

Second-Party Opinion

Fijian Sustainable Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Fijian Sustainable Bond Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories¹ for the use of proceeds are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will support Fiji's efforts and ambitions to transition to an environmentally and socially sustainable society and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15.



PROJECT EVALUATION / SELECTION Fiji's Sustainable Development Bond Steering Committee will be responsible for evaluating and verifying that the projects selected by the Ministry of Economy and relevant ministries are in line with the Fijian Sustainable Bond Framework's eligibility criteria. Fiji has overarching environmental and social legislation in place applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Fiji's processes for management of proceeds is overseen by the Ministry of Economy which will monitor and track the allocation of proceeds using a bond register. Fiji intends to reach full allocation within two years of issuance. Pending allocation, unallocated proceeds may be maintained in the sub-account established for receiving the bond proceeds. This is in line with market practice.



REPORTING Fiji intends to report on allocation of proceeds on a designated website on an annual basis until full allocation. Allocation reporting will include a list of projects, the amount signed and the allocated amount. In addition, Fiji is committed to reporting on relevant impact metrics. Sustainalytics views Fiji's allocation and impact reporting as aligned with market practice.

Evaluation date	May 9, 2022
Issuer Location	Suva, Fiji

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¹ The eligible green and blue categories are: Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Terrestrial Biodiversity Conservation, Aquatic Biodiversity Conservation, Clean Transportation, Green Buildings, Sustainable Water and Wastewater Management, Climate Change Adaptation, Research and Development, and Education and Vocational Training. Eligible social categories are Affordable Basic Infrastructure, Access to Essential Services (Education and Vocational Training, Healthcare, Financial Services and Digital Connectivity), Affordable Housing, Employment Generation, Food Security and Sustainable Food Systems, Socioeconomic Advancement and Empowerment.

Introduction

The Republic of Fiji (“Fiji” or the “Issuer”) is an island nation in the Pacific Ocean. Fiji consists of an archipelago of over 330 islands of which approximately 150 are inhabited and 500 islets with a total land area of 18,300 km² and a current population of 896,444 people.²

The Fijian Government has developed the Fijian Sustainable Bond Framework (the “Framework”) under which it intends to issue green, blue or social bonds and loans, including private placements to finance or refinance, in whole or in part existing or future government expenditures that are expected to support Fiji’s efforts and ambitions to transition to an environmentally and socially sustainable society. Eligible expenditures can be in the form of financial incentives (such as grants, loans and subsidies), fiscal measures (such as tax credits and tax expenditures) as well as capital and operational expenditures towards financing all or part of an eligible project, or extended to government departments, state agencies, local authorities, civil society organizations, pure play businesses³ and select state-owned enterprises and public-private partnerships for their eligible projects.

The Framework defines eligible green categories in the following 11 areas:

1. Renewable Energy
2. Energy Efficiency
3. Pollution Prevention and Control
4. Environmentally Sustainable Management of Living Natural Resources and Land Use
5. Terrestrial Biodiversity Conservation
6. Clean Transportation
7. Green Buildings
8. Sustainable Water and Wastewater Management
9. Climate Change Adaptation
10. Research and Development
11. Education and Vocational Training

The Framework defines eligible blue categories in the following 11 areas:

1. Renewable Energy
2. Energy Efficiency
3. Pollution Prevention and Control
4. Environmentally Sustainable Management of Living Natural Resources and Land Use
5. Aquatic Biodiversity Conservation
6. Zero-carbon Transportation
7. Green Buildings
8. Sustainable Water and Wastewater Management
9. Climate Change Adaptation
10. Research and Development
11. Education and Vocational Training

The Framework defines eligible social categories in the following nine areas:

1. Affordable Basic Infrastructure
2. Access to Essential Services – Education and Vocational Training
3. Access to Essential Services – Healthcare
4. Access to Essential Services – Financial Services
5. Access to Essential Services – Digital Connectivity
6. Affordable Housing
7. Employment Generation
8. Food Security and Sustainable Food Systems
9. Socioeconomic Advancement and Empowerment

Fiji engaged Sustainalytics to review the Fijian Sustainable Bond Framework, dated May 2022, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the

² World Bank, “Population - Fiji”, at: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=FJ>

³ Pure play companies will be limited to those that derive at least 90% of their revenue from activities identified in the eligible categories.

Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), and Social Bond Principles 2021 (SBP).⁴ The Framework will be published in a separate document.⁵

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent⁶ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of the Fijian Government to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Fiji representatives have confirmed that (1) they understand it is the sole responsibility of the Fijian Government to ensure that the information provided is complete, accurate or up to date; (2) they have provided Sustainalytics with all relevant information and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Fiji.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written for a period of twenty-four (24) months from the evaluation date stated herein.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that the Fijian Government has made available to Sustainalytics for the purpose of this Second-Party Opinion.

⁴ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>.

⁵ The Fijian Sustainable Bond Framework will be available on the Fijian Government's website.

⁶ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Fijian Sustainable Bond Framework

Sustainalytics is of the opinion that the Fijian Sustainable Bond Framework is credible, impactful and aligns with the four core components of the GBP and SBP. Sustainalytics notes that in addition to the GBP and SBP, Fiji intends to align with the UNEP FI's Sustainable Blue Economy Finance Principles⁷ to guide its blue bonds. Sustainalytics highlights the following elements of the Fijian Sustainable Bond Framework:

- Use of Proceeds:
 - The eligible green, blue and social categories are aligned with those recognized by the GBP and SBP. The eligible green and blue categories are: Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Terrestrial Biodiversity Conservation, Aquatic Biodiversity Conservation, Clean Transportation, Green Buildings, Sustainable Water and Wastewater Management, Climate Change Adaptation, Research and Development, and Education and Vocational Training. The eligible social categories are: Affordable Basic Infrastructure, Access to Essential Services (Education and Vocational Training, Healthcare, Financial Services, and Digital Connectivity) Affordable Housing, Employment Generation, Food Security and Sustainable Food Systems, and Socioeconomic Advancement and Empowerment. Sustainalytics notes that the proceeds from the instruments issued under the Framework are expected to contribute to Fiji's transition to an environmentally and socially sustainable society.
 - Sustainalytics notes that Fiji intends to direct expenditures to eligible projects of businesses through lending facilities in collaboration with financial institutions' expenditures but may also direct expenditures to pure play businesses. Fiji has confirmed to Sustainalytics that pure play companies will be limited to those that derive at least 90% of their revenue from activities identified in the eligible categories. Sustainalytics acknowledges that the GBP, SBP and SBG favour project-based lending and financing, which provide more transparency in general than non-project-based lending, but notes that financing pure play companies through green and social bonds is commonly accepted in the market as an approach which can generate positive impact.
 - The issuer has established a two-year look-back period for refinancing activities, which Sustainalytics considers to be in line with market practice.
 - Under the Renewable Energy category, the Fijian Government may finance the following renewable energy generation and related projects:
 - Within the green expenditures, the Fijian Government may finance the generation and transmission and distribution⁸ of renewable energy, including hydropower, solar,⁹ wind¹⁰ and biomass,¹¹ as well as the procurement of solar panels, wind turbines, battery and hydrogen storage¹² solutions. Additional projects may also include research and development of products or technology for renewable energy generation. Sustainalytics considers the criteria for financing renewable energy projects to be aligned with market practice and notes the following:
 - Hydropower projects contemplated under the Framework will be limited to those that meet at least one of the following conditions: (i) run-of-river without artificial reservoir or low-storage capacity, (ii) life-cycle emissions under 100 gCO₂e/kWh, or (iii) have a power density above 5 W/m². Additionally, the

⁷ United Nations Environment Programme Finance Initiative, "The Sustainable Blue Economy Finance Principles", at: <https://www.unepfi.org/blue-finance/the-principles/>

⁸ Financing may include distributed assets such as circuit breakers, disconnectors, reactors, capacitors and transformers dedicated to reducing the curtailment of renewable energy into the grid.

⁹ Expenditures related to the production of electricity from Solar PV will be considered eligible only when ensuring durability (Category 4 cyclone standards or above) and easy dismantling, reparability through accessibility and exchangeability of the components, refurbishment and recycling.

¹⁰ Expenditures related to the production of electricity from wind power will be considered eligible only when ensuring recycling at end of life based on waste management plans, dismantling and decommissioning processes at time of decommissioning.

¹¹ Eligible feedstock will be limited to forestry and agricultural residues, such as wood chips, sawdust straw, cane trash, sugarcane bagasse, corn cobs and nut shells.

¹² Eligible hydrogen storage will be limited to power-to-hydrogen solutions where hydrogen is produced through water electrolysis powered by renewables.

Fijian Government is committed to ensuring the absence of significant risk and expected negative controversies associated with the projects financed and will require an environmental and social impact assessment by a credible body for all new facilities. Sustainalytics notes that the Fijian Government has defined an estimated reservoir emissions intensity threshold of under 100 gCO₂e/kWh. However, considering the longevity of hydropower assets, a lower threshold is preferred for newly constructed facilities as they effectively lock in energy generation for a very extended period. Therefore, Sustainalytics encourages Fiji to favour projects with emissions intensity below the 50 gCO₂e/kWh threshold.

- For transmission infrastructure where the grid uses less than 90% renewable electricity, the Fijian Government will follow a pro-rata approach to determine green allocation to grid development or maintenance.
 - Within the blue expenditures, financing may include the generation of renewable energy from marine renewables, such as wave, tidal, offshore wind and ocean thermal. With regard to ocean thermal, the Fijian Government commits to limit fossil fuel backup to power monitoring, operating and maintenance equipment, and resilience or protection measures and restart capabilities. Sustainalytics considers the criteria for financing marine renewable energy projects to be aligned with market practice.
- Under the Energy Efficiency category, Fiji commits to the exclusion of energy-efficient programmes, technologies and equipment intended for processes or industries that are inherently carbon-intensive or primarily powered by fossil fuels. Sustainalytics views the following energy efficiency projects that may be financed under the category as aligned with market practice.
 - As green expenditures, the Fijian Government may finance the installation and development of energy efficient equipment, products and technologies, such as LEDs, insulation products with low thermal conductivity as well as the development, expansion and maintenance of infrastructure, technology and processes related to smart grids,¹³ power-to-gas storage¹⁴ and district heating¹⁵ systems.
 - As blue expenditures, the Fijian Government may finance projects intended to improve energy efficiency in sustainable aquaculture and fisheries, and marine and coastal tourism including water pumps filtration systems and the installation of energy efficient equipment in hotels along the coastline.
- Under the Pollution Prevention and Control category, the Fijian Government commits to exclude financing pollution prevention and waste management projects that are intended for fossil fuel operations or those operations that directly rely on fossil fuels. Additionally, financing under this category will exclude technologies used in heavy industries, including cement, steel, chemicals and plastics, and heavy-duty transport, such as trucking, container and aviation. Eligible projects and criteria may include the following which Sustainalytics considers to be in line with market practice:
 - Within the green activities, Fiji may finance emission reduction and greenhouse gas control, soil remediation¹⁶ and waste management projects, such as the rehabilitation of dump sites and construction, and the operation and maintenance of recycling facilities.¹⁷ Sustainalytics notes the following:
 - Regarding dump site rehabilitation, Fiji may also finance nature-based and community projects on top of the rehabilitated sites. The Fijian Government has confirmed that infrastructure built on top of the rehabilitated land and financed as part of the bond proceeds will be limited to eligible green, blue and social projects outlined in the Framework.

¹³ Eligible smart grid investments will be limited to those designed to improve grid efficiency to deliver tangible efficiency improvements. Intended examples include wide area monitoring system (WAMS) components, measurement equipment, SCADA system, smart meters, monitoring and control automation devices and big data or computing platforms.

¹⁴ Eligible power-to-gas energy storage systems will be limited to those where CO₂ will not be sourced from fossil fuel operations.

¹⁵ Eligible district heating and cooling projects will be limited to those powered by renewable electricity.

¹⁶ Sustainalytics notes that remediation activities will not relate to contamination or negative environmental externalities from the Fijian Government's own activities.

¹⁷ Sustainalytics notes that chemical recycling of plastic is excluded under the Framework

- Within the blue activities, Fiji may finance waste prevention, reduction and recycling projects, including waste-to-energy projects. Sustainalytics notes the following:
 - Regarding waste recycling, Fiji has confirmed to Sustainalytics that: (i) chemical recycling of plastic will be excluded, and (ii) e-waste recycling will be supported by a robust waste management process to mitigate associated risks. For more details, please refer to Section 2.
 - Eligible waste-to-energy projects will be sourced from landfill and dumpsite mining, green waste¹⁸, food waste, livestock manure,¹⁹ wastewater sludge, and fats, oils and grease by-products such as used cooking oil. The Fijian Government commits to excluding fats, oils and grease that come from garage or industry manufacturing plants and animal by-products where animals are killed only for the purpose of collecting fats. Additionally, the Fijian Government has committed to ensure that for all waste feedstock, the majority of recyclables, especially plastics, will be segregated before the energy conversion process. Sustainalytics encourages the Government to implement source tracing measures on fats, oils and grease to prevent the inclusion of any virgin products.
 - Eligible landfill gas capture projects for energy generation will be limited to those from closed or decommissioned landfills with 75% or more gas capture efficiency. Fiji has confirmed to Sustainalytics that plastics, rubber, tyre-derived fuels and landfill gas capture intended for flaring will be excluded. Sustainalytics notes that recovering methane produced from a closed landfill will not prolong the lifespan of the landfill and is a key strategy to reduce methane emissions from waste.
 - Intended project examples for the reduction of pollutants entering the marine and coastal environment include the installation of river barriers, clean-up systems for the collection of floating plastics and remote sensing for the detection of plastic waste. The Fijian Government has confirmed that eligible river barriers will be limited to those that do not pose negative impact such as disturbing fish migration on wildlife.
- Under the Environmentally Sustainable of Living Natural Resources and Land Use category, the Fijian Government may finance the following green and blue expenditures, which Sustainalytics considers to be aligned with market practice:
 - Within the green expenditures, the Framework defines eligible projects in the following areas:
 - Sustainable agriculture techniques and agricultural production that are certified with Rainforest Alliance Sustainable Agriculture Standard²⁰ or UTZ Certified.²¹
 - Integrated cropland and livestock farming systems. The Fijian Government has confirmed that projects will comply with the requirements of sustainable forest management plan for smallholders and the financing for industrial meat production will be excluded.
 - Climate smart farm projects which lead to energy efficiency improvements. Such projects may include the introduction of resilient crop varieties and drip irrigation. Additionally, the Fijian Government has confirmed that genetically modified crops, inorganic and synthetic fertilizers, pesticides and herbicides will not be financed.
 - Environmentally sustainable forestry projects including afforestation and reforestation which use tree species that are well adopted to local conditions,

¹⁸ Eligible green waste will include garden and agricultural residues, and green debris after natural disaster.

¹⁹ The use of livestock residue for biomass energy may improve the environmental performance of some agricultural operations, but large- and mid-scale livestock farming has a significant carbon and water footprint which is not addressed by the use of livestock by products in energy generation. Further, such farming techniques may contribute to land degradation, biodiversity loss and deforestation. Nevertheless, Sustainalytics considers the use of residues from day-to-day operations of existing facilities for energy generation as providing positive impacts in the short term.

²⁰ Rainforest Alliance Sustainable Agriculture Standard, at: <https://www.rainforest-alliance.org/resource-item/2020-sustainable-agriculture-standard-farm-requirements/>

²¹ UTZ Certification, at: <https://www.rainforest-alliance.org/utz/>

and projects that are related to preservation and restoration of natural landscapes. All eligible projects will be: (i) certified with Forest Stewardship Council (FSC),²² Programme for the Endorsement of Forest Certification (PEFC)²³ or Sustainable Forestry Initiative (SFI),²⁴ or (ii) limited to smallholder farms that have a sustainable forest management plan in place.

- Within the blue expenditures, the Fijian Government may finance environmentally sustainable fishery and aquaculture certified under the Marine Stewardship Council (MSC) Fisheries Standard²⁵ and Best Aquaculture Practices (two stars or above)²⁶. Fiji has confirmed the exclusion of equipment running on fossil fuel. Sustainalytics views the selected certification schemes as credible and their selected levels to be aligned with market practice.
- Under the Biodiversity Conservation category, the Fijian Government may finance the following green and blue activities, which Sustainalytics views as being in line with market practice:
 - Within the Terrestrial Biodiversity Conservation category, the Fijian Government may finance projects which protect, restore and increase terrestrial biodiversity. Eligible projects may include investments in: (i) technologies that support tracking, measurement, verification and protection of critically endangered species,²⁷ (ii) activities to catalogue and classify biodiversity, and (iii) support to farmers for introducing agriculture techniques to prevent land degradation and maintain soil health such as providing grants and subsidies for farmers to undertake conservation activities.
 - Under Aqua Biodiversity Conservation, the Fijian Government may finance projects that help to sustainably manage, conserve and restore the health and resilience of coastal, marine and river ecosystems. Such projects may include: (i) establishment and management of marine protected areas, (ii) management and restoration of coral reefs, mangroves, seagrasses, coastal wetlands and salt marshes, and (iii) construction and management of river embankments. Fiji has confirmed to Sustainalytics that all eligible projects will undergo vulnerability as well as environmental and social impact assessments and will have an adaptation plan in place prior to execution.
- Under the Clean Transportation and Zero-carbon category, the Government may finance low-carbon public and private transportation assets as well as supporting infrastructure under the following green and blue areas:
 - As green projects, Fiji may finance (i) electric, hydrogen²⁸ and hybrid public and private vehicles, (ii) non-motorized vehicles such as bicycles, and (iii) supporting infrastructure such as electric and hydrogen charging stations and hydrogen storage tanks as well as financing of sustainable scrapping schemes.²⁹ In addition, Fiji confirmed to Sustainalytics the exclusion of financing for any parking spaces. Sustainalytics considers these investments to be aligned with market practice, noting the following:
 - All eligible hybrid vehicles will meet the following emissions thresholds: (i) passenger vehicles below 75 gCO₂/km, (ii) buses below 50 gCO₂e/pkm, (iii) passenger rail below 50 gCO₂/pkm, and (iv) freight rail below 25 gCO₂/tkm, with the exclusion of freight rail where fossil fuel freight represents more than 25% of the freight transported (tonne).
 - For scrapping schemes, Fiji has confirmed the exclusion of business-as-usual expenditures of dismantling for further disposal.

²² Forest Stewardship Council Certification Scheme, at: <https://fsc.org/en/forest-management-certification>

²³ Programme for the Endorsement of Forest Certification, at: <https://pefc.org/what-you-can-do/get-certified>

²⁴ Sustainable Forestry Initiative, at: <https://forests.org/>

²⁵ Marine Stewardship Council Fisheries Standard, at: <https://www.msc.org/standards-and-certification/fisheries-standard>

²⁶ Best Aquaculture Practices Certification: at: <https://www.bapcertification.org/WhatWeDo>

²⁷ Endangered species as classified by the International Union for Conservation of Nature Red List of Threatened Species.

²⁸ Eligible projects must be accredited to ISO/ITC 197 Hydrogen Technologies Standards, at: <https://www.iso.org/committee/54560.html>

²⁹ Fiji has explained to Sustainalytics that the scrapping schemes aim to substitute old vehicles with electric or hybrid vehicles in line with the Framework's eligibility criteria and focus on dismantling for the purpose of recycling and reusing existing parts.

- As blue activities, expenditures may include electric, hydrogen, biofuel, multi-modal maritime transportation³⁰ including passenger and cargo ships, as well as infrastructure for clean energy ships, including bunkering facilities for biofuels, hydrogen, ammonia and methanol, alternative maritime power infrastructure, and dock side electric charging infrastructure for ships. In addition, Fiji commits to exclude tankers or vessels which solely or in majority (by mass) transport fossil fuels, and limits the share of fossil fuel freight transported to not more than 50% by mass. This is in line with market practice.
- Additional blue expenditures may also include hybrid vessels including inland passenger water transport, freight transport and sea and coastal passenger transport. The Fijian Government has confirmed to Sustainalytics that it will comply with the criteria for hybrid ships outlined in the Technical Screening Criteria (TSC) of the EU Taxonomy Climate Delegated Act for the different types of water transport.³¹ The Fijian Government has further communicated that while the EU Taxonomy TSC allows for the financing of hybrid ships only until 31 December 2025, the Government will be following the respective TSC criteria until 2030 owing to the lack of readily available low-carbon technologies and resources. Sustainalytics classifies the financing of sea faring vessels that are powered at least partially by fossil fuels as a transition activity and recognizes that the Fijian Government's criteria are based Fiji's decarbonization trajectory.³² Sustainalytics recognizes that the financing of less emissions-intensive seafaring vessels contributes to a reduction in emissions compared to traditional ocean transport and will reduce the overall transportation-related emissions of Fiji while noting the market expectation to limit financing of hybrid ships until 2025. In addition to hybrid sea vessels the Fijian Government may finance the retrofitting of ships aimed at enabling the vessels to run on low-carbon fuels (batteries, hydrogen, ammonia), which Sustainalytics recognizes as a credible transition activity.
- Under the Green Buildings category, the Issuer may finance the construction, acquisition and refurbishment of buildings. Within green projects, the Fijian Government may include both commercial and residential buildings, whereas blue projects may specifically target maritime and coastal-related buildings, including tourism-related buildings, such as hotels. Eligible buildings under both green and blue categories will be based on the following criteria. Sustainalytics considers these investments to be aligned with market practice.
 - Buildings that have received or expected to achieve the following minimum green building certification levels: LEED Gold,³³ BREEAM Excellent,³⁴ Green Star Australia 5 Stars,³⁵ Homestar Level 6,³⁶ or NABERS 4.5 Stars.³⁷
 - Buildings in the top 15% of the local building stock based on primary energy demand (PED).
 - Renovation of existing buildings where: (i) major renovations³⁸ lead to at least 20% improvement in energy performance compared to the pre-renovation levels, or (ii) individual or set of renovations lead to at least 20% reduction in PED compared to the pre-renovation levels within three years' time.
- Under the Sustainable Water and Wastewater Management category, the Issuer may finance green and blue expenditures related to the development of infrastructure for clean and drinking

³⁰ The Fijian Government has confirmed that other forms of transport, such as small-scale boats, will align with the green transportation criteria.

³¹ European Commission, "ANNEX to the Commission Delegated Regulation (EU)", at: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

³² Sustainalytics' assessment of transition activities is conducted in accordance with the recommendations outlined in the Climate Transition Finance (CTF) Handbook, which was developed by ICMA in 2020, as well as relevant sector-specific research. Sustainalytics' application of the CTF Handbook is limited to non-financial corporate issuers and, therefore, has not been applied to Fiji's Framework.

³³ LEED, "LEED Rating System", at: <https://www.usgbc.org/leed>

³⁴ BREEAM, "Scoring and Rating BREEAM assessed buildings", at: https://www.breeam.com/BREEAM2011SchemeDocument/Content/03_ScoringRating/scoring.htm

³⁵ Green Building Council Australia, "Exploring Green Star", at: <https://new.gbca.org.au/green-star/exploring-green-star/>

³⁶ New Zealand Green Building Council, "Homestar", at: <https://www.nzgbc.org.nz/homestar>

³⁷ NABERS, "Ratings", at: <https://www.nabers.gov.au/ratings>

³⁸ Renovation of a building where: (a) the total cost of the renovation relating to the building envelope or the technical building systems is higher than 25% of the value of the building, excluding the value of the land upon which the building is situated; or (b) more than 25 % of the surface of the building envelope undergoes renovation.

water and wastewater treatment projects,³⁹ with blue expenditures explicitly benefitting the coastal and marine environment, such as desalination projects. In addition, green expenditures may also include flood mitigation and adaptation measures. Sustainalytics considers the Fijian Government's investments in sustainable water and wastewater management to align with market practice, noting the following:

- All flood mitigation and adaptation projects will adopt vulnerability assessments and adaption plans.
- All desalination plants will meet the following criteria: (i) powered by renewables or the average carbon intensity of the electricity used for desalination is below 100 gCO₂e/kWh, (ii) integrated water and power plant excludes fossil fuel power, (iii) projects located away from sensitive habitats or intact coastal ecosystem, and (iv) presence of appropriate waste management plan for brine disposal.
- Under the Climate Change Adaptation category, the Fijian Government may finance the adoption of technologies and research and development projects that make communities and infrastructure resilient to the impacts of climate change, including supporting climate observation and early warnings systems both in the terrestrial and blue economy context. Examples include weather warning systems both at land and sea and hydrological systems monitoring. In addition, Fiji confirmed to Sustainalytics that all projects under the category will be subject to a vulnerability assessment and will ensure the adoption of an adaptation plan prior to execution. Sustainalytics considers the Fijian Government's investments to be in line with market practice, noting the following:
 - Within the green activities, Fiji may also finance drought management and resilient reconstruction projects, including: (i) improvement of farm irrigation measures to conserve water and enhance water efficiency, (ii) construction of climate resilient water tanks that are used to store water in buildings, (iii) roofing structure improvement such as building gutters and other rain water harvesting facilities, (iv) construction of disaster risk reduction and resilient buildings⁴⁰ that can withstand weather related events.
 - Within the blue activities, the Fijian Government may also finance investments in nature-based coastal protection systems, including: (i) planting vetiver grass to protect riverbanks and mangroves to protect shorelines, and (ii) natural geometric design principles for hard infrastructure coastal protection systems that offer surfaces to support growth of seaweed, corals and other aquatic life. In addition, the Fijian Government may finance the fortification or replacement of existing maritime infrastructure, including replacing of old jetties with those that meet category 4 cyclone standards⁴¹ or above.
- Under the Research and Development category, the Fijian Government may finance pilot studies and experimental development projects, including research on reporting, measurement and verification process towards impact reporting. The Fijian Government has confirmed that all R&D expenditures under the Framework will not exceed more than 10% of the total use of proceeds of the respective bond. Example green and blue projects are as follows:
 - As green projects, the Fijian Government may finance research and development dedicated to climate change and transition towards eligible categories and activities identified in the Framework. The Fijian Government has explained that examples of technologies and areas for R&D include solar and solar cell generation, infrastructure for electric charging, solar charging stations, wind energy generation and energy efficient green building solutions, resilient crops,⁴² and innovative carbon trading programmes. Regarding carbon trading programmes, the Fijian Government has explained to Sustainalytics that through such programmes it intends to create incentives for biodiversity conservation, maintaining Fiji's carbon sinks and renewable energy generation. Sustainalytics notes the indirect nature of these carbon trading programmes and considers it to be market expectation to target projects and activities that directly generate a positive environmental impact. Therefore, Sustainalytics is unable to determine the positive environmental impact of the projects financed while noting that the proceeds towards R&D will be minor.

³⁹ Eligible wastewater treatment projects exclude the treatment of wastewater from fossil fuel operations.

⁴⁰ Sustainalytics notes that the construction of climate resilient buildings will comply with the criteria set out in the Green Buildings category

⁴¹ For cyclone ratings and cyclone certified infrastructure please refer to Fiji's National Building Code, at:

<http://www.health.gov.fj/wp-content/uploads/2018/02/Fiji-National-Building-Code.pdf>

https://www.theprif.org/sites/default/files/documents/Building%20Codes%20Guidance_Fiji%20Case%20Study.pdf

⁴² The Fijian Government has confirmed that financing for R&D towards genetically modified crops is excluded.

- As blue projects, the Fijian Government may finance research and development in transformative blue economy priority areas. Eligible projects may include R&D towards sustainable aquaculture and mariculture and their alignment with global best practices and standards,⁴³ renewable energy propulsion systems for maritime transport, innovative coastal protection methods against climate induced adversities, and ocean energy solutions. Fiji may also finance pilot and feasibility studies to explore responsible revenue generation streams from the commercialization of marine conservation and protection of endangered species. This is in line with market practice.
- Under the Education and Vocational Training category, the Fijian Government may finance educational and vocational training programmes that are intended to support the execution and maintenance of the green and blue activities outlined above. Furthermore, in addition to ensuring a green and blue positive impact, these training programmes will provide incentives and targets⁴⁴ designed to recruit and retain women. Project examples may include the following green and blue activities:
 - Within the green activities, the Fijian Government may finance vocational training and training programmes that upskill workers in emerging green sectors, enabling the existing workforce to transition to green sectors. Such training may include upskilling general electricians to become solar engineers, upskilling combustion engine specialists to be electric vehicle mechanics, and upskilling municipal gardeners to become urban gardeners and vertical farmers.
 - Within the blue activities, the Fijian Government may finance training that improves the skills of the workforce in the field of marine and blue economy which may include aquaculture cultivation, carbon accounting, pollution prevention, clean energy shipping and other emerging themes.
 - Sustainalytics considers investments under this category to be indicative of positive environmental and blue impact and encourages the Fijian Government to report on the impact achieved through these educational programmes.
- Within the Affordable Basic Infrastructure category, the Fijian Government may finance the construction, expansion and modernization of basic infrastructure in Fiji, such as drinking water infrastructure, sewage and sanitation services, energy and transport infrastructure, including roads, bridges and jetties. Sustainalytics notes that the construction of roads, bridges, jetties and energy projects is limited to those that increase the connectivity of rural communities restricted in their development, connectivity and energy distribution infrastructure. Intended examples under energy distribution projects include mini-grid⁴⁵ solar systems and solar home systems⁴⁶ excluding those energy distribution infrastructure expansions or upgrades that are designed to or are likely to result in the connection of new fossil fuel-based power generation to the grid. Sustainalytics considers investments in basic infrastructure for disconnected or underserved areas to be aligned with market practice.
- Under the Access to Essential Services category, the Fijian Government may finance projects focused on increasing access to education, healthcare services, financial services and improving the connectivity for the target population. Sustainalytics notes the following:
 - Education and vocational training: Investments in the areas of public and private⁴⁷ education and vocational training. Intended project examples include: (i) construction, upgrades and development of early childhood, primary and secondary education schools and curriculum, (ii) provision of support programmes for children from low-income backgrounds, including student bus fare schemes, access to school books and special needs education, and (iii) provision of grants and scholarships to students from low-income households⁴⁸. The Fijian Government has confirmed to Sustainalytics that programmes and activities under this category will be provided for free without a dedicated fee, ensuring access for all regardless of the ability to pay. Sustainalytics considers investments under this category to be in line with market practice.

⁴³ Example standards may include Aquaculture Stewardship Council, GLOBAL G.A.P, Global Aquaculture Alliance, BRC Global Standards, International Featured Standards, Scottish Salmon Producers' Organisation, Royal Society for the Prevention of Cruelty to Animals, and Friend of the Sea.

⁴⁴ Example targets and incentives include: (i) KPIs for women participation and graduation through training programmes, (ii) women from households that earn an income below the national minimum wage level will be eligible to receive free or heavily subsidized training, (iii) business led by women will be able to get fast tracked access to highly concessional loans with Government guarantee of up to 70% of the loan amount.

⁴⁵ Mini-grid solar systems will be sized to also incorporate desalination plants.

⁴⁶ Solar home systems will be dedicated to households that live far from each other in rural areas and therefore cannot get access to mini-grid systems.

⁴⁷ The Fijian Government has clarified to Sustainalytics that private education is limited to the provision of grants and scholarship programmes for students from low-income households in private institutions.

⁴⁸ Low-income thresholds for eligible categories in the Framework is as per national definitions by the Fijian Government.

- Healthcare investments in: (i) construction, extension or refurbishment of public healthcare facilities, centres and elderly care services, (ii) procurement of hospital beds and specialized medical equipment, (iii) improvements in ambulance services, expenses related to procurement of vehicles⁴⁹ and increasing the number of healthcare workers in Fiji, and (iv) provision of medical packages⁵⁰, and (v) provision of support programmes for vulnerable populations,⁵¹ including free medicine schemes and subsidies for specialized medical procedures in public facilities and public-private partnerships to increase access and quality of the healthcare system. The Fijian Government has confirmed to Sustainalytics that public-private partnerships with private facilities will be targeted towards providing free or subsidized healthcare to marginalised⁵² Fijians regardless of ability to pay.
- Financial Services: Investments aimed at increasing access to financial products and services to people living in remote areas who are restricted in their access through the following initiatives: (i) provision of incentives and subsidies to commercial banks to extend services to rural communities ensuring the presence of responsible lending practices in place (ii) introduction of digital payment systems for public services and health facilities, (iii) creation of interoperable payment systems and cash transfer assistance, (iv) provision of parametric microinsurance solutions to low-income populations. Sustainalytics notes that systems and initiatives financed under this category will be free or made affordable to the target population. Sustainalytics considers the financing of digital payment systems that specifically target improving ease of doing business, increasing financial inclusion and those that act as a mechanism to disburse social welfare to marginalized and rural populations to be indicative of positive impact.
- Digital Connectivity: (i) construction or installation of telecommunication infrastructure and services (both high-speed internet and telecommunication) in rural areas which either lack or have restricted telecommunication connectivity, and (ii) the provision of digital devices to underserved people from low-income groups. Intended examples include the provision of smartphones for farmers to access parametric microinsurance products and farm care services, provision of digital set-top boxes to rural communities to enable access to information and education services and the establishment of rural telecentres with printers and computers. The Fijian Government has confirmed to Sustainalytics that products and services under this category will be made accessible and affordable through subsidies. Sustainalytics considers investments in this category to be in alignment with market practice.
- Under the Affordable Housing category, the Fijian Government may finance programmes aimed at increasing access to affordable housing to vulnerable populations through extending and improving the quality of affordable housing facilities and providing financial assistance to facilitate housing ownership through the Government's First Home Purchase Programme⁵³. The programme is part of a government affordable home ownership scheme, under which eligible applicants may include households with annual income of up to FJD 50,000 (USD 23,730). The Fijian Government explained that while the programme's eligibility threshold was above their current national definition for low-income (FJD 30,000 or lower), the intention was to target low-income beneficiaries as well as those with incomes at the first taxable income slab (FJD 30,000 – 50,000) who typically may be unable to have sufficient savings after tax deductions. Sustainalytics acknowledges the expected benefits for first-time home while noting that it is market practice to target low-income population segments. Further, Sustainalytics encourages the Government to prioritize first home buyers from low-income populations.
- Under the Employment Generation category, the Fijian Government may finance programmes in the areas of employment generation and support to MSMEs⁵⁴ that face hardship due to extreme events, such as natural disasters, public health disaster and global financial crises. Fiji has

⁴⁹ Fiji has confirmed to Sustainalytics that vehicles procured under this category will meet the emission threshold included under the green transportation category.

⁵⁰ Fiji may finance medical tourism packages for vulnerable populations enabling people in the surrounding island and regions (known for poor access to healthcare) to access medical services in Fiji. Fiji has explained to Sustainalytics that these packages may cover the cost of travel, accommodation and medical services.

⁵¹ Sustainalytics notes that social support mechanisms under the Framework will target children and the elderly.

⁵² Marginalised Fijians as defined by the Fijian Government

⁵³ Fijian Government, "First home Purchase Programme", at: <https://www.fiji.gov.fj/getattachment/5325404e-e4d9-47e4-9476-0c8564d05329/Ministry-of-Housing-Community-Development-Governme.aspx>

⁵⁴ MSMEs are defined as per the following annual sales turnover: Micro – up to FJD 50,000 (USD 23,750), Small – up to FJD 300,000 (USD 142,500) and Medium – up to FJD 1,250,000 (USD 595,000).

explained to Sustainalytics that for employment generation and retention programmes it will provide financial support to employment placement services provided through the National Employment Center and finance the construction and operation costs of technical colleges operated by Fiji's national university, targeting low-income individuals or groups that have faced historical marginalization. Examples of initiatives to support SMEs include facilitating access to finance and providing business training, mentorship networks, business advice and incubation services.⁵⁵ Sustainalytics considers the intent to increase support and access to financial services for MSMEs in a developing economy, such as Fiji's, to be impactful and aligned with market practice, and encourages the Fijian Government to report on the beneficiaries and programmes undertaken under this category for employment generation and retention.

- Within the Food Security and Sustainable Food systems category, the Fijian Government may provide: (i) financial support to smallholder farmers and fishermen. The Fijian Government has explained to Sustainalytics that it will be targeting cooperatives of smallholder farmers and fishermen as defined by FAO⁵⁶ to help prevent food loss and waste, improve productivity and increase market access for smallholder producers, and (ii) investments in infrastructure and facilities such as warehouses to provide adequate storage, improve food conservation or improve connectivity in the food chain to avoid food losses. Sustainalytics notes that providing financing to cooperatives has the potential to empower small-scale producers against environmental and socioeconomic shocks and considers this category to be in line with market practice.
- Under the Socioeconomic Advancement and Empowerment category, Fiji may finance employment generation, training and the creation of dedicated infrastructure to particularly promote and empower women. Intended examples include development training for women in rural and maritime areas, support and capitalize lending facilities targeted for SMEs majority-owned (>50%) by women, and the construction of special vendor lots for women market vendors from rural areas. Sustainalytics considers activities under this category to be indicative of a positive social impact and the Fijian Government's targeted approach as aligned with market practice.
- Project Evaluation and Selection:
 - The project evaluation and selection process for eligible expenditures is the responsibility of the interdepartmental Sustainable Development Bond Steering Committee (the "Committee"). The Fijian Ministry of Economy, supported by relevant Ministries, prepares an initial list of potential eligible expenditures, the Committee then verifies the expenditures according to the Framework criteria and approves the selected expenditures.
 - The Committee includes the Permanent Secretary for Ministry of Economy (Chairperson), the Governor of the Reserve Bank of Fiji, a nominated representative from the Office of the Solicitor General, and other organizations or persons invited by the Chairperson.
 - In relation to environmental and social risk mitigation, the Fijian Government has overarching environmental and social legislation in place applicable to all eligible expenditures and selected allocation decisions made under the Framework. Sustainalytics considers these risk management policies to be adequate and aligned with market expectations. For additional details, see Section 2.
 - Based on the representation in the Committee, the environmental and social risk management policies and governance structure, Sustainalytics considers this approach to be aligned with market practice.
- Management of Proceeds:
 - The Ministry of Economy of Fiji oversees the distribution, monitoring and tracking of bond proceeds into eligible projects. The Fijian Government intends to open a designated ring-fenced sub-account to receive proceeds from bond issuances and will set up a bond register to track the allocation of proceeds.
 - The Fijian Government is targeting full allocation within two years after issuance. Pending allocation, proceeds will be held in the 'ring-fenced' sub-account and wait for a revised allocation into eligible projects.
 - Based on the presence of an internal tracking system and the management of temporary use of net proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:

⁵⁵ Initiatives targeting MSMEs are further outlined in the Micro, Small, Medium Enterprise Fiji – Policy Framework, at: <https://www.mctt.gov.fj/wp-content/uploads/2020/07/MSME-Fiji-Policy-Framework-26-June-2020-amendments.pdf>.

⁵⁶ FAO, "Small-scale fisheries", at: <https://www.fao.org/voluntary-guidelines-small-scale-fisheries/guidelines/en/>

- The Fijian government commits to publish an allocation report and an impact report annually until full allocation on a designated website. Allocation reporting will include a list of the projects to which proceeds have been allocated, the total signed amount and the amount of proceeds allocated to eligible projects. The Committee will provide oversight to ensure quality control in documentation and reporting.
- In addition, the Fijian Government commits to publish an impact report which may include environmental indicators such as estimated ex-ante annual energy savings (in MWh), estimated annual GHG emissions reduced or avoided (in tonnes of CO₂ equivalent), and volume of waste collected and disposed or treated (tonnes), as well as social indicators, such as access to clean and safe water in adequate quantities, access to electricity (% of population) and access to central sewerage system (% of population). For a full list of impact indicators, please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.
- Based on the annual allocation and impact reporting commitment, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Fijian Sustainable Bond Framework aligns with the four core components of the GBP and SBP. For detailed information, please refer to Appendix 1: Sustainability Bond/Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Fiji

Contribution of Framework to Fiji's sustainability mandate

Sustainalytics is of the opinion that Fiji demonstrates its commitment to sustainability through Fiji's National Development Plan (NDP), an overarching framework that outlines Fiji's long-term development strategy and approaches. The NDP is aligned with global commitments including the 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change. Guided by the NDP, the Fijian Government has established its refined environmental and social policy including the National Climate Change Policy and Climate Change Act.

Fiji ratified the Paris Agreement in 2016 and committed to achieving net zero GHG emissions by 2050.⁵⁷ As part of its Nationally Determined Contribution (NDC), Fiji sets three mitigation targets: (i) reduce 30% of business-as-usual CO₂ emissions from the energy sector by 2030 compared to 2013, (ii) reach 100% renewable energy power generation by 2030, and (iii) as a contribution to the first target, reduce energy sector CO₂ emissions by 10% through energy efficiency improvements. In order to achieve its climate goals, the Fijian Government established an NDC Implementation Roadmap which lays out clear actions and investments required to meet Fiji's emission and renewable energy commitments.⁵⁸ In addition to the NDC Implementation Roadmap, the Fijian Government has set forth plans and policies to address climate issues from various aspects. In 2018, Fiji developed its National Climate Change Policy as a central policy instrument that outlines the country's priorities and approach to reducing present and future climate risks.⁵⁹ Additionally, the Fijian Government adopted a Low Emission Development Strategy which identifies the pathway in different sectors to achieve Fiji's emission targets and delineates the synergies between Fiji's low-carbon emissions and sustainable economic development until 2050.⁶⁰

As an island nation, Fiji has been actively engaging and implementing initiatives for marine resources and biodiversity conservation. In 1992, Fiji signed the International Convention on Biological Diversity followed by its first National Biodiversity Strategy and Action Plan (NBSAP) in 2003.⁶¹ In 2008, Fiji established a National Protected Areas Committee (PAC) and designated a marine working group to collect marine species and habitat data, identify the status and gaps of protected areas and formulate national targets for conservation and management.⁶² Furthermore, in 2020, Fiji set out a target to designate at least 30% of its ocean area within national jurisdiction as marine protected areas (MPAs) and committed to 100% sustainable management of

⁵⁷ Government of Fiji, "Climate Change Act 2021", at: https://www.economy.gov.fj/images/CCIC/uploads/Climatechangeact/20210927_161640.pdf

⁵⁸ Government of Fiji, "Fiji NDC Implementation Roadmap 2017-2030", at:

https://fijiclimatchangeportal.gov.fj/wp-content/uploads/2022/01/FIJI-NDC-IMPLEMENTATION-ROADMAP_LOWRES.pdf

⁵⁹ Government of Fiji, "Republic of Fiji National Climate Change Policy 2018-2030", at:

<https://www.economy.gov.fj/images/CCIC/uploads/General/FIJI-National-Climate-Change-Policy-2018-2030-FINAL.pdf>

⁶⁰ The Government of Fiji, "Fiji Low Emission Development Strategy 2018-2050", at:

https://unfccc.int/sites/default/files/resource/Fiji_Low%20Emission%20Development%20Strategy%202018%20-%202050.pdf

⁶¹ Government of Fiji, "National Biodiversity Strategy and Action Plan for Fiji 2020-2025" at: <https://www.cbd.int/doc/world/fj/fj-nbsap-v2-en.pdf>

⁶² Ibid.

MPAs by 2030.⁶³ To achieve this goal and address the importance of marine ecosystems, the Fijian Government developed the National Ocean Policy 2020-2030 and a new NBSAP 2020-2025, which outline strategies and respective action plans for stakeholders.^{64,65}

Regarding Fiji's social pillar, the NDP sets out a strategy for the nation's inclusive socioeconomic development. The NDP visions universal access to electricity, quality education, clean and safe water and proper sanitation, healthcare systems and affordable housing. It further addresses the social inclusion and empowerment, food and nutrition security and protection of culture, heritage as well as natural environment.⁶⁶ Additionally, Fiji has adopted a Gender Equity and Social Inclusion Policy to address the rights of women and people living with disabilities as well as the social benefit of the elderly, children, youth, vulnerable and marginalized groups and communities. Furthermore, the Fijian Government implemented policies and strategies for the development of micro, small and medium-sized enterprises by formulating the MSME Fiji Policy Framework and facilitating the training, mentoring, incubation services and financial access for MSMEs.⁶⁷

Based on the above, Sustainalytics is of the opinion that the Fijian Sustainable Bond Framework is aligned with the country's NDP as well as its climate change, ocean and marine, and social policies. The Framework can assist the country in financing projects which advance and support the above referenced policy objectives and contribute to Fiji's climate change adaptation and inclusive socioeconomic development, thereby furthering its achievement of the SDGs.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include issues involving land use and biodiversity loss associated with large-scale infrastructure development, emissions, effluents and waste management, occupational health and safety, bribery and corruption, and risk of increasing inequalities if social programmes are not appropriately targeted to beneficiaries.

Sustainalytics is of the opinion that Fiji is able to manage or mitigate potential risks through implementation of the following:

- As per Fiji's Environmental Management Act 2005, all development and construction projects in Fiji are required to be examined to determine their environmental and resource management impact. If such identified impacts are considered to be significant, the project should undergo an Environmental Impact Assessment (EIA). The EIA contains (i) impact and risks assessment, (ii) mitigation option, management plan and rehabilitation plan and (iii) monitoring plan.⁶⁸
- Fiji has established National Biodiversity Strategy and Action Plan (NBSAP) in accordance with the Environmental Act 2005⁶⁹ to strengthen the sustainable use, management and protection of Fiji's biodiversity. Fiji is also a signatory of the 1992 International Convention on Biological Diversity (CBD).⁷⁰ In addition to the CBD, Fiji has signed various multilateral environment agreements on biodiversity protection, including the United Nations Convention on the Law of Sea, the Cartagena Protocol on Biosafety to the Convention on Biological Diversity, Convention Concerning the Protection of the World Cultural and Natural Heritage, and United Nations Conventions on Combating Desertification.⁷¹
- Regarding waste management, the Environment Management Act 2005 outlines the framework for waste management and pollution control.⁷² It prohibits any commercial or industrial facility from discharging any waste or pollutant into the environment or handling or storing hazardous materials

⁶³ Government of Fiji, "Republic of Fiji National Ocean Policy 2020-2030", at:

<https://library.sprep.org/sites/default/files/2021-05/Fiji-National-Ocean-policy-2020-2030.pdf>

⁶⁴ Government of Fiji, "Republic of Fiji National Ocean Policy 2020-2030", at:

<https://library.sprep.org/sites/default/files/2021-05/Fiji-National-Ocean-policy-2020-2030.pdf>

⁶⁵ Government of Fiji, "National Biodiversity Strategy and Action Plan for Fiji 2020-2025" at: <https://www.cbd.int/doc/world/fj/fj-nbsap-v2-en.pdf>

⁶⁶ The Fijian Ministry of Economy, "5-Year & 20-Year National Development Plan", at: <https://www.fiji.gov.fj/getattachment/15b0ba03-825e-47f7-bf69-094ad33004dd/5-Year--20-Year-NATIONAL-DEVELOPMENT-PLAN.aspx>

⁶⁷ The Government of Fiji, "Micro, Small, and Medium Enterprise Fiji – Policy Framework", at:

<https://www.mcttt.gov.fj/wp-content/uploads/2020/07/MSME-Fiji-Policy-Framework-26-June-2020-amendments.pdf>

⁶⁸ Government of Fiji, "The Law of Fiji – Environmental Management Act 2005", at: <https://www.laws.gov.fj/Acts/DisplayAct/2576#>

⁶⁹ Government of Fiji, "National Biodiversity Strategy and Action Plan for Fiji 2020-2025" at: <https://www.cbd.int/doc/world/fj/fj-nbsap-v2-en.pdf>

⁷⁰ Convention on Biodiversity, "Country Profiles", at: <https://www.cbd.int/countries/?country=fj>

⁷¹ Government of Fiji, "National Biodiversity Strategy and Action Plan for Fiji 2020-2025" at: <https://www.cbd.int/doc/world/fj/fj-nbsap-v2-en.pdf>

⁷² Government of Fiji, "The Law of Fiji – Environmental Management Act 2005", at: <https://www.laws.gov.fj/Acts/DisplayAct/2576#>

without a permit from the Department of Environment.⁷³ Additionally, Fiji's National Solid Waste Management Strategy and Action Plan defines a medium and long-term programme for addressing waste management issues in Fiji, with proposed action plans to be implemented at national, local and community level.⁷⁴

- E-waste in Fiji is managed under general environmental protection, waste management, health and safety related laws and regulations which include Environmental Management Act 2005 and Waste Disposal and Recycling Regulations. In the beginning of 2022, Fiji developed an E-Waste Management Plan to specifically address the environmental risk of e-waste that are generated from the office electronic hardware such as computers, printers, and internet equipment, which are procured under the Fiji Social Protection COVID-19 Response and System Development Project.⁷⁵
- Fiji's Ports Authority Act 1990 sets out control over effluents into port water.⁷⁶ The discharge of oil, waste, sewage and contaminated ballast into the waters of a port is prohibited unless authorized by relevant authority. Additionally, the Sewerage Act 1974 regulates the management and disposal of wastewater to Fiji's sewerage systems.⁷⁷
- Under Fiji's Health and Safety at Work Act 1996, employers are obliged to provide workers with a safe working environment, including necessary safety equipment, provisions of proper instructions and procedures, manuals, warnings and notices about the job. Additionally, it requires every workplace to develop and implement occupational and health safety policies.⁷⁸
- Corruption and bribery is regulated under Fiji's Prevention of Bribery Act 2007.⁷⁹ In accordance with the Act, Fiji has established a law enforcement agency, Fiji Independent Commission Against Corruption (FICAC), to investigate and prosecute public sector corruption. FICAC also examines the practices and procedures of government departments and public bodies to ensure the implementation of anti-corruption policies and best practices.⁸⁰
- Regarding the risk of increasing inequalities due to not appropriately targeting social programme beneficiaries, Fiji has formulated a Gender Equity & Social Inclusion Policy and Action Plan, which ensures that gender equity and social inclusion are fully integrated in all economic plans, budgets, processes, systems and projects administered by Fijian ministries and their delivery partners.⁸¹
- Additionally, Fiji has in place an Exclusion List to prevent financing projects conducted in high-risk area, which covers nuclear power, alcohol, weapons, tobacco, palm oil, gambling and adult entertainment industries.⁸² Fiji also follows United Nations Environment Programme Finance Initiative's recommended exclusions list for blue categories, which entails high-risk seafood, offshore renewable energy, coastal tourism, shipping and ports sectors.⁸³

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Fiji has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All 31 use of proceeds categories are aligned with those recognized by the GBP or SBP. Sustainalytics has focused on the specific categories below where the impact is specifically relevant in the local context.

⁷³ Government of Fiji, "Environmental Management Compliance Inspection on Waste Permit", at:

http://www.paclii.org/fj/legis/consol_act_OK/paofa281/

<https://www.fiji.gov.fj/Media-Centre/News/Environmental-management-compliance-inspection-on-waste-permits>

⁷⁴ Government of Fiji, "Country Report Fiji", at: https://www.uncrd.or.jp/content/documents/RT4_01_Fiji.pdf

⁷⁵ The Government of Fiji, "Fiji COVID-19 Social Protection Project – E-Waste Management Plan", at:

https://www.economy.gov.fj/images/FijiSocialProtectionCOVID-19Response/E_Waste_Management_Plan.pdf

⁷⁶ Pacific Islands Legal Information Institute, "Ports Authority of Fiji Act", at: https://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=71944

⁷⁷ Government of Fiji, "Fiji National Liquid Waste Management Strategy and Action Plan", at:

https://www.sprep.org/att/publication/000556_IWP_PTR48.pdf

⁷⁸ Government of Fiji, "The Law of Fiji – Health and Safety at Work Act 1996", at: <https://laws.gov.fj/Acts/DisplayAct/454>

⁷⁹ Government of Fiji, "The Law of Fiji – Prevention of Bribery Act 2007", at: <https://www.laws.gov.fj/Acts/DisplayAct/805>

⁸⁰ Fiji Independent Commission Against Corruption, "Fiji Independent Commission against Corruption Act No. 11 of 2007 with Amendments", at:

<https://ficac.org.fj/face/pdf/FICAC%20%20Prevention%20of%20Bribery%20Act.pdf>

⁸¹ The Fijian Ministry of Economy, "Gender Equity & Social Inclusion Policy 2021-2024 and Action Plan 2021-2022", at:

https://fijiclimatchangeportal.gov.fj/wp-content/uploads/2022/01/Fiji_GenderEquitySocialInclusionPolicy_ActionPlan_GESI-Policy.pdf

⁸² The Fijian Sustainable Bond Framework Bond Framework is available on Fiji's website

⁸³ United Nations Environment Programme Finance Initiative, "Financing Sustainable Blue Economy: Recommended Exclusions List Published", at:

<https://www.unepfi.org/news/themes/ecosystems/financing-a-sustainable-blue-economy-recommended-exclusions-list-published/>

The importance of climate adaptation in Fiji

Home to over 890,000 people in the central South Pacific Ocean,⁸⁴ as an island nation, Fiji is highly vulnerable to the impacts of climate change.⁸⁵ The shoreline in the Pacific is expected to retreat by up to 40 meters as the sea level is expected to rise by 0.25 meters by 2050,⁸⁶ putting Fiji's communities under significant threat, as 76% of Fiji's population lives within five kilometres of a coastline.⁸⁷ Given Fiji's susceptibility to rising sea levels and flooding, in 2017, the Fijian Government indicated that 830 vulnerable communities would require relocation, of which 48 communities were identified as being in urgent need of relocation.⁸⁸ In addition, as the intensity and frequency of extreme weather events are expected to increase in the future, Fiji remains vulnerable to the impacts of climate change.⁸⁹ Over the past 40 years, Fiji has suffered from 28 major cyclones, of which 10 in the last 10 years.⁹⁰ By 2050, Fiji's annual losses from extreme weather events could reach 6.5% of GDP, with more than 32,000 people pushed into poverty every year.⁹¹

To define Fiji's approach towards climate change, the Fijian Government launched the National Adaptation Plan in 2018 with a five-year horizon to lead and coordinate Fiji's climate adaptation efforts.⁹² The plan outlines 160 priority adaption measures on five priority themes: (i) climate information services and management, (ii) mainstream climate change issues into national level development planning processes and policies, (iii) integrate climate change issues into subnational development planning processes to tackle localized barriers, (iv) climate change awareness and knowledge, and (v) resource mobilization.⁹³ Fiji also passed the Climate Change Act in 2021, a legal framework to enable the country's mitigation, adaptation and disaster risk management actions,⁹⁴ making Fiji the first large ocean state to establish domestic legislation inclusive of a net zero target by 2050.⁹⁵ The Fijian Government estimated that FJD 9.3 billion (USD 4.4 billion) investment, almost equivalent to 100% of the country's GDP is needed per year for Fiji to build the resilience and capacity to adapt to climate change.⁹⁶

Based on the above context, Sustainalytics is of the opinion that the Fijian Government's financing of climate change adaptation projects is impactful and has the potential to better protect Fiji's community and ecosystem from the impacts of climate change.

The importance of aquatic biodiversity conservation in Fiji

Coral reefs support over 25% of the world's marine species and contribute USD 2.7 trillion of economic value globally every year.⁹⁷ Coastal and marine ecosystems are fundamental to Fiji, whose coral reefs are some of the most extensive and diverse in the South Pacific, consisting of a wide range of reef types spanning over 10,020 km².⁹⁸ However, the coral reefs in Fiji are at risk from natural disasters and human activities including overfishing, marine pollution and city expansion.⁹⁹ To enhance efforts in coastal and marine protection, Fiji's National Biodiversity Strategy and Action Plan (2020-2025) includes a commitment to have at least 30% of Fiji's offshore areas effectively managed and being part of a national marine protected area network by

⁸⁴ World Bank, Fiji Population, at: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=FJ>

⁸⁵ UNFCCC, "How Fiji is Impacted by Climate Change", (2017), at: <https://unfccc.int/news/how-fiji-is-impacted-by-climate-change>

⁸⁶ Fiji, Sustainable Bond Framework

⁸⁷ Government of Fiji, "THE ATTORNEY-GENERAL HON. AIYAZ SAYED-KHAIYUM'S STATEMENT AT THE LEADERS SUMMIT ON CLIMATE", (2021), at: <https://www.fiji.gov.fj/Media-Centre/Speeches/English/THE-ATTORNEY-GENERAL-HON-AIYAZ-SAYED-KHAIYUM-S-STA>

⁸⁸ Fijian Ministry of Economy, "5-Year & 20-Year NATIONAL DEVELOPMENT PLAN", at: <https://cop23.com.fj/wp-content/uploads/2018/03/5-Year-and-20-Year-National-Development-Plan.pdf>

⁸⁹ Center for Climate and Energy Solutions, "Extreme Weather and Climate Change", at: <https://www.c2es.org/content/extreme-weather-and-climate-change/>

⁹⁰ World Bank, "Climate Vulnerability Assessment", at: <https://documents1.worldbank.org/curated/en/163081509454340771/pdf/Climate-vulnerability-assessment-making-Fiji-climate-resilient.pdf>

⁹¹ Ibid.

⁹² Government of Fiji, "National Adaptation Plan", (2018), at: https://www4.unfccc.int/sites/NAPC/Documents/Parties/National%20Adaptation%20Plan_Fiji.pdf

⁹³ Ibid.

⁹⁴ Government of Fiji, "Climate Change Act", at: https://www.economy.gov.fj/images/CCIC/uploads/Climatechangeact/20210927_161640.pdf

⁹⁵ Haniff Tuitoga, "Fiji's Climate Change Act 2021 is more than hot air", (2021), at: <https://www.haniffuitoga.com.fj/single-post/fiji-s-climate-change-act-2021-is-more-than-hot-air>

⁹⁶ World Bank, "New Report Projects \$4.5 billion Cost to Reduce Fiji's Vulnerability to Climate Change", (2017), at: <https://www.worldbank.org/en/news/press-release/2017/11/10/new-report-projects-us45-billion-cost-to-reduce-fijis-vulnerability-to-climate-change>

⁹⁷ Global Coral Reef Monitoring Network, "Status of Coral Reefs of the World: 2020", at: <https://gcrmn.net/wp-content/uploads/2021/11/Status-of-Coral-Reefs-of-the-World-2020-Summary-for-Policymakers.pdf>

⁹⁸ Government of Fiji, National Biodiversity Strategy and Action Plan for Fiji, at: <https://www.marineecologyfiji.com/wp-content/uploads/2018/01/National-Biodiversity-Strategy-and-Action-Plan-for-Fiji-2017%E2%80%932024-1.pdf#:~:text=Conserving%20biodiversity%20is%20an%20essential%20part%20of%20safeguarding,necessities%20of%20life%2C%20including%20water%2C%20food%20and%20energy.>

⁹⁹ Ibid.

2025.¹⁰⁰ In 2020, the Ministry of Economy published Fiji's first National Ocean Policy (2020-2030) with a mission to sustainably manage 100% of the waters under its jurisdiction through a combination of controls on activities and controls on delimited ocean areas by 2030, signalling progress in Fiji's ocean governance.¹⁰¹

Based on the above context, Sustainalytics recognizes the importance of conserving aquatic biodiversity in Fiji and is of the opinion that the Fijian Government's investments towards aquatic biodiversity conservation have the potential to contribute to Fiji's ocean-related objectives.

The importance of access to clean water and essential healthcare in Fiji

Water

Access to safe and clean drinking water remains a critical challenge in Fiji, especially in rural areas. Approximately 15% of the population living in rural communities have inadequate access to clean water¹⁰² and are exposed to a higher risk of contracting water-borne diseases, such as typhoid fever and leptospirosis.¹⁰³ As of 2017, the government of Fiji had provided FJD 169.58 million (USD 80.68 million) capital investment to carry out major water projects across the country.¹⁰⁴ Under the government's National Development Plan (2017-2036), the government committed to ensure that 100% of the population have access to clean and safe water in adequate quantities by 2031, by undertaking major investment in construction of new water treatment plants, improving water distribution system and providing free water for low-income households.¹⁰⁵

Healthcare

The health system of Fiji is predominately public with the government dominating the provision and financing of health services. Similar to other Pacific Island countries, Fiji faces logistical and financial challenges in ensuring equal access to healthcare among different regions.¹⁰⁶ People living in rural areas, especially in the least developed areas, have to travel for hours to get proper treatment.¹⁰⁷ As an upper-middle-income country in the Pacific Islands, Fiji's total health expenditure as a proportion of GDP was 4% in 2019,¹⁰⁸ which is below the western Pacific regional average of 6.6% and the upper-middle-income country average of 6.0%.¹⁰⁹ To raise the percentage of GDP allocated to healthcare, the Fijian Government committed to increase health expenditure per capita from FJD 358 (USD 170) in 2015 to FJD 447 (USD 212) in 2021, by making more investments in upgrading and expanding existing divisional hospitals, as well as increasing the ratio of doctors per 1,000 people to internationally accepted levels (1/1,000).¹¹⁰

Given the above context, Sustainalytics is of the opinion that Fiji's investments in projects aimed at improving access to clean water and healthcare services are expected to generate positive social benefits.

Alignment with/contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The bonds issued under the Fijian Sustainable Bond Framework are expected to help advance the following SDGs and targets:

¹⁰⁰ Government of Fiji, National Biodiversity Strategy and Action Plan for Fiji, at: <https://www.cbd.int/doc/world/fj/fj-nbsap-v2-en.pdf> 1.pdf#:~:text=Conserving%20biodiversity%20is%20an%20essential%20part%20of%20safeguarding,necessities%20of%20life%2C%20including%20water%2C%20food%20and%20energy.

¹⁰¹ Government of Fiji, "National Ocean Policy (2020-2030)", at: <https://fiji-data.sprep.org/system/files/Fiji-National-Ocean-policy-2020-2030.pdf>

¹⁰² Water Authority of Fiji, "2017 Annual Report", at: <https://waterauthority.com.fj/wp-content/uploads/2021/10/WAF-Annual-Report-V7-160721.pdf>

¹⁰³ Nelson, S. et al. (2022), "Predicting climate-sensitive water-related disease trends based on health, seasonality and weather data in Fiji", The Journal of Climate Change and Health, at

<https://www.sciencedirect.com/science/article/pii/S2667278222000013#:~:text=Leptospirosis%2C%20typhoid%20and%20dengue%20are%20three%20water-related%20diseases,associated%20with%20leptospirosis%2C%20typhoid%20and%20dengue%20in%20Fiji>.

¹⁰⁴ Ibid.

¹⁰⁵ Fiji Ministry of Economy, "5-Year & 20-Year NATIONAL DEVELOPMENT PLAN", at <https://cop23.com.fj/wp-content/uploads/2018/03/5-Year-and-20-Year-National-Development-Plan.pdf>

¹⁰⁶ WHO, "Strengthening Pacific health systems", at: <https://www.who.int/westernpacific/activities/strengthening-pacific-health-systems#>

¹⁰⁷ Ibid.

¹⁰⁸ WHO, Global Health Expenditure Database, at: <https://apps.who.int/nha/database/ViewData/Indicators/en>

¹⁰⁹ Augustine, D. A. et al. (2017), "Financing for universal health coverage in small island states: evidence from the Fiji Islands", at:

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5435255/>

¹¹⁰ Fiji Ministry of Economy, "5-Year & 20-Year NATIONAL DEVELOPMENT PLAN", at <https://cop23.com.fj/wp-content/uploads/2018/03/5-Year-and-20-Year-National-Development-Plan.pdf>

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Pollution Prevention & Control	12. Ensure sustainable consumption and production patterns	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Environmentally sustainable management of living natural resources and land use	15. Life on Land	15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems
Terrestrial biodiversity conservation	14. Life below Water	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Green Buildings	11. Sustainable Cities and Communities	11.c Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
Climate Change Adaptation	13. Climate action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
Research and Development	7. Renewable Energy 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation 13. Climate Change	7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

		13.2 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries Integrate climate change measures into national policies, strategies and planning
Education and vocational training	4. Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
Affordable Basic Infrastructure	6. Clean Water and Sanitation	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
	7. Affordable and clean energy	7.1 By 2030, ensure universal access to affordable, reliable and modern energy services
	11. Sustainable cities and communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Access to Essential Services – Education and Vocational Training	4. Quality Education	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes
Access to Essential Services – Healthcare	3. Good Health and Wellbeing	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all
Access to Essential Services – Financial services	8. Decent work and economic growth	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
Access to Essential Services – Digital Connectivity	9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Employment Generation	8. Decent Work and Economic Growth	8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.
	10. Reduced inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
Food security and sustainable food systems	12. Ensure sustainable consumption and production patterns	12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses

Socioeconomic advancement and empowerment	5. Gender Equality 10. Reduced inequalities	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
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Conclusion

The Fijian Government has developed the Fijian Sustainable Bond Framework (the "Framework") under which it intends to issue green, blue or social bonds and loans, including private placements to finance or refinance, in whole or in part existing or future government expenditures that are expected to support Fiji's efforts and ambitions to transition to an environmentally and socially sustainable society. Eligible expenditures can be in the form of financial incentives (such as grants, loans and subsidies), fiscal measures (such as tax credits and tax expenditures) as well as capital and operational expenditures towards financing all or part of an eligible project, or extended to government departments, state agencies, local authorities, civil society organizations, pure play businesses¹¹¹ and select state-owned enterprises and public-private partnerships for their eligible projects.

The Fijian Sustainable Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Fijian Sustainable Bond Framework is aligned with the overall sustainability strategy of the company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15. Additionally, Sustainalytics is of the opinion that the Fijian Government has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Fijian Government is well-positioned to issue sustainability bonds and that that Fijian Sustainable Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021) and Social Bond Principles (2021).

¹¹¹ Pure play companies will be limited to those that derive at least 90% of their revenue from activities identified in the eligible categories.

Appendix

Appendix 1: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Fiji
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Fijian Sustainable Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	May 9, 2022

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories¹¹² for the use of proceeds are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will support Fiji's efforts and ambitions to transition to an environmentally and socially sustainable society and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15.

Use of proceeds categories as per GBP:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input checked="" type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input checked="" type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input checked="" type="checkbox"/> Food security | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

¹¹² The eligible green and blue categories are: Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Terrestrial Biodiversity Conservation, Aquatic Biodiversity Conservation, Clean Transportation, Green Buildings, Sustainable Water and Wastewater Management, Climate Change Adaptation, Research and Development, and Education and Vocational Training. Eligible social categories are Affordable Basic Infrastructure, Access to Essential Services (Education and Vocational Training, Healthcare, Financial Services and Digital Connectivity), Affordable Housing, Employment Generation, Food Security and Sustainable Food Systems, Socioeconomic Advancement and Empowerment.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Fiji's Sustainable Development Bond Steering Committee will be responsible for evaluating and verifying that the projects selected by the Ministry of Economy and relevant ministries are in line with the Fijian Sustainable Bond Framework's eligibility criteria. Fiji has overarching environmental and social legislation in place applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process to be in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Fiji's processes for management of proceeds is overseen by the Ministry of Economy which will monitor and track the allocation of proceeds using a bond register. Fiji intends to reach full allocation within two years of issuance. Pending allocation, unallocated proceeds may be maintained in the sub-account established for receiving the bond proceeds. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Fiji intends to report on allocation of proceeds on a designated website on an annual basis until full allocation. Allocation reporting will include a list of projects, the amount signed and the allocated amount. In addition, Fiji is committed to reporting on relevant impact metrics. Sustainalytics views Fiji's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

- | | |
|--|--------------------------------------|
| <input type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input checked="" type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |
| <input checked="" type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (please specify): |

Frequency:

- ☒ Annual ☐ Semi-annual
☐ Other (please specify):

Means of Disclosure

- ☐ Information published in financial report ☐ Information published in sustainability report
☐ Information published in ad hoc documents ☒ Other (please specify): The Fijian Government's website
☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- ☐ Consultancy (incl. 2nd opinion) ☐ Certification
☐ Verification / Audit ☐ Rating
☐ Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines

specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

- iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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