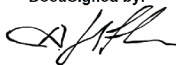


**Disclosure Statement**  
**Operating Principles for Impact Management**  
CAF - Development Bank of Latin America  
July 31<sup>st</sup>, 2025

Corporación Andina de Fomento (“CAF”), is a founding signatory to the Operating Principles for Impact Management (the “Impact Principles”). The Impact Principles provide a reference point against which the impact management systems of funds and institutions may be assessed. The Impact Principles draw on emerging best practices from a range of asset managers, asset owners, asset allocators, and development finance institutions. Through certain flexibility, the Impact Principles allow for impact investors to apply their own impact management systems in accordance with the best practices of reference.

CAF's processes and practices established in this Disclosure Statement are progressively aligned with the Impact Principles. The total portfolio of active loans and guarantees to private sector clients and equity investments in alignment with the Impact Principles is USD 3.370,787 million as of December 31<sup>st</sup>, 2024.<sup>1</sup>

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**Antonio Silveira**  
**Vice-President for Private Sector**  
**Corporación Andina de Fomento**

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<sup>1</sup> This Disclosure Statement is exclusively intended to declare CAF's observance and compliance with the Impact Principles established herein. This document shall not constitute and should not be construed as an offer or invitation to participate in any financial service, transaction, or investment, including but not limited to equity investments in ventures, enterprises, and private equity funds. It should not be taken as an opinion, advice, or base for a decision to participate in any investment. CAF makes no assurance or guarantee as to any results or outcome that may be obtained from the performance of any financial instrument or practices described herein. While past performance may be analyzed in this Disclosure Statement, past performance should not be considered indicative of future performance. CAF makes no guarantee or other promise as to any outcomes, including any financial or development impact results that may be obtained from the practices disclosed in this statement. CAF shall not have any liability to any of the recipients of this Disclosure Statement, nor to any other party in connection with or arising in any way from, or in relation to, the information or any opinions expressed in this Disclosure Statement, and CAF does not accept any responsibility whatsoever for any action or omission by any party on the basis of any matter contained in, or omitted from, the Disclosure Statement. Under no circumstances does CAF assume any responsibility for actions or omissions of third parties in relation to the content of this Disclosure Statement.

**General Note – On our operations:**

- As a multilateral development bank, CAF offers a variety of financial services that include loans, guarantees, investments in companies and in venture and private equity funds. For ease of reference, all such operations will be referred to in this Disclosure Statement as “Investments.”
- All Investments made by CAF seek to maximize the positive impacts generated and are aligned with Environmental, Social and Governance (“ESG”) Principles and oriented towards sustainable development. To strengthen the alignment of CAF’s future Investments with the Impact Principles, CAF has been working on certain supplementary internal procedures which will streamline the ex-ante assessment and management of the impact of our Investments and will improve measurement and monitoring their impact. CAF is currently advancing through the internal approval processes of its Instructivo de la Metodología de Gestión de Impacto (CAF’s Impact Management Methodology Instructions),, aimed at adding certain objective criteria that are mapped to the Impact Principles and the Sustainable Development Goals (“SDGs”) and allow to monitor (pre and post investments) the alignment of Investments with internal ESG indicators and specific impact goals. This work has continued since our last disclosure statement.
- As per the document *“Investing for Impact: Operating Principles for Impact Investment Reporting Requirements and Template for Annual Disclosure Statement”* prepared by the International Finance Corporation, we hereby represent that the information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network (GIIN) or the Secretariat or the Advisory Board. All statements and/or opinions expressed in this document are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of GIIN. GIIN is not responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees, or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing Principles to which it relates. For purposes hereof, “Affiliate” shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

**Principle 1 – Define strategic impact objective(s), consistent with the investment strategy:**

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (“SDGs”), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

- CAF is committed to promoting sustainable development and the economic integration of its member countries by providing financial services and technical cooperation to public and private sector clients, which include the Investments.
- We are a development bank committed to improving the quality of life for all Latin Americans and Caribbeans. Our actions promote sustainable development and regional integration. We are focused on becoming the green and blue bank of the region, and a reliable support for the region's economic and social reactivation. We offer advice and financial support to the public and private sectors of our shareholder countries. In addition, we generate knowledge to strengthen public policies in Latin America and the Caribbean to improve the quality and impact of the projects we promote. [Our Board of Directors has approved the Strategic Plan 2022-2026](#). L
- CAF's strategic objectives are aligned with the SDGs and internal regulations seek to link each of the goals/objectives to one or more SDGs (as provided in CAF's Management Policy and explained in CAF's Annual Report available at <https://www.caf.com/media/2826053/politicas-de-gestion-sep2019.pdf> and at <https://scioteca.caf.com/handle/123456789/2468> respectively). In fact, the internal regulations, driven by sustainable development, provide a set of tools to monitor (pre- and post-investment) alignment of the strategic plans with the SDGs.
- CAF defines strategic impact objectives for each new Investment to attain measurable and beneficial social or environmental outcomes that align with the SDGs or other widely recognized objectives. Moreover, the Investments in the portfolio are impact driven and are generally aligned with ESG Principles and oriented towards sustainable development. Impact funds that are part of the active portfolio and companies that are beneficiaries of the direct investments closed since 2019, have adopted impact monitoring methodologies and are providing applicable reports.
- CAF monitors on an annual basis the operations (including Investments) *vis a vis* the institutional goals which, as stated above, are directly aligned with the SDGs.

**Principle 2 – Manage strategic impact on a portfolio basis:**

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

- CAF has a private sector corporate strategy as well as a country-by-country corporate strategy, all of which are updated periodically to assure that the operations are consistent and aligned with the SDG (collectively, the Corporate Strategy). Current investments and potential investments are covered by the Corporate Strategy and oriented towards the achievement of said development goals.
  - CAF's pursues investments aligned with its impact management system, which progressively becomes more precise and robust.
  - As part of the internal approval processes, the committees assess and evaluates the potential contribution that each Investment will have on sustainable development in the corresponding member country or region.
  - CAF's employee's performance is measured with respect to annual goals and objectives which are aligned with the mission of contributing to sustainable development as well as with the Corporate Strategy. The team managing the portfolio of investments in the private sector has specific corporate goals related to pursuing investments that have direct contributions to sustainable development and are in line with the SDG, included in the Annual Performance Review, aligned with CAF's 2022-2026 corporate strategy.
  - Our impact management system, that includes both the Score VSP and MIDES system, is fully deployed and being applied to all investments in done in private sector.
  - The Score VSP is a rating system used to score each potential Investment using impact and risk assessments. The Score VSP considers: (1) the expected financial returns and risks of the project; (2) the maturity of the project; (3) CAF's institutional capabilities; (4) financial and non-financial additionality; and (5) a simplified impact score called PRE-MIDES.
  - The MIDES score comprises five dimensions: (1) alignment with corporate strategy; (2) relevance of the SDG the project aims to contribute to; (3) the magnitude of the expected effect; (4) the strength of the scientific support for the theory of change implicit in the project; and (5) the probability of the project delivering the products or outputs it promises to deliver. The MIDES system is being used to produce baseline values of expected impact for each private sector Investment evaluated.
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**Principle 3 – Establish the Manager’s contribution to the achievement of impact:**

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

- CAF applies the following criteria to analyze the eligibility and priority of its Investments (and other operations):
  - Contribution to Development alongside Financial Return: Investments must favorably contribute to the sustainable development of the corresponding member country, while also generating attractive financial gains. Applicable indicators to the Investment are to be selected.
  - Risk Factors: Risk factors of the Investments that could impact the environment, including ESG aspects in general, are identified and addressed.
  - Additionality: It refers to the value which CAF adds to a certain transaction beyond pure financial assistance (i.e., direct financial contribution) to contribute to each transaction elements such as: (i) promotion and structuring of the transaction; (ii) technical assistance; (iii) other non-financial contributions such as improving the cost of capital, getting active shareholder engagement, providing capacity building to the investee, among others.
  - Mobilization: CAF should aim to further mobilize resources from various sources to each transaction. CAF has been included in the recent [joint report](#) of the MDB Task Force on Mobilization on “Private Capital Mobilization”.
- CAF has internal regulations that provide for Investments that are environmentally sustainable and socially responsible (<https://www.caf.com/es/lineamientos-y-salvaguardas-ambientales/>) and follow recommendations to further align the corporate governance (“CG”) systems with applicable best practices. Moreover, all of them must clear the strict compliance filters and are constantly monitored by compliance experts to assure that red flags are addressed on time.

**Principle 4 – Assess the expected impact of each investment, based on a systematic approach:**

For each investment, the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations.

In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts.

Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

- Starting on July 1<sup>st</sup> 2023 an expected impact system for private sector Investments is being used to prioritize Investments across all instruments used to support the private sector. The system, MIDES, is being rolled out and a periodic review system is underway. The system produces a preliminary expected impact index (PRE-MIDES) for the origination stage of each potential project, which is combined with another index produced by the risk department and other elements regarding the investment, to generate the Score VSP, a rating system used to score each potential Investment using impact and risk assessments.
- During the evaluation stage, as more information is gathered on the Investment, the full MIDES score is developed and summarized in a short report for the investment committee. The score takes into account five dimensions: (1) alignment with corporate strategy; (2) relevance of the SDG the project aims to contribute to; (3) the magnitude of the expected effect; (4) the strength of the scientific support for the theory of change implicit in the project; and (5) the probability of the project delivering the products or outputs it promises to deliver. The last dimension considers: (a) the experience and institutional governance of the potential project operator; (2) the quality of the impact thesis; (3) the operator's reporting abilities and capabilities; and (4) the country's rule of law. This probability is updated periodically based on the actual delivery of the workplan. Before approval of the project, MIDES provides a baseline value of the index that is updated over time and which at the end of the project will be described in the ex-post evaluation reports.
- A set of indicators is selected to assess the actual delivery of the workplan of each operation. These indicators are generally selected from a catalog that includes CAF's Development Contributions Indicators, HIPSO indicators and JII indicators. The catalog of indicators is reviewed periodically by CAF's internal specialists to determine whether updates or supplements are needed for MIDES.

**Principle 5 – Assess, address, monitor, and manage potential negative impacts of each investment:**

For each investment, the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

- CAF has a systematic technical-administrative process to identify, evaluate, qualify, and mitigate the environmental, social and climate risks of its Investments, in accordance with the mitigation hierarchy; it also has a corporate governance scheme that guarantees the separation of functions, the transversality of ESG themes throughout the entire work of the Institution and the timely and informed decision-making.
- As a product of due diligence, for each Investment an Action Plan is established that guarantees that the Investment adequately and timely complies with the environmental and social legislation applicable in the country and with CAF's Environmental and Social Safeguards, in line with best international practices.
- CAF carries out a continuous process of supervision and monitoring of compliance with its policies and standards in each Investment, through different mechanisms and in close collaboration with its borrowers, to guarantee that the development objectives sought by these operations are met.
- CAF has internal regulations that provide for Investments that are environmentally sustainable and socially responsible (<https://www.caf.com/es/lineamientos-y-salvaguardas-ambientales/>) and follow recommendations to further align the corporate governance ("CG") systems with applicable best practices. Moreover, all of them must clear the strict compliance filters and are constantly monitored by compliance experts to assure that red flags are addressed on time.

**Principle 6 – Monitor the progress of each investment in achieving impact against expectations and respond appropriately:**

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment.

Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported.

When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

- As described in principle 4, the MIDES system provides a framework not only for quantifying the ex-ante expectation of impact, but also for tracking the evolution over time of the index as the project evolves and is implemented. The index is updated annually using project update reports, which includes indicators on product delivery, and which feed directly into the model. Under or over performance of the project will mostly be explained by under or over delivery of the project's outputs or under or over performance on the project's workplan.
- CAF contractually engages the managers of Investments to report periodically their progress in delivering development outcomes and the performance of selected indicators.
- As the MIDES system is just beginning its full scale implementation across all private sector operations, it is early to report precisely on the way the system will be used for decision making in the event of systematic negative deviations from the expected impact value at baseline, however the organization is fully committed to its impact mandate and to making every effort for its private sector operations portfolio to deliver on the impact it is assembled for.
- In 2024, CAF piloted the first two operations in their first year of MIDES follow-ups. In 2025, close to three dozen operations are expected to enter the MIDES follow-up pipeline.
- Divestment or other forms of exit being a possibility, CAF may also take actions when material deviations from the development expectations are found. Those actions, analyzed by the committees on a case-by-case basis, may include further engagement with the investee and the implementation of remedial actions to further align results with expectations of impact.
- CAF portfolio's performance is closely monitored and regularly reported to senior management.
- Moreover, in line with its internal processes, CAF monitors Investments through various corporate measures including the direct and disciplined participation and involvement with the boards of directors or other applicable governance committees of invested companies and funds.



**Principle 7 – Conduct exits considering the effect on sustained impact:**

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

- CAF's portfolio Investments includes products such as: lines of credit (for corporations and financial institutions), project finance, loans (corporate, A/B and syndicated), guarantees and equity investments. The latter may include (i) direct equity investments in local development financial institutions, infrastructure projects; (ii) participations in private equity funds (funds of funds, venture, growth, equity, debt, impact, among others); and (iii) investments through quasi-equity, mezzanine, subordinated loans, among other financial facilities.
- Most debt and guarantee investments are self-liquidating without exit decisions.
- In connection with direct equity investments:
  - CAF does consider the effect which the timing, structure, and process of its exits will have on the sustainability of the expected contributions to development of the corresponding investments. The decision to exit these investments tends to be in CAF's field.
  - When exit decisions are in CAF's control, CAF thoroughly documents the underlying rationale behind each of them along with the support of the applicable internal approval. CAF's internal committees consider the effect that the relevant exit may have on the expected contributions to sustainable development. Further, CAF analyzes said impact when choosing the exit structure, negotiating the exit terms and conditions, and selecting the buyer<sup>2</sup>.
- In connection with equity investments in private equity funds, decision making process related to the exit strategy relies entirely on the managers. Moreover, the funds tend to be close-end vehicles that do not allow for early divestments by investors / limited partners. In connection with the impact funds of the portfolio, managers generally mind the effects of their exits with respect to the impact objectives and targets.
- CAF promotes best practices among the funds and investees to trace sustainable development goals. CAF seeks that investees apply such best practices as Corporate Guidelines and, in that regard, they shall continue to reinforce even after CAF exercises its right to exit the Investment.

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<sup>2</sup> After independent verification, the need to establish a clear process for defining exit strategies was identified, and, following the suggestion made by OPIM, further details will be included next year.

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**Principle 8 – Review, document, and improve decisions and processes based on the achievement of impact and lessons learned:**

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

- CAF performs periodic evaluations of its private sector Investments to, among others, track the evolution of the relevant indicators to compare expected and actual impacts. To make the monitoring process more efficient, effective, and centralized, CAF is implementing a virtual dashboard and analyzing new mechanisms for compiling information. The tool provides us with a portfolio management perspective and an integral decision-making approach.

CAF conducts a mandatory final evaluation on each Investment in its active portfolio once it reaches early operating maturity. This evaluation compares the expected and effective contribution to sustainable development of each Investment through a systematic assessment of relevant metrics. The evaluation includes and documents the main lessons and the evolution of the key indicators related to contributions to sustainable development (CAF's Annual Report available at <https://scioteca.caf.com/handle/123456789/2468> respectively).

**Principle 9 – Publicly disclose alignment with the Principles and provide regular independent verification of the alignment:**

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

- This Disclosure Statement affirms CAF's status as a Signatory to the Operating Principles for Impact Management. This Disclosure Statement shows the commitment and the alignment of CAF's investment policies and processes with the Principles and will be updated annually.
- CAF's Development Contributions and Impact Measurement Department ("DADMI") will continue to engage in providing recommendations and suggesting applicable amendments to CAF's current policies and procedures to ensure the alignment of the systems with the Principles.
- The 2024 independent verification report on the alignment of CAF with the Operating Principles for Impact Management was performed by Blue Mark.
  - **Name and Address:** BlueMark has office locations in London, UK; New York, NY; and Portland, OR; and is headquartered at 154 W 14th St, 2nd Floor, New York, NY 10011. Its outside investors include S&P Global, Temasek Trust Capital, Blue Haven Initiative, Gunung Capital, Tsao Family Office, Ford Foundation and Radicle Impact. For more information, please visit [www.bluemark.co](http://www.bluemark.co).
  - **Qualifications:** BlueMark, a Delaware-registered public benefit company, is a leading provider of impact verification services in the impact investing market. BlueMark was founded with a mission to "strengthen trust in impact investing" and to help bring more accountability to the impact investment process. BlueMark has conducted this verification with an independent and unconflicted team experienced in relevant impact measurement and management issues. BlueMark has implemented a Standard of Conduct requiring our employees to adhere to the highest standards of professional integrity, ethics, and objectivity in their conduct of business activities.

Most Recent Review: [June 2024](#)

Next Planned Review: [June 2027](#)

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