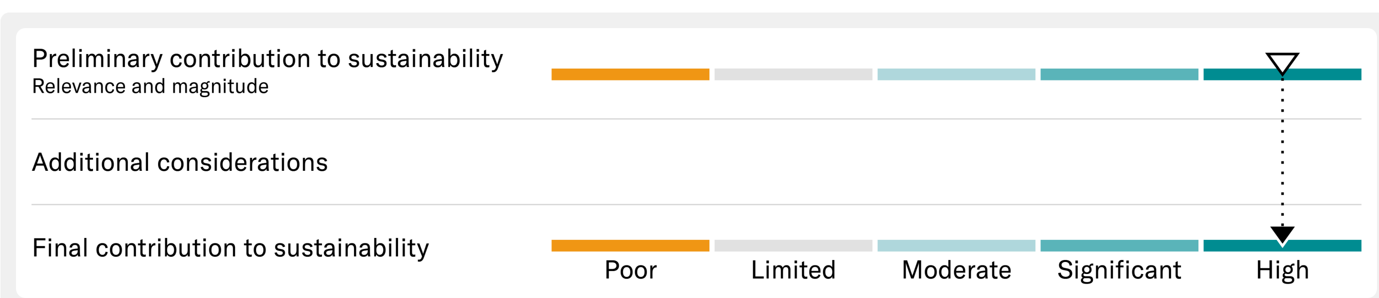
Reporting



Reporting transparency – ALIGNED
The issuer will report on the use of proceeds from bonds issued under the framework until full allocation, with disclosures made publicly available on FIRA's website. For the April 2024 social bond issuance, FEFA's annual report covers a description of the categories financed, amounts disbursed per eligible category and social benefit indicators for each category. Impact indicators are clear and relevant. FEFA provides transparency in its social reporting by including explanatory footnotes for specific indicators where necessary, thereby clarifying the methodologies utilized in the reporting process. As part of this assessment, we have reviewed the proceeds allocated to each category as well as the social benefits reported.

Contribution to sustainability

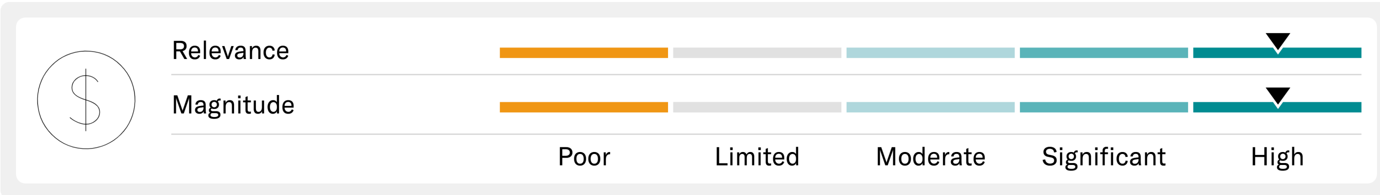
The framework demonstrates a high overall contribution to sustainability. This reflects a preliminary contribution to sustainability score of high, based on the relevance and magnitude of the eligible project categories, and we have not made an adjustment to the preliminary score based on additional contribution to sustainability considerations.



Preliminary contribution to sustainability

The preliminary contribution to sustainability is high, based on the relevance and magnitude of the eligible project categories. According to the information provided in the FEFA April 2024 social bond report, we have weighted the categories based on the share of proceeds allocated to each category. A detailed assessment by eligible category has been provided below.

Access to financial products and services for producers and companies in the agricultural, forestry, fishing and rural sectors (financial inclusion)

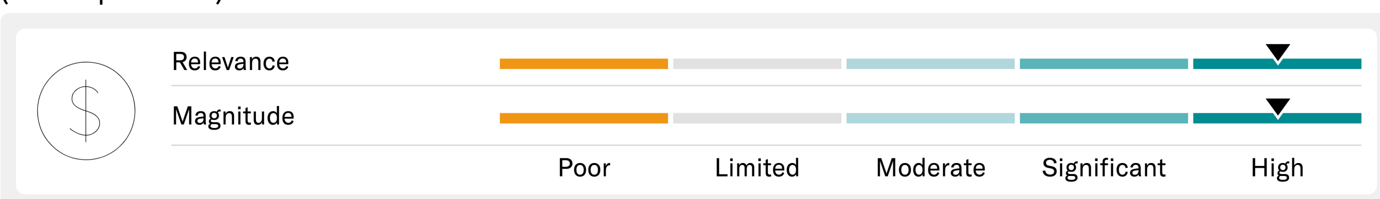


The projects funded under this category are highly relevant as they address the barriers to financial inclusion and access to financial products and services in these sectors in the Mexican context. These include a lack of information on the part of traditional financial institutions regarding the factors that affect production in rural microbusinesses; lack of traditional financial infrastructure such as bank branches in less populated rural areas; lack of financial education among potential beneficiaries; and the fact that most production units in the rural agricultural sectors face vulnerable economic conditions, including poorly regulated land ownership rights. Addressing these barriers helps tackle social issues such as poverty, hunger, socioeconomic development and inequality.

The magnitude of this category is high. This category funds projects in Mexican municipalities where FIRA operates, characterized by high and very high indices of economic marginalization, as determined by the Government of Mexico, or where infrastructure for financial services is scarce. Specifically, the beneficiaries of this category are those who are receiving financing from FIRA for the first time. This shows that the category is focused on the most vulnerable population. While we acknowledge the potential for negative environmental externalities of agriculture, fishing, forestry and livestock activities, we favorably consider the fact that FIRA provides support to beneficiaries in the form of training, advisory, consulting and technology transfers, with the aim of increasing productivity and promoting sustainable agriculture practices, including for micro and small farmers.

Per the FEFA April 2024 social bond report, bond proceeds of MXN925 million (approximately $55 million) reached 2,624 beneficiaries in this category.

Use of financial products and services for entrepreneurs, producers and companies in the agricultural, forestry, fishing, and rural sectors (financial penetration)

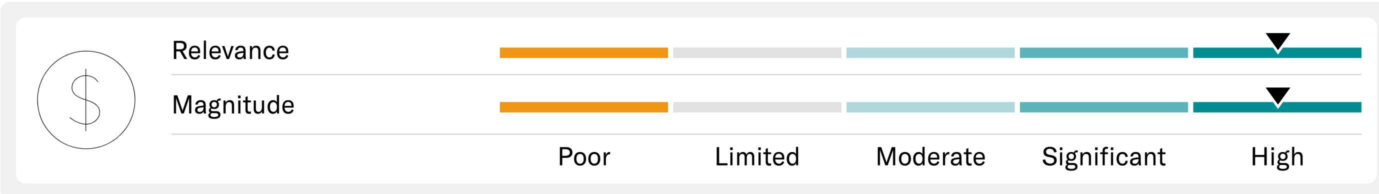


Like the first category, the funded projects also address the same highly relevant barriers to financial inclusion and access to financial products and services in these sectors in the Mexican context, especially in rural areas. The financial penetration category aims to continue the increase of the use of financial products and services by MSMEs that have already gained access to financial products and services and also aims to provide microloans to entrepreneurs in rural communities with up to 50,000 inhabitants.

The magnitude of this category is high. Similar to the financial inclusion category, this category funds projects in Mexican municipalities where infrastructure for financial services is scarce, indicating that the category is focused on supporting the population among the most vulnerable in the local context. Although this category is also subject to the same potential externalities mentioned in the financial inclusion category, FIRA provides relevant support to the beneficiaries that somewhat mitigates those externalities.

Per the FEFA April 2024 social bond report, the bond proceeds of MXN354 million (approximately $21 million) reached 6,315 beneficiaries in this category.

Financial intermediaries increasing the supply of products and services that help overcome barriers to financial inclusion (strengthening of financial channels)



Like the other eligible categories, the funded projects in this category address the same highly relevant barriers to financial inclusion and access to financial products and services in these sectors in the Mexican context, especially in rural areas.

The magnitude of this category is high. It provides funding and guarantees for non-bank financial intermediaries and parafinancial companies that contribute to the financial inclusion of micro, family and small primary producers. Among the beneficiaries in the category, most of the proceeds were allocated toward micro and family-level loans. This indicates that the category is focused on supporting population among the most vulnerable. Although this category is also subject to the same potential externalities mentioned in the previous eligible categories, FIRA provides relevant support to the beneficiaries that somewhat mitigates those externalities.

Per the FEFA April 2024 social bond report, bond proceeds of MXN527 million (approximately $32 million) reached 7,211 beneficiaries in this category.

Additional contribution to sustainability considerations

We have not made an adjustment to the preliminary contribution to sustainability score based on additional considerations.

The April 2024 social bond issuance is coherent with FIRA's business model and strategy, which aims to provide financial access to MSMEs and family businesses that have no access or insufficient access to credit.

We consider that FIRA's environmental and social risk management process is robust. The institution has a Sustainability Working Group that helps the Technical Committees develop, implement, promote and monitor the policies, strategies and institutional actions regarding sustainability. These Technical Committees comprise representatives of the Government of Mexico, and the financial and agricultural sectors.

Appendix 1 - Alignment with principles scorecard for FEFA's April 2024 social bond issuance

Factor	Sub-factor	Component	Component score	Sub-factor score	Factor score
Use of proceeds	Clarity of the eligible categories	Nature of expenditure	A	Best practices	Aligned
		Definition of content, eligibility and exclusion criteria for nearly all categories	A		
		Location	A		
		BP: Definition of content, eligibility and exclusion criteria for all categories	Yes		
	Clarity of the objectives	Relevance of objectives to project categories for nearly all categories	A	Best practices	
		Coherence of project category objectives with standards for nearly all categories	A		
		BP: Objectives are defined, relevant and coherent for all categories	Yes		
	Clarity of expected benefits	Identification and relevance of expected benefits for nearly all categories	A	Aligned	
		Measurability of expected benefits for nearly all categories	A		
		BP: Relevant benefits are identified for all categories	Yes		
		BP: Benefits are measurable for all categories	Yes		
		BP: Disclosure of refinancing prior to issuance and in post-allocation reporting	No		
		BP: Commitment to communicate refinancing look-back period prior to issuance	Yes		
Process for project evaluation and selection	Transparency and clarity of the process for defining and monitoring eligible projects	Clarity of the process	A	Best practices	**Best practices**
		Disclosure of the process	A		
		Transparency of the environmental and social risk mitigation process	A		
		BP: Monitoring of continued project compliance	Yes		
Management of proceeds	Allocation and tracking of proceeds	Tracking of proceeds	A	Best practices	**Best practices**
		Periodic adjustment of proceeds to match allocations	A		
		Disclosure of the intended types of temporary placements of unallocated proceeds	A		
		BP: Disclosure of the proceeds management process	Yes		
		BP: Allocation period is 24 months or less	Yes		
Reporting	Reporting transparency	Reporting frequency	A	Aligned	**Aligned**
		Reporting duration	A		
		Report disclosure	A		
		Reporting exhaustivity	A		
		BP: Allocation reporting at least until full allocation of proceeds, and impact reporting until full bond maturity or loan payback	No		
		BP: Clarity and relevance of the indicators on the sustainability benefits	Yes		
		BP: Disclosure of reporting methodology and calculation assumptions	Yes		
		BP: Independent external auditor, or other third party, to verify the tracking and allocation of funds	Yes		
		BP: Independent impact assessment on environmental and social benefits	Yes		
				Overall alignment with principles score:	**Aligned**

Legend: BP - Best practice, A - Aligned, PA - Partially aligned, NA - Not aligned

Appendix 2 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The three eligible categories included in FEFA's April 2024 social bond issuance are likely to contribute to five of the United Nations' (UN) Sustainable Development Goals (SDGs), namely:

UN SDG 17 Goals	Eligible Category	SDG Targets
GOAL 1: No Poverty	*- Financial inclusion* *- Financial penetration* *- Strengthening of financing channels*	1.4: Ensure all have equal rights to economic resources, access to basic services, property ownership and finance
GOAL 2: Zero Hunger	*- Financial inclusion* *- Financial penetration* *- Strengthening of financing channels*	2.3: Double agricultural productivity and incomes of small-scale farmers through equal access to resources and opportunities
GOAL 8: Decent Work and Economic Growth	*- Financial inclusion* *- Financial penetration* *- Strengthening of financing channels*	8.3: Promote policies that support productivity, job creation, entrepreneurship, innovation, and encourage the growth of SMEs
	- Strengthening of financing channels	8.10: Strengthen the capacity of domestic financial institutions to expand access to insurance and financial services for all
GOAL 9: Industry, Innovation and Infrastructure	*- Financial inclusion* *- Financial penetration* *- Strengthening of financing channels*	9.3: Increase SMEs' access to finance, and their integration into value chains and markets, particularly in emerging markets
GOAL 10: Reduced Inequality	*- Financial inclusion* *- Financial penetration*	10.2: Empower and promote the social, economic and political inclusion of all

The mapping of the UN's SDGs in this SPO considers the eligible project categories and associated sustainability objectives/benefits documented in the issuer's financing framework, as well as resources and guidelines from public institutions, such as the ICMA's SDG Mapping Guidance and the UN's SDG targets and indicators.

Appendix 3 - Summary of eligible categories in FEFA's April 2024 social bond issuance

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics in the Framework	Impact Indicators in the Report
Financial inclusion	Credits for productive projects of producers and companies of the micro-, family, small-, and medium-sized enterprise strata that: 1.1 receive financing with FIRA resources (funding or secured funding) for the first time	- Financial inclusion - Socioeconomic development	- Loan amounts granted to new beneficiaries, meaning the end borrowers who receive a loan with FIRA resources for the first time - Number of end borrowers who receive a loan with FIRA resources for the first timeloans and working capital loans	- MXN 925 million granted to this category - 2,624 beneficiaries
Financial penetration	2.1 accredited of the micro-, family, small-, and medium-sized enterprise strata for operating in high or very high marginalized municipalities or where financial services infrastructure is scarce (without formal intermediary branches) and receive financing with FIRA resources (funding or secured funding) 2.2 Microloans to entrepreneurs in rural communities of up to 50,000 inhabitants.	- Financial inclusion - Socioeconomic development	- Loan amounts granted to operating end borrowers located in high or very high degree of marginalized municipalites or where financial services infrastructure is scarce - Number of operating end borrowers located in municipalities with a high or very high degree of marginalization or where financial services infrastructure is scarce - Number of end beneficiaries located in municipalities with a high or very high degree of marginalization or where financial services infrastructure is scarce and required hiring an additional financial service (insurance and/or price coverage)	- MXN 354 million granted to this category - 6,315 beneficiaries
Strengthening of financial channels	Credits for productive projects of producers and companies of the micro-, family, and small-sized enterprise strata, disbursed via: 3.1 Para-financial companies that finance primary sector producers for their integration into value networks and supply chains 3.2 Non-banking financial intermediaries without direct operation with FIRA 3.3 Financial intermediaries' development program (with simplified operations, without guarantee, and/or via special purpose vehicles).	- Financial inclusion - Socioeconomic development	- Loan amounts granted to operating primary producers of the micro-, family, and small-sized enterprise strata through parafinancial companies - Number of operating end borrowers of the micro-, family, and small-sized enterprise strata that received credit from parafinancial companies - Loan amount granted in financing schedules with the IFNB that serve the micro-, family, and small-sized enterprise strata without direct operation with FIRA - Loan amount granted through IF in Development - Number of NBFIs included in the eligibility criteria	- MXN 527 million granted to this category - 7,211 beneficiaries

Endnotes

1 Point-in-time assessment is applicable only on date of assignment or update.

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