2023 Sustainability Report

CAF DEVELOPMENT BANK OF LATIN AMERICA AND THE CARIBBEAN

DEVELOPMENT BANK
OF LATIN AMERICA
AND THE CARIBBEAN

Sustainability Report 2023

This document has been published under the Executive Presidency of Sergio Díaz Granados and the Corporate Vice Presidency of Strategic Programming of Christian Asinelli.

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Executive president's letter

GRI 2-22

With firm steps, and thanks to the trust of its partner countries, CAF continues to advance in consolidating itself as the green bank of the region – the multilateral bank with the widest geographic coverage in Latin America and the Caribbean.

We are an ally of countries in the fight against climate change and poverty, and we are driven by the interest that every community we work with can realize its development opportunities. We want to promote increasingly higher and sustained levels of prosperity, equity, productivity, environmental quality, and social well-being.

This vision is being realized through an *institutional strategy to 2026,* which contemplates an increase in green operations and permeates all our activities with sustainability criteria. We continue to grow thanks to the arrival of Chile, the Dominican Republic, and Honduras as full members, strengthening and expanding the coverage of our impact as a facilitator and strategic partner of the shareholder countries, supporting them in their environmental and climate commitments, and promoting projects in health, education, infrastructure, energy transition, transportation, and access to drinking water and sanitation.

With the objective of strengthening our institutional strategy, we have continued with mission-driven, cross-cutting, and enabling agendas articulated through a set of initiatives: energy transition; protection of strategic ecosystems; inclusive social development; resilient territories; greener operations; institutional strengthening; inclusion, diversity, and gender; and regional integration, in addition to strengthening our transparency and corporate governance.

A coordinated effort allowed us in 2023 to achieve 65 % of approved operations incorporating climate and biodiversity co-benefits, 23 % of the financing granted in the year being green, 29 % of sovereign approvals incorporating the gender, inclusion, and diversity component, and 19 % of sovereign approvals including the regional integration component to boost the economy. Additionally, we achieved a historical high in our risk ratings, also demonstrating the positive perception of our institution's performance in environmental, social, and governance factors.

It is important that our countries and other allies know about the impact of CAF's mission in the region. Therefore, we have developed the CAF Impact Initiative to link all our approved operations with direct contributions to the Sustainable Development Goals (SDGs), allowing us to understand how we enhance our contribution to improving the quality of life of the population in the region. In this sense, 87 of our approved operations contributed to SDG 17 to strengthen the Global Partnership for Sustainable Development; 80 contributed to SDG 8 to promote inclusive economic growth and decent work; and 68 supported SDG 9 to build resilient infrastructure and promote innovation.

This impact, managed through the efficient use of resources, is based on the decision to increase transparency and strengthen the Corporate Governance that governs and guides our work. We seek to strengthen ethical conduct in our relationships with our stakeholders and the disclosure of relevant information to build long-term trust.

We have made valuable progress in the Access to Information and Institutional Transparency Program, sharing disaggregated

information on 156 loan operations on our website and establishing the CAF Access to Information and Institutional Transparency Committee - CAITI as a collegiate corporate governance body, advisor to the Executive Presidency, to meet the information needs of all stakeholders. This program aligns with international best practices and responds directly to our Access to Information and Institutional Transparency Policy.

As a green bank, we have declared our commitment to align with the Paris Agreement, supporting our shareholder countries in the transition towards sustainable, resilient, green, and inclusive economic growth models. At COP 28 in Dubai, we confirmed our commitment to invest USD 15 billion until 2030 to strengthen the region against extreme natural events, becoming the main multilateral financier of climate adaptation in Latin America and the Caribbean.

As part of our contribution to Inclusive Social Welfare, we seek to reduce inequalities in Latin America and the Caribbean by strengthening 21st-century skills, improving health, nutrition, and childcare, and promoting policies for equal opportunities.

We approved USD 400 million to upgrade 180,000 m² of educational infrastructure in Argentina, Colombia, Ecuador, Panama, Trinidad & Tobago, and Uruguay, through programs that will benefit 3.4 million students and 60,000 teachers.

We also positioned the Health and Nutrition Agenda in Colombia, Panama, Peru, and El Salvador through the approval of two programs and investment projects for USD 213 million, and two Broad Focus Sectoral Programs in Ecuador and Uruguay, benefiting more than 4.5 million people. In addition, we designed and implemented public policies for early childhood, telehealth, and the fight against chronic child malnutrition in various countries in the region.

Our efforts were also directed towards the mission-driven agenda of productivity and internationalization, which focuses on increasing operations with financial partners and developing funds for infrastructure and entrepreneurial capital that benefit the private sector, with special attention to supporting small and medium-sized enterprises.

Throughout 2023, 47 % of approvals were allocated to the non-sovereign and quasi-sovereign sectors, reaching USD 7.575 billion. With investment projects and intermediaries for working capital, we benefited 3,850 companies and reached nearly 18,000 micro-entrepreneurs with microcredit solutions.

None of the milestones achieved would have been possible without the valuable contribution of our human capital. With our “Empowering Talent” strategy, we strive to be an increasingly inclusive, agile, and impactful institution.

CAF will continue working day by day to strengthen its presence, visibility, and impact in Latin America and the Caribbean, leaving a positive social and environmental footprint. In this sustainability report, you can learn in detail about our 2023 management and its impact on the region.

Our shareholder countries will continue to count on CAF as a strategic ally to achieve their sustainable development goals.

Thank you for your continued trust and for allowing us to be part of your history of progress.

Sergio Díaz-Granados
Executive president of CAF

We are a development bank committed to improving the quality of life for all Latin Americans and Caribbean people. Our actions promote sustainable development and regional integration.

We seek to consolidate our position as the green bank and the bank for sustainable and inclusive growth in the region.

We offer advisory services and financial support to the public and private sectors of our shareholder countries. We generate knowledge to strengthen public policies in Latin America and the Caribbean and improve the quality and impact of the projects we promote.

Contributions to development

CAF measures the development contributions of its approved credit operations throughout the year, especially investment projects and programs, corporate loans, and equity investments. Some of the main highlights in 2023 include:

+1.1 M people

will benefit from new or improved drinking water and/or sewage connections.

5.8 M people

will benefit from new or improved energy infrastructure.

+1.8 M people

will access new or improved sustainable transportation.

23 % of the total amount

of approved operations in 2023 corresponds to green financing.

+3 M students

will benefit from educational projects.

21 shareholder countries

Argentina - Barbados - Bolivia - Brazil - Chile - Colombia - Costa Rica - Dominican Republic - Ecuador - El Salvador - Honduras - Jamaica - Mexico - Panama - Paraguay - Peru - Portugal - Spain - Trinidad and Tobago - Uruguay - Venezuela

Impact of approvals on the SDGs

Approvals by SDG

SDG 17

87

operations to strengthen the Global Partnership for Sustainable Development

SDG 8

80

operations to promote inclusive economic growth and decent work

SDG 9

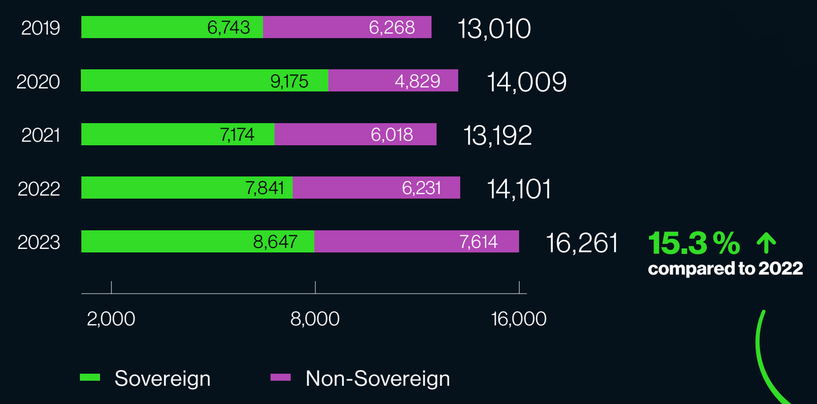
68

operations to build resilient infrastructure and promote innovation

More than **90 % of member countries** have approved projects that contribute to SDG 13 - Climate Action.

Operations

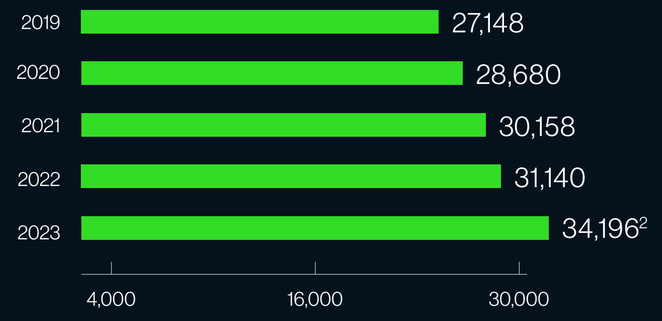
Approvals
(USD millions)



15.3 % ↑
compared to 2022

USD 16.26 billion was the total amount of approvals at the end of 2023, distributed across **380 operations.** The consolidated portfolio amounted to **USD 34.20 billion.**

Consolidated portfolio[1]
(USD millions)



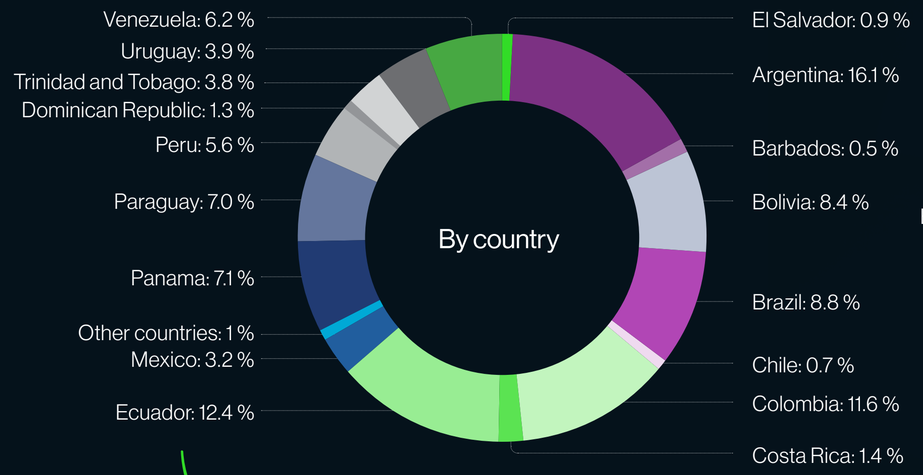
9.8 % ↑
compared to 2022

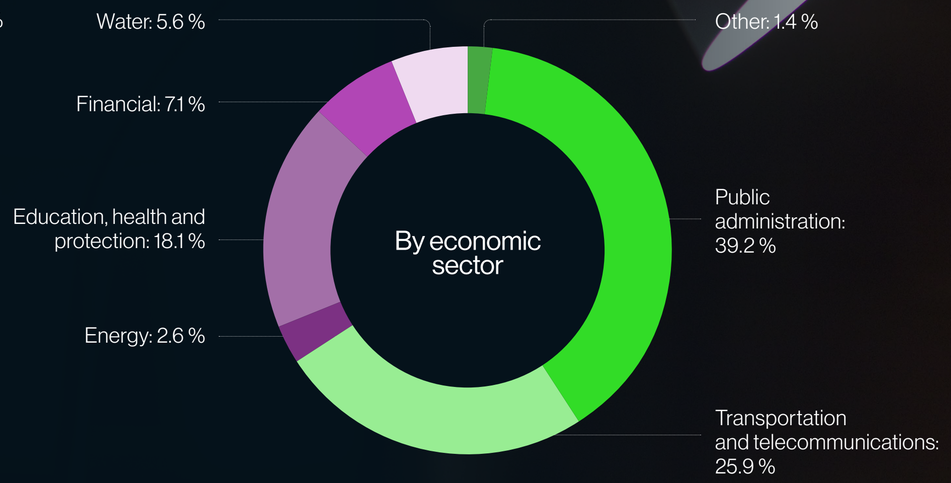
1 Includes loan portfolios, equity investments, advances, and guarantees

2 Does not include accounting adjustments

Santiago, de Chile, Chile.

Consolidated portfolio





[1] Includes Spain, Portugal, Multinational.

Our portfolio of **USD 34.20** billion was distributed **88 %** in South American countries and the remaining 12 % in Central American and Caribbean countries.

39.2 % of the portfolio was allocated to the public administration sector and **28.5 %** to the productive infrastructure sector.

Credit ratings

1. Fitch Ratings

Long-term: AA-
Short-term: F1+
Outlook: Stable

2. Japan Credit Rating Agency

Long-term: AA+
Short-term: -
Outlook: Stable

3. Standard & Poor´s

Long-term: AA
Short-term:A - 1+
Outlook: Stable

4. Moody´s Investors Service

Long-term: Aa3
Short-term: P - 1
Outlook: Stable

We reached a historical high in our credit ratings and in the perception of **performance in ESG.**

Sources of financing

12 %
Long-term deposits

13 %
Commercial plans

6 %
Loans and other obligations

69 %
Bonds

We have executed 45 bond issuances, totaling **USD 6.5 billion** in various international financial markets.

We continue our green and social bond programs.

Successful green bond issuances in 2023

USD 36 MM
June 20, 2023
SORF +1.12 % 2028
Private Placement

USD 59 MM
March 31, 2023
SORF +1.15 % 2028
Private Placement

CHF 109 MM
February 15, 2023
CAF +2.44 % 2030
Public Transaction

Multinational presence and operations

During 2023, amid high volatility in financial markets, CAF reaffirmed its role as a major provider of financing to Latin America and the Caribbean.

MEXICO
5 approvals

Approvals	Disbursements	Portfolio
USD 801 million	USD 1.18 billion	USD 1.10 billion
500 / 301	580 M / 602 M	980 M / 124 M

DOMINICAN REPUBLIC
1 approvals

Approvals	Disbursements	Portfolio
USD 195 million	USD 51 million	USD 445 million
160 / 35	40 / 11	435 / 10

EL SALVADOR
5 approvals

Approvals	Disbursements	Portfolio
USD 296 million	USD 227 million	USD 302 million
295 / 1	227	302

TRINIDAD AND TOBAGO
3 approvals

Approvals	Disbursements	Portfolio
USD 75 million	USD 136 million	USD 1.31 billion
75	135 / 1	1.31

COSTA RICA
2 approvals

Approvals	Disbursements	Portfolio
USD 15 million	USD 5 million	USD 492 million
15	5	487 / 5

BARBADOS

Disbursements	Portfolio
USD 4 million	USD 175 million
4	175

PANAMA
9 approvals

Approvals	Disbursements	Portfolio
USD 480 million	USD 165 million	USD 2.43 billion
289 / 191	62 / 103	2.29 / 146 M

JAMAICA
1 approval

Cooperation funds

Amount: USD 0.04 million

HONDURAS

Process of identifying credit operations and technical systems in the short term

Material topics:

- Institutional Strengthening
- Physical and Digital Infrastructure
- Just Energy Transition
- Inclusive Social Well-being
- Regional Integration
- Greener Operations
- Climate-Resilient Territories
- Biodiversity and Ecosystem Services
- Inclusion, Diversity, and Gender

- Sovereign Risk
- Non-Sovereign Risk

Multinational presence and operations

	Approvals	Disbursements	Portfolio
COLOMBIA 12 approvals	USD 1.74 billion	USD 509 million	USD 3.96 billion
	585 M / 1.168	250 / 259	3.214 / 741 M
ECUADOR 13 approvals	USD 1.25 billion	USD 578 million	USD 4.25 billion
	901 M / 351 M	366 / 213	4.15 / 100 M
PERU 12 approvals	USD 1.96 billion	USD 792 million	USD 1.91 billion
	798 M / 1.17	472 / 320	1.50 / 411 M
CHILE 12 approvals	USD 923 million	USD 395 million	USD 252 million
	160 / 793	395	252
ARGENTINA 12 approvals	USD 2.82 billion	USD 2.08 billion	USD 5.50 billion
	2.24 / 577 M	2.03 / 53 M	5.44 / 68 M
VENEZUELA 1 approval	USD 1 million	USD 14 million	USD 2.14 billion
	1	13 / 1	2.14
BRAZIL 20 approvals	USD 2.90 billion	USD 1.49 billion	USD 3.02 billion
	588 M / 2.31	590 M / 899 M	2.60 / 422 M
BOLIVIA 21 approvals	USD 1.11 billion	USD 163 million	USD 2.87 billion
	948 M / 164 M	136 / 27	2.87 / 49 M
PARAGUAY 9 approvals	USD 633 million	USD 444 million	USD 2.38 billion
	435 / 198	404 / 40	2.35 / 38 M
URUGUAY 4 approvals	USD 726 million	USD 428 million	USD 1.31 billion
	675 / 51	386 / 42	1.16 / 167 M

- Sovereign Risk
- Non-Sovereign Risk

Methodology

GRI 2-3

CAF - Development Bank of Latin America and the Caribbean - is pleased to present its sustainability report for the period from January 1 to December 31, 2023, prepared with reference to the GRI Standards and complementing the information disclosed in our 2023 Annual Report and the audited annual financial statements for the same period.

See CAF's **2023 Annual Report at:**
(link to 2023 Annual Report)

See CAF's **2022 Sustainability Report at:**
(link to 2022 Sustainability Report)

See more information on CAF's audited **annual financial** statements for 2023 at:
(link to financial statements)

The Sustainability Report is an accountability practice that we carry out annually, and the previous published report corresponds to the 2022 fiscal year.

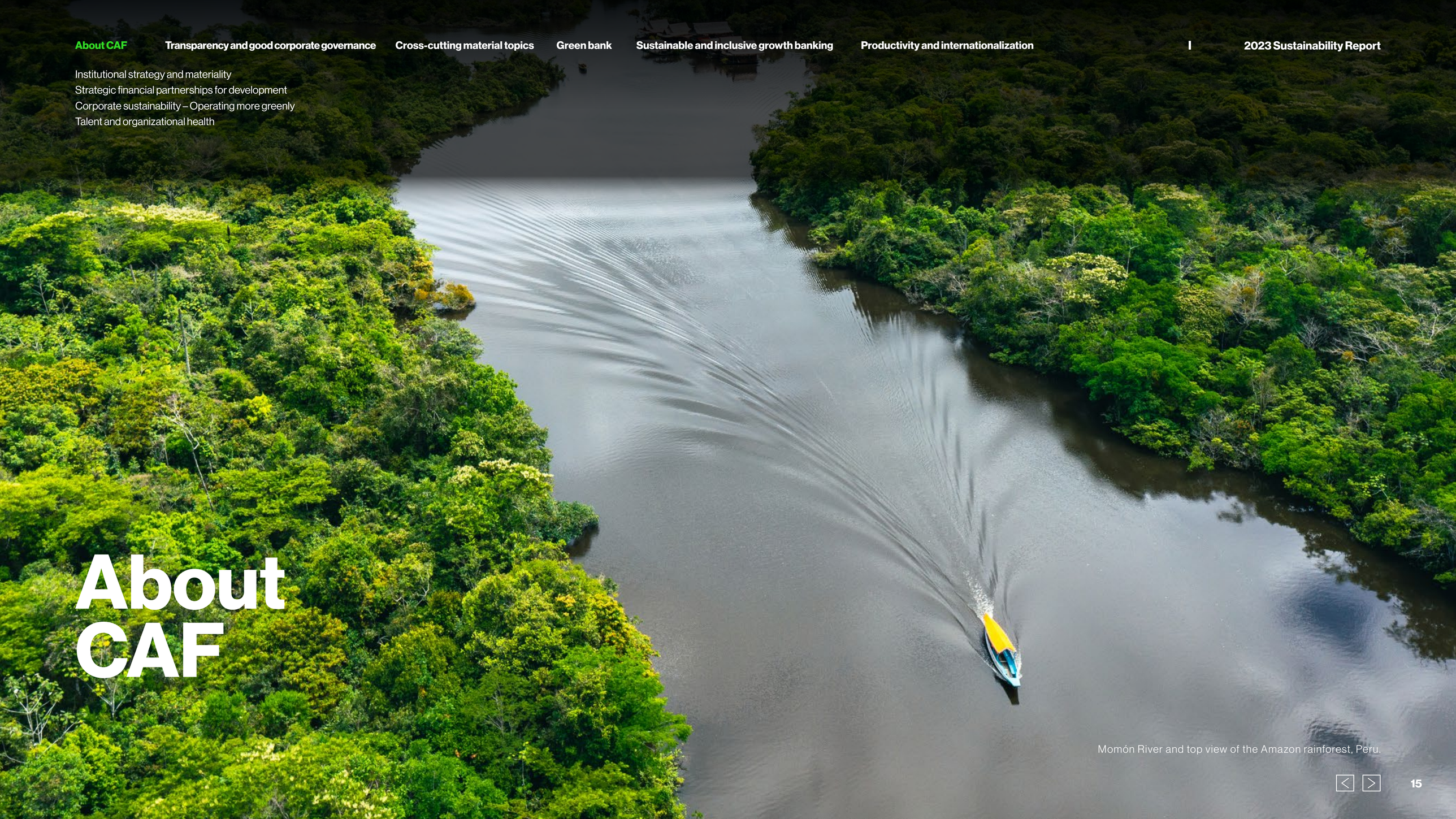
In Chapter 3 of this report, "About CAF," we detail our Mission-Oriented, Cross-Cutting, and Enabling Strategic Agendas. These agendas guide our roadmap to transform and consolidate CAF as the green bank and the bank for sustainable and inclusive growth in Latin America and the Caribbean. Each agenda has a long-term vision developed through the initiatives that comprise it, which are fundamental to addressing the management of CAF's material topics developed throughout this report.

The results are presented in terms of financing, which includes credit operations and technical cooperation approved during the year, as well as relevant events in the management of the agendas during the 2023 period. They reflect approvals with the institution's own resources and consider the elements developed for each material topic; therefore, some operations may address more than one topic and contain aspects that connect different agendas simultaneously.

Any communication, inquiries, and requests for additional information related to this report can be addressed to siga@caf.com

Institutional strategy and materiality
Strategic financial partnerships for development
Corporate sustainability – Operating more greenly
Talent and organizational health

About CAF



Momón River and top view of the Amazon rainforest, Peru.

Institutional strategy and materiality

GRI 3-1

A milestone for CAF in 2023 is the update of our institutional strategy with a view to 2026.

Our corporate strategy towards 2026 is the result of an exercise that integrates contributions from all areas of the institution and validation by the Board of Directors during CAF's XX Extraordinary Shareholders' Meeting. Considering the reactivation challenges caused by the pandemic, and with the purpose of strengthening the support we provide to member countries to improve the quality of life, productivity, and environmental protection in the region, CAF set a new goal: **to become the green bank of Latin America and the Caribbean.**

With a view to deploying and implementing our institutional strategy, we segmented key actions for the region's development into agendas that respond to the corporation's vision and leverage the strengths acquired in over 50 years of work.

Firstly, we address **Mission-Oriented Agendas** such as: the just energy transition; the protection of strategic ecosystems; the strengthening of resilient territories; inclusive social well-being; the development of sustainable physical and digital infrastructure, as well as boosting productivity and internationalization in shareholder countries. This mission-oriented action by CAF responds to the *raison d'être* of our organization *vis-à-vis* our external clients.

Secondly, we address **Cross-Cutting Agendas** that permeate the bank's work and focus on essential factors to consolidate us as the green bank and the bank for sustainable and inclusive growth in Latin America and the Caribbean. These agendas institutionalize the incorporation of inclusion, diversity, and gender components in our operations; promote greener operations; foster the institutional strengthening of our counterparts, with a primary emphasis on regional and local governments; deepen regional integration; promote learning through generated knowledge; and seek to further expand institutional partnerships, seeking to mobilize resources that contribute to amplifying our impact in the region. With the execution of cross-cutting initiatives, silos are broken, and work is carried out transversally to achieve the execution and fulfillment of our agendas.

Finally, the **Enabling Agendas** pay special attention to strengthening internal capacities that enable value creation from the bank's actions so that the cross-cutting and mission-oriented agendas are fulfilled. Some examples of these agendas are those focused on digital transformation, institutional transparency, and organizational culture.

Mission-oriented agendas

15 initiatives

A

Just energy transition

A1.a Power generation with renewable sources

A1.b National energy systems

Biodiversity and ecosystem services

A2.a Strategic ecosystems

A2.b Blue economy and oceans

A2.c Sustainable and productive agricultural sector

Resilient territories

A3.a Water security

A3.b Urban and mobility systems

A3.c Creative and tourism economies

Inclusive social well-being

A4.a Health, nutrition, and early childhood care

A4.b 21st-century skills

A4.c Policies for equal opportunities

Physical and digital infrastructure

A5.a Physical connectivity and integration

A5.b Infrastructure and digital transformation

Productivity and internationalization

A6.a Operations with financial partners

A6.b Funds for infrastructure and venture capital

Cross-cutting agendas

6 initiatives

B

Greener operations

B1. Greener operations

Knowledge for business

B2. Improving the quality of operations

Institutional strengthening

B3. Strengthening subnational capacities

Inclusion, diversity, and gender

B4. Mainstreaming gender, inclusion, and diversity

Regional integration

B5. Regional integration of operations

Partnerships, mobilization, and resource management

B6. Partnerships and resource mobilization

Enabling agendas

6 initiatives

C

Financial sustainability

C1. Solvency and financial sustainability

Talent and organizational health

C2. Culture, talent, and organizational health

Digital transformation

C3. Digital transformation plan

Institutional agility and operational excellence

C4. Agility and regulatory improvement

Transparency and good corporate governance

C5. Access to information and transparency

Public and private financial instruments

C6. Innovative financial instruments

2023 materiality update

GRI 3-2

Our purpose of contributing to sustainable development in the territories of our shareholder countries has allowed us to grow, expand, and increase our potential for positive impact, creating benefits with our operations.

The formulation of our corporate strategy with a view to 2026 responds to the principle of materiality with a clear and structured vision that determines lines of action and defines metrics to measure performance and continuous progress in our management.

The following 13 strategic lines of action constitute the material topics for the 2023 sustainability report, which respond to a long-term perspective and are part of our strategic agendas.

CAF's material topics for this report within the framework of the institutional strategy

- Talent and organizational health
- Transparency and good corporate governance
- Solvency and financial sustainability
- Digital transformation

- Physical and digital infrastructure
- Biodiversity and ecosystem services
- Just energy transition
- Climate-resilient territories
- Inclusive social well-being

- Regional integration
- Institutional strengthening
- Greener operations
- Inclusion, diversity, and gender

To operationalize the management of material topics, quantify our performance, and deliver measurable benefits in the implementation sphere, each material topic includes initiatives with specific actions and measurable objectives.

The material topics in each of the agendas of our institutional strategy are covered in the management we carry out to serve both the public (sovereign) and private (non-sovereign) sectors; in financial intermediation to mobilize resources from international markets to the region, promoting investment; and in the offer of knowledge, products, and financial services to a client portfolio, including shareholder countries, private companies, and financial institutions, primarily.

Our 2023 Sustainability Report accounts for and discloses the management and progress on the achievements and management of material topics based on contributions to sustainable development.

Development of the CAF impact initiative, which measures the impact of our work linked to the SDGs

To identify and adequately manage positive and negative impacts derived from CAF's actions and the management of material topics, we have adopted an overarching goal: **to continuously improve regulatory frameworks, spaces, and processes that guarantee responsible environmental and social management.**

Therefore, within the framework of our **Access to Information and Institutional Transparency Policy (PAITI),** we ratify our commitment to transparency and establish the **Environmental and Social Complaints Mechanism (MRAS)** as an instrument for the comprehensive management of environmental and social risks associated with our operations, facilitating the reception, attention, and effective management of complaints and concerns regarding their potential negative impacts on people or the environment. In this way, we ensure adequate environmental and social performance, improve relationships with our stakeholders, reduce social conflict, and protect the rights of individuals and communities potentially affected by an investment initiative promoted by CAF.

Finally, at CAF, we link all our approved operations with a direct contribution to the Sustainable Development Goals (SDGs), generating information that allows us to measure the social contribution of the economic resources and efforts invested in different initiatives. This is how we developed the **ICAF Impact** initiative, which measures the impact of our work through a systematic effort based on available scientific evidence, showing in a simple and human way the scope of our contributions. This allows us to understand how we enhance our contribution to improving the quality of life of the population in the region.

Find more information about these mechanisms and instruments for managing risks, opportunities, and positive and negative impacts in Chapter 4 **"Transparency and Good Corporate Governance"** of this report.

At CAF, we disclose our **financial performance** through the 2023 Annual Report, available at com/media/466847/annual-report-2023.pdf

Our stakeholders

GRI 2-29

Close and permanent relationships with our stakeholders allow us to build knowledge about potential areas/ areas for regional progress. In this way, we also make the mechanisms and instruments we have available for the effective management of potential and actual impacts functional while validating their relevance and promoting our institutional strategy comprehensively for sustainable development.

Stakeholder groups and permanent communication channels

The relationship with our stakeholders occurs throughout our value chain, which illustrates how CAF's actions are connected to fulfill our mission and institutional strategy.

Shareholders

- Shareholders' Meeting
- Board of Directors Meeting
- Audit Committee Meeting

Clients

- Website
- Digital media and social networks
- Media
- Email
- Forums
- Congresses

Strategic partners

- Observer at annual meetings of multilateral institutions
- Framework collaboration agreements
- Public coordination and debate forums
- Joint work programs
- Meetings at the request of the parties

Employees

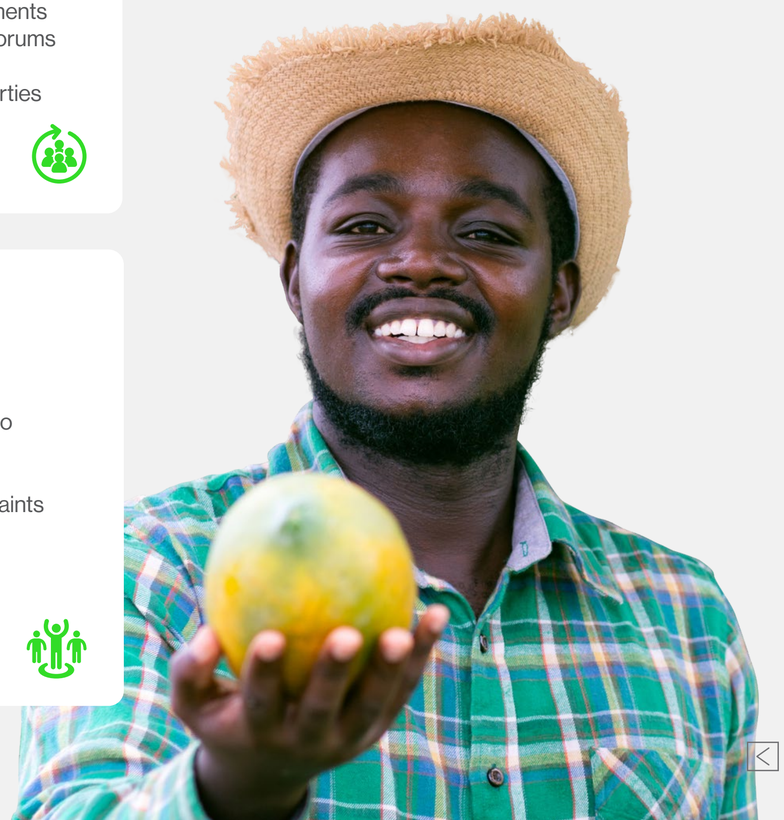
- Platforms, publications, and internal disclosure systems
- Emails
- Internal communication strategies by project
- Human Capital Management Committee
- Internal structures for job evaluation, promotions, and performance assessment

Suppliers

- Requests for proposals
- Requests for information (RFI)
- Private tenders
- Satisfaction survey

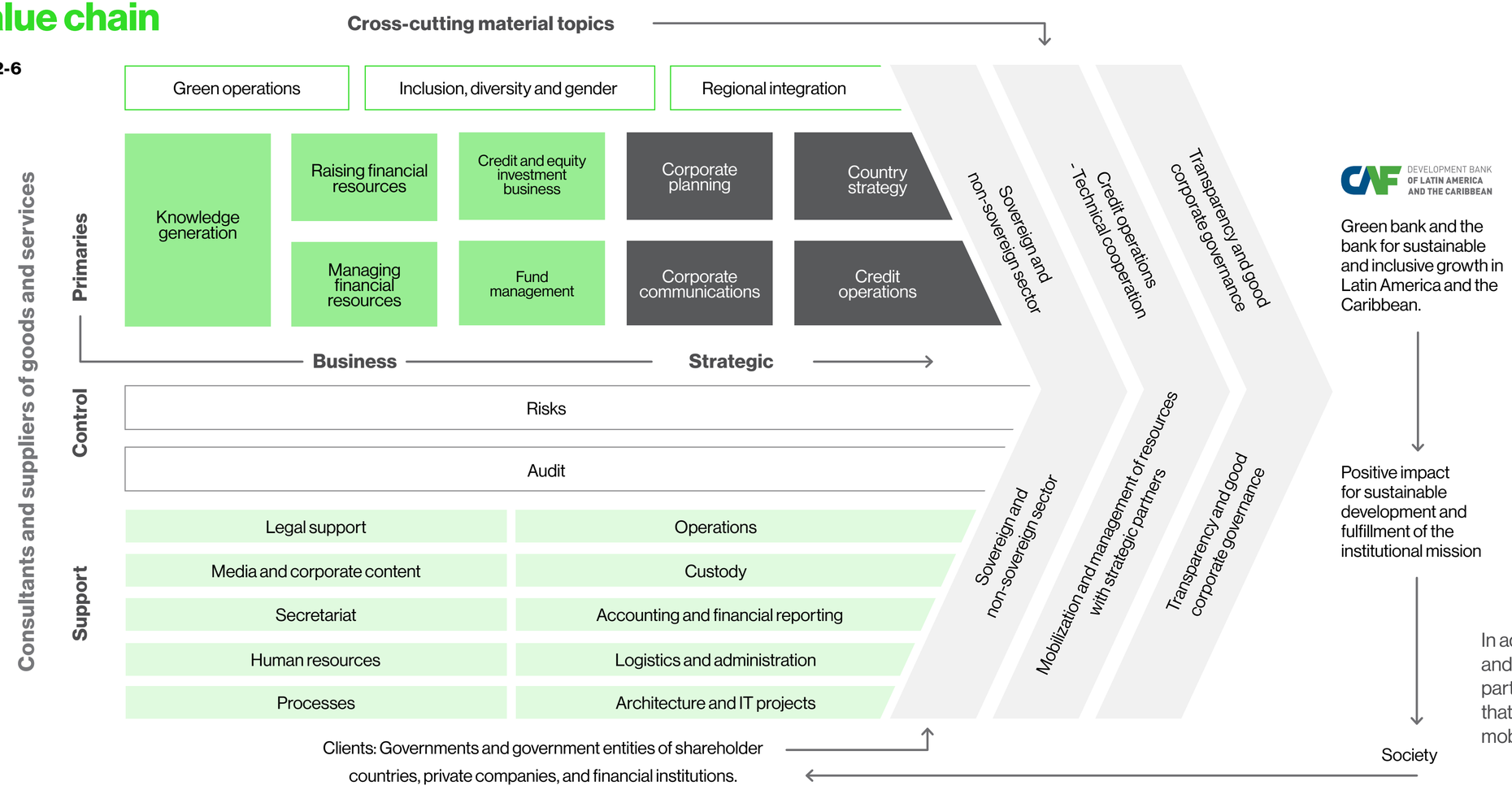
Society

- Website and other digital media (social networks)
- Electronic newsletters targeted to segmented databases
- Media
- Environmental and Social Complaints Mechanism – MRAS



CAF Value chain

GRI 2-6



DEVELOPMENT BANK OF LATIN AMERICA AND THE CARIBBEAN

Green bank and the bank for sustainable and inclusive growth in Latin America and the Caribbean.

Positive impact for sustainable development and fulfillment of the institutional mission

In addition, at CAF, we create synergies and collaborative networks through partnerships with actors and stakeholders that enhance the impact of our actions and mobilize each of the agendas.

Strategic financial partnerships for development

GRI 2-28

Maximizing the impact and value creation of our operations is possible thanks to multiple partners that enable us to mobilize more financial and non-financial resources to the region, diversify the sources of these resources, and create more favorable financial conditions for shareholder countries.

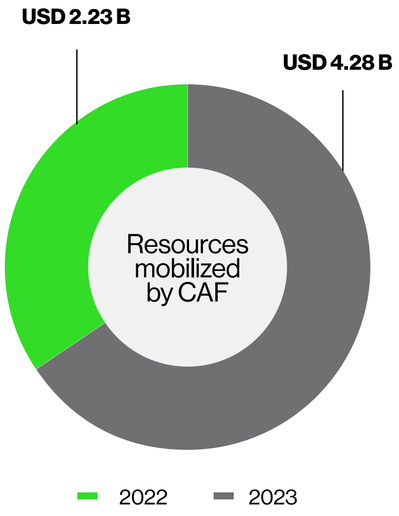
In 2023, we mobilized more than **than USD 4 billion** through a variety of products, including public and private co-financing and parallel financing; technical assistance; green funds; credit lines; thematic bonds; and knowledge transfer.

The main focus of action during 2023 was to increase the flow of mobilized resources from partners, involving new CAF areas for this purpose, achieving a 92 % increase compared to 2022.

These resources are intended to boost key projects that promote sustainable development and resilience in our region.

This increase in resources mobilized by CAF was reflected in multiple programs and operations, among which we highlight the following:

92 % ▲



Relevant operations driven by the mobilization of financial resources with partners in 2023

Sectoral Support for Biodiversity and Climate Change in Colombia, approved by the OPEC Fund **(USD 150 million)** and CABEI **(USD 250 million)**

The Support Program for the Development of the Green Hydrogen Industry in Chile, co-financed by the World Bank **(USD 150 million), the IDB (USD 400 million), KfW (USD 108 million), and the EIB (USD 112 million)**

The Road Program IV in Paraguay, with co-financing from the OPEC Fund for
USD 50 million

The Support Program for the Energy Transition of Tierra del Fuego, Antarctica, and South Atlantic Islands, with co-financing from the AIIB for
USD 65 million

The A/B loans in Argentina for YPF for **USD 325 million** and for Pan American Energy (PAE) for
USD 270 million

In addition, to enhance transparency in each of our development partnerships, in 2023 CAF became a member of the group of multilateral institutions known as the Task Force on Multilateral Development Banks, committing to disclose the results of our operations with the private sector.

Details on CAF's participation as a member of the **group of multilateral institutions** in [link to MDB report]

Details on the **impact of resource mobilization** achieved by CAF in the 2023 Annual Report [link to annual report, page 42]

Learn about CAF's financial partners and details about the **institutional financial resources mobilized by CAF** in [link to institutional financial resources page]

One of the main challenges we have set for ourselves in 2024 is the strengthening of an internal initiative to mobilize more resources and increase the flow of financial and non-financial resources to the region, led by the Resource Mobilization and Global Partnerships Management, with the participation of the entire institution.

Timbiquí, Colombia.

Corporate sustainability – operating more greenly

Consolidating ourselves as a green bank implies self-financing, financing third parties, and operating more sustainably.

During 2023, we formulated a corporate sustainability strategy focusing on the environmental pillar, prioritizing action areas that allow for greener internal operations.

Under this vision, a multidisciplinary team articulated different initiatives across four action areas: **sustainable logistical and administrative services,** sustainable infrastructure, *green IT,* and internal environmental management. These rest on two enabling areas necessary to achieve the stated objectives:

Change management, to strengthen and maintain a culture of sustainability.

Measurement and reporting, to assess the progress and maturity of incorporated practices.

CAF's Corporate sustainability strategy in the environmental pillar

- Energy Efficiency
- GHG Emissions
- Sustainable Criteria in Procurement and Contracts
- Responsible Resource Use
- Community and Related Externalities

Sustainable Logistical and Administrative Services | Sustainable Infrastructure | *Green IT* | Internal Environmental Management

Change Management

Measurement and Reporting

Sustainable logistical and administrative services:

Enables the incorporation of sustainable practices in processes such as event management, procurement, and contracting.

Green IT:

Seeks to incorporate practices and strategies focused on the efficient and responsible use of information and communication technologies to minimize their environmental impact.

Sustainable infrastructure:

Encompasses sustainable practices in the planning, design, and construction processes of physical infrastructure projects, as well as the operation, maintenance, adaptation, and remodeling of existing infrastructure.

Internal environmental management:

Includes practices and procedures to minimize the environmental impact of our internal operations, managing the environmental system under ISO 14001.

Each action area has initiatives with challenging goals for 2026 that involve the entire organization, establishing monitoring indicators to communicate progress to Senior Management and review their results in internal committee meetings, where the institution's sustainability issues are defined and reviewed.

We prioritize the development of an environmental culture by promoting sustainable actions and practices among employees, extending these to our consultants and suppliers of goods and/or services, and fostering a more environmentally conscious business ecosystem.

Let's see some progress in these areas.

Sustainable procurement and contracting

The year 2023 was key on the path towards consolidating this practice.

We formalized the environmental, social, and economic criteria applicable to our procurement and contracting processes, as well as the guidelines and tools for implementing the practice daily. Furthermore, we enhanced our internal capacities to advance in the management of a sustainable supply chain, with the participation of our procurement staff in the "Sustainable Public Procurement" training at the OAS School of Government, as well as with the collaborative work of the multidisciplinary team that developed the practice, who received talks on sustainable procurement and contracting.

In 2023, 28 % of acquired goods met sustainable criteria following the training and application of these criteria.

Sustainable events

During the last quarter of 2023, we began reviewing and strengthening our event management process to formalize the incorporation of sustainable measures in its different stages, measures that have been taken into account but are now articulated within the corporate sustainability strategy with a more formal methodology.

An example of our commitment to applying sustainability in events is the **CAF Marathon,** which in its 2023 edition achieved the highest *Evergreen* certification, issued by the *Council for Responsible Sport* as a green and socially responsible sporting event.

Internal environmental management area

Our Institutional Environmental Management System (SIGA), aligned with the ISO 14001:2015 standard, ensures effective management of our internal operations by managing the risks associated with the processes that are part of the system and that may have an environmental impact, carbon footprint, waste, and training or awareness-raising regarding environmental protection.

Carbon neutrality of our internal operations

GRI 305-1, 305-2, 305-3

We honor our commitment to maintain carbon neutrality through rigorous monitoring of our carbon footprint, the search for measures to reduce it, and the adoption of compensation mechanisms that, in addition to the inherent environmental benefits, contribute to the economic and social development of the region.

We maintain a reliable database for the Greenhouse Gas (GHG) inventory, a process carried out following international standards and protocols such as ISO 14064-1:2018, the GHG Protocol, ISO 14068-1:2023, and the INTE B5:2021 standard.

Our Greenhouse Gas inventory includes the following sources:

GHG Sources

Scope 1

1. Transportation process (gasoline, diesel) - liters or kilometers traveled
2. Diesel consumption (commercial/institutional) - liters - spain only
3. Natural gas consumption - liters - bolivia, uruguay, and venezuela
4. Refrigerant gas leaks - pounds - (not yet quantified)

Scope 2

5. Electricity consumption kWh

Scope 3

6. Wastewater from consumption in m^3
7. Employee commuting to CAF facilities - km
8. Business travel - km
9. Solid waste sent to landfill
10. Stationery and printing

In 2023, we recorded a carbon footprint of **12,703.3 tons** of CO_2eq, covering Argentina, Bolivia, Brazil, Colombia, Ecuador, Spain, Panama, Peru, Uruguay, Mexico, Paraguay, Trinidad and Tobago, and Venezuela. **99 %** of these emissions correspond to **scopes 2 and 3,** while the remaining **1 %** corresponds to direct scope 1 emissions.

We offset our greenhouse gas emissions by acquiring **13,339 carbon credits,** including an additional **5 %** as a safety measure, through projects certified as the Vichada *Climate Reforestation Project* in Colombia, *Montes Del Este Afforestation in Degraded Grasslands* in Uruguay, and Efficient Stoves in Honduras. These projects meet strict international carbon market standards such as *Gold Standard* and Verra.

2023**	Scope 1		Scope 2		Scope 3	
Carbon footprint* (ton CO_2eq)	ton CO_2eq ***	%	ton CO_2eq	%	ton CO_2eq	%
12,703.3	**145.15**	**1 %**	**1,251.64**	**10 %**	**11,306.51**	**89 %**

2022**	Scope 1		Scope 2		Scope 3	
Carbon footprint* (ton CO_2eq)	ton CO_2eq ***	%	ton CO_2eq	%	ton CO_2eq	%
6,109	**102**	**2 %**	**1,202**	**20 %**	**4,805**	**79 %**

* The gases considered for the carbon footprint calculation were CO_2, CH_4 and N_2O.

** The base year for calculating the carbon footprint is 2015; this represents the first year in which the footprint was measured considering the same offices and sources.

*** Sources of emission factors and global warming potential (GWP) rates include the World Resources Institute's *Greenhouse Gas Protocol of World Resources Institute* (GHG Protocol) of 2017, the Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change of 2014 (IPCC:2014), and the UK Department for Environment, Food & Rural Affairs of 2013 (DEFRA:2013).

Energy efficiency

GRI 302-1

We manage and quantify our electricity and fuel consumption at corporate facilities and for vehicles.

We maintain the implementation of self-generation based on renewable energy in the Bolivia office, which reached an annual average of **14 % in 2023.**

Electricity
4,773,193.15 kWh

Diesel

Corporate:
1,602 liters

Transportation:
7,855 liters

Natural Gas

Corporate:
30,702 m³

Gasoline
25,255 liters

Waste management

GRI 306-1, 306-2,306-3

We focus on reducing consumption and promoting the reuse and recycling of materials to responsibly manage waste.

Since 2018, we have implemented a comprehensive waste management procedure as part of our Institutional Environmental Management System (SIGA). This includes monitoring the generation of non-recyclable waste in our offices to estimate its impact on the carbon footprint. In addition, we carry out the separation of different types of waste, such as paper, plastic, glass, and organic materials, adapting to the specific conditions of each city where we operate.

At the end of 2023, we managed 47.13 tons of waste.

In 2023, we managed a total of 45,264.18 kg of non-hazardous solid waste, representing an 83 % increase compared to 2022. This is mainly due to the increased collection of non-recyclable waste, paper, cardboard, and plastic. On the other hand, hazardous solid waste increased by 34 %, totaling 1,870 kg in 2023. This increase is largely due to the inclusion of electronic waste in our management practices and an increase in the collection of batteries and cells.

Overall, the total waste managed increased by 80 %, from 26.12 tons in 2022 to 47.13 tons in 2023.

Increasing coverage in integrated waste management and the amount of waste recovered or sent to appropriate final disposal reflects our ongoing efforts to improve waste collection, separation, and recycling across all our operations, as well as a greater volume of activities and better participation of our employees in proper waste management practices.

CLASSIFICATION

Solid waste 2023 (Non-hazardous)

- Aluminum (kg): 131.77 (175.91 - 2022)
- Non-recyclable (kg): 33,248.86 (16,293.80 - 2022)
- Organic (kg): 823.79 (1,343.89 - 2022)
- Paper and cardboard (kg): 9,108.64 (5,431.68 - 2022)
- Plastic (kg): 1,361.33 (938.72 - 2022)
- Tetrapak (kg): 250.15 (111.20 - 2022)
- Glass (kg): 339.65 (429.75 - 2022)

Total waste solids (non-hazardous) (kg): **45,264.18** (24,724.95 - 2022)

Solid waste 2023 (Hazardous)

- Batteries (kg): 277 (245 - 2022)
- Electronics (kg): 1,233 (0.00 - 2022)
- Used fluorescent lamps (kg): 360 (1,148 - 2022)
- Printer toner (kg): 0 (0 - 2022)

Total solid waste (hazardous) (kg): **1,870.00** (1,393.00 - 2022)

Total waste managed (tons): **47.13** (26.12 - 2022)

Responsible and sustainable procurement:

Sustainable purchasing and events

The year 2023 marked a significant step towards consolidating the practice of sustainable procurement and contracting.

We formalized the environmental, social, and economic criteria applicable to our procurement and contracting processes, as well as the guidelines and tools for executing procurement processes. Furthermore, we enhanced our internal capacities to advance in the management of a sustainable supply chain, with the participation of our procurement staff in the "Sustainable Public Procurement" training at the OAS School of Government, as well as with the collaborative work of the multidisciplinary team that developed the practice, who received talks on this topic.

During the last quarter of 2023, we began reviewing and strengthening our event management process to formalize the incorporation of sustainable measures in its different stages. These measures have been considered but are now articulated in the corporate sustainability strategy and require a more formal methodology.

An example of our commitment to applying sustainability in events is the CAF Marathon, a sporting event that achieved the highest *Evergreen certification in its 2023 edition, issued by the Council for Responsible Sport,* as a green and socially responsible sporting event.

In 2023, 28 % of acquired goods met sustainable criteria following the training and application of these criteria.

Our suppliers, partners for a sustainable supply chain

GRI 2-6

Our suppliers

Suppliers of goods

Natural or legal persons who supply (tangible) goods required to guarantee CAF's operations. They may be located in CAF member countries (categorized as local) or outside of them.

Suppliers of services and consulting

Natural or legal persons who offer services (intangible) required to guarantee CAF's operations and achieve the stated objectives. They may be located in CAF member countries (categorized as local) or outside of them.

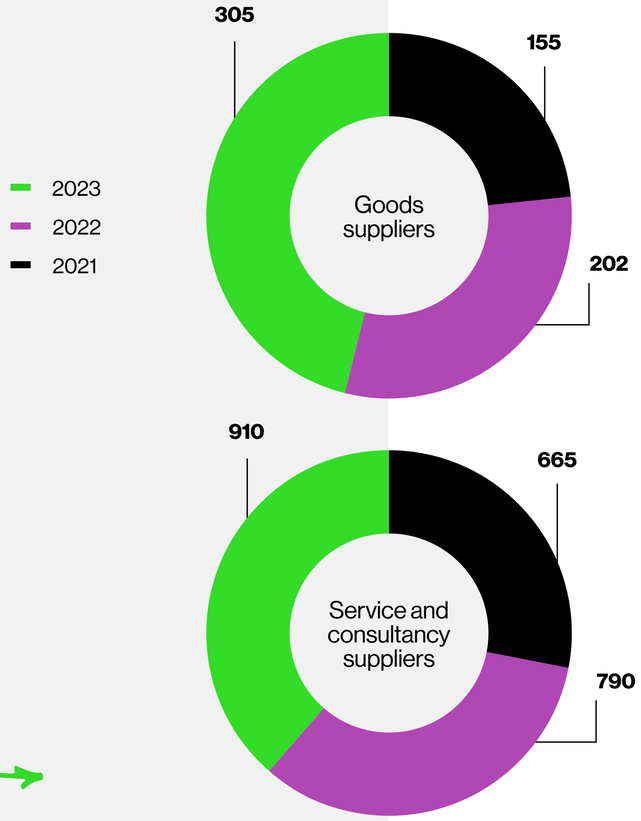
Our sustainable procurement and contracting practice, which encompasses the selection, contracting, and performance evaluation of goods and service providers, establishes recommendations for incorporating and validating environmental, economic, and social criteria, disseminated within the framework of the commercial relationship process with each supplier and internally. Additionally, we hold meetings with strategic suppliers to share experiences on sustainability policy implementation and establish agreements for the provision of services and goods to CAF.

GRI 204-1

We consider local suppliers to be organizations, individual consultants, or individuals who provide us with products or services and are based in the same geographic market in which we operate. This approach allows us to stimulate and strengthen local economies, as well as ensure efficient collaboration with our business partners.

In 2023, we maintained commercial relationships with 305 goods suppliers and 910 service and consulting suppliers.

LOCAL SUPPLIERS



Total

1,215
992
820

General indicators of procurement of goods and services

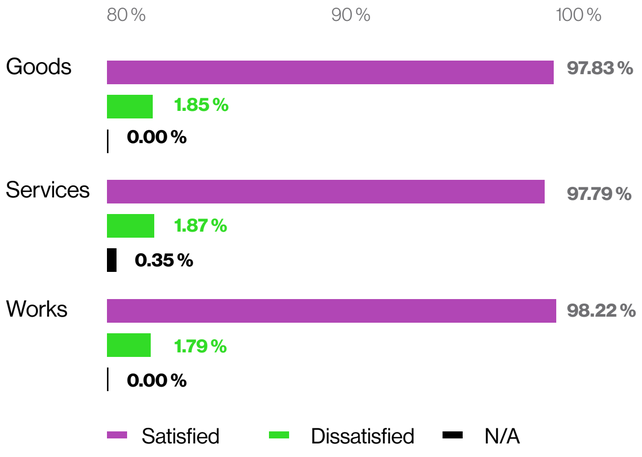
We committed to purchasing goods and services for USD 109.66 million, representing a 49% increase compared to 2022, distributed as USD 9.04 million for the purchase of goods and USD 100.62 million for contracting services and consulting. This increase is due to the incorporation of new member countries, natural growth of operations, contracts for the new building project in Panama and renovations at Headquarters, and the incorporation of contracts for individual consultants.

Goods and Services	2021	2022	2023
Goods suppliers	155	202	**305**
Local goods suppliers	79 %	82 %	**81 %**
Total amount of goods contracted (millions USD)	6.93	3.52	**9.04**
Service suppliers and consultancies	665	790	**912**
Service suppliers and local consultancies	83 %	88 %	**85 %**
Total amount of services and consultancies contracted (millions USD)	49.33	70.02	**100.62**
Orders for goods	656	642	**926**
Orders for contracts	2,185	1,429	**1,834**
Registration applications	1,020	1,706	**1,924**

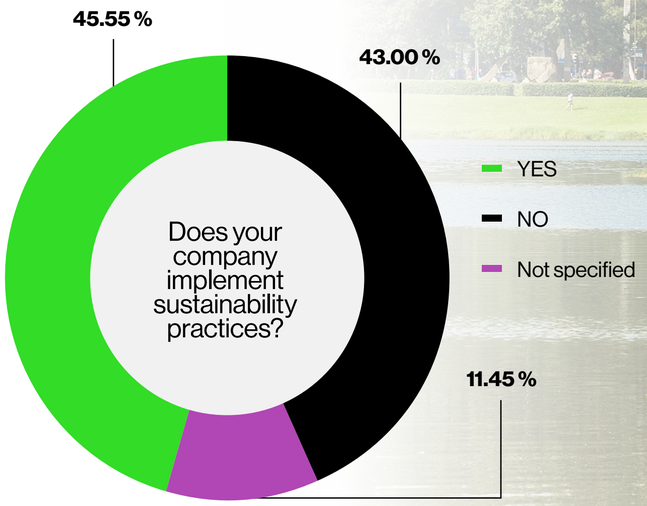
Supplier satisfaction

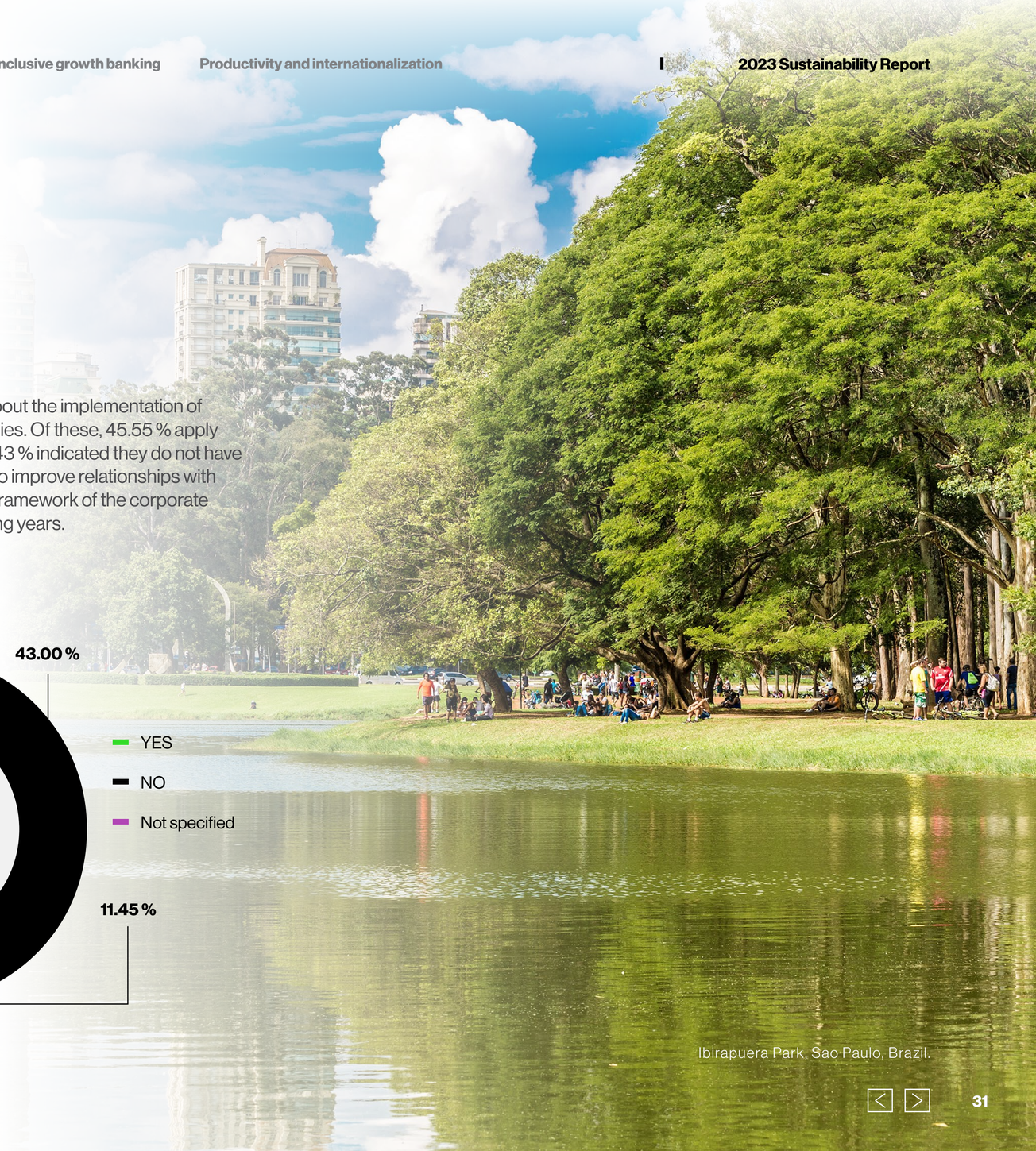
During 2023, we conducted the supplier satisfaction survey, categorized by goods purchasing, contracting, and works modalities. **We obtained 1,342 responses from 1,396 suppliers invited to participate** (96.1 % participation) and a total satisfaction rate of **97.83 %.**

Level of satisfaction by category



The survey included a question about the implementation of sustainability practices in companies. Of these, 45.55 % apply some sustainable practice, while 43 % indicated they do not have any, representing an opportunity to improve relationships with this stakeholder group within the framework of the corporate sustainability strategy in the coming years.





Ibirapuera Park, Sao Paulo, Brazil.

Talent and organizational health

GRI 3-3, GRI 2-25

Our team is key to achieving successful management across the different agendas that drive sustainable development in the region. Therefore, we strive to provide diverse, equitable, and inclusive work environments where each person can develop their talents and abilities in the best possible way, seeking to guarantee transparency in the definition of roles and processes for mobility and professional development, and implementing recognition and incentive schemes that underpin the achievement of the Corporate Strategy to 2026.

During 2023, we implemented the strategy called "Empowering Talent," which incorporates the vision of **"Enabling an inclusive, agile, and high-performance culture,** where diverse talent with **digital competence** in the region feels attracted to **belong, empowered, and committed** to sustainable development and the quality of life of citizens in Latin America and the Caribbean."

Strengthening culture and sense of belonging at CAF

In 2023, we designed and disseminated our people strategy 2023-2026, structured under four pillars:

People - WOW Factor
Enable a differentiating work experience.

Leadership - Culture, Excellence, and Well-Being
Develop leadership centered on the person, a high-performance culture, and integral well-being.

Operational Excellence - Operating Model
Enable the transformation of the Human Capital Operating Model.

Policies and Processes - Regulatory Model
Modernize the regulatory framework, the workforce planning model, and pay equity.

The dissemination of policies and commitments with employees, business partners, and other relevant parties is carried out through the institutional intranet, workshops, talks, and email.

Governance

To monitor our people strategy, CAF **has four advisory committees and support bodies to the executive president,** responsible for reviewing, updating, and strengthening good corporate governance.

Advisory committees and support bodies to the executive president

Human Capital Management Committee (CACH)

Approves and recommends human capital policies and strategies, evaluates improvements proposed by the Human Capital Management.

Work Integrity Committee (CIL)

Identifies violations of the code of conduct, receives labor complaints, examines harassment allegations, makes decisions, and resolves according to current regulations. Recommends ethics and conduct regulations. Designates a mediation instance for conflicts.

Promotions Subcommittee

Evaluates and approves the number of employee promotions per Organizational Unit ("OU"), considering the annual budget and corporate strategy goals.

Gender, Inclusion and Diversity Subcommittee (SGID)

Promotes the mainstreaming of the Gender, Inclusion, and Diversity approach in policies, strategies, and actions regarding human capital.

During 2023, we began preparing the **Protocol for the Prevention, Addressing, and Sanction of Sexual Harassment in the Workplace,** understanding that it represents a serious violation of human rights and an attack on the dignity of the people who suffer it. This protocol will be in force in 2024 and will aim to contribute to the development of a comprehensive strategy to prevent, address, and sanction situations of sexual harassment in the workplace, with clear action guidelines that protect the rights of our workforce. It is important to mention that no cases have been reported to date.

Also in 2023, the **Guidelines on the scope of competence of the CAF Ombudsperson's office were incorporated,** with the purpose of establishing the principles and mechanisms that regulate their mandate and attributions. This figure must be independent and neutral, providing confidential assistance to all employees for the informal resolution of difficulties related to work at CAF. It offers a confidential space to impartially listen to those who voluntarily seek assistance, formulates options for informal resolution of the problem - including mediation - and provides advice.

Milestones and achievements during 2023

People Challenges - WOW Factor

Design and implementation of the **My Career Planning program at CAF,** design, update, and implementation of hiring requirements.

Leadership - Culture, Excellence, and Well-Being

Design, dissemination, and implementation of the **Diversity, Equity, and Inclusion and Community M+ programs.** Design of the "Leadership Academy" strategy.

Operating Model

Design and implementation of the Human Capital organizational structure and new operating model (Service Center and Strategic Partner). Design and implementation of the operational philosophy and cultural values. Implementation of the new platform for measuring experience, commitment, and well-being.

Policies and Processes – Regulatory Model

Reform of the **Personnel Manual** associated with inclusive benefits and update of the loan program.

2024 Challenges

We will continue the implementation of the people strategy, achieving 100 % of the initiatives by 2026, strengthening the three categories: **Mission-Oriented, Cross-Cutting, and Enabling Agendas,** which frame CAF's commitments to responsible business conduct. We will develop a customer-centric culture with priority actions based on the needs of the organization and employees, with the objective that staff feel heard, are engaged, and trained to provide first-class service to our clients. A person-centered approach and leadership focused on well-being will be developed, and progress will be made in transforming the **Human Capital Operating Model.** The regulatory and process framework, workforce planning model, and total rewards will be modernized and updated, with regional consistency and adapted to local realities.

We will strengthen the development strategy, making it clearer, focusing on key talent segments, and amplifying CAF's visibility to position itself as an excellent place to work; prioritizing the development and diversification of skills and opportunities for staff through five fundamental stages: planning, recruitment, expansion, retention, change, and adaptation.

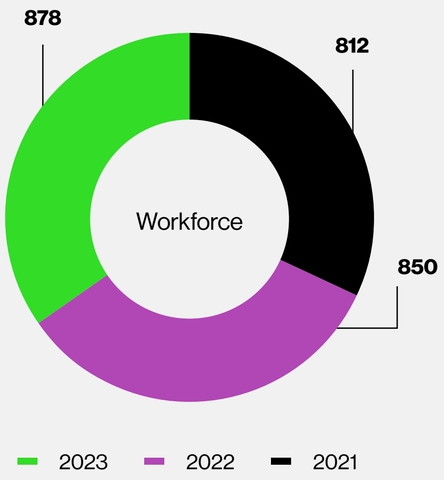
We will strengthen the **Committee for Addressing Sexual Harassment in the Workplace (ASL),** as a fundamental instrument in implementing a zero-tolerance policy towards sexual harassment in the workplace, consolidating CAF as a safe institution that is fair and respectful of the rights of all people in the countries that comprise it.

Our human talent

GRI 2-7, GRI 2-8, GRI 405-1

Our workforce comprises **878 employees,** representing a 7 % increase compared to the previous year.

TOTAL WORKFORCE AT CAF



For 2023, 93 % of direct employees were hired under permanent contracts, and 4 % had fixed-term contracts, while 3 % of external employees had permanent and fixed-term contracts.

The workforce consists of 97 % direct employees and 3 % external employees, represented by 53 % men and 47 % women.

Type of contract	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Direct collaborators with a permanent term contract	422	352	432	367	437	381
Direct collaborators with a fixed-term contract	2	13	10	15	18	16
External collaborators with a permanent term and fixed-term contract	8	15	8	18	10	16
Total	**432**	**380**	**450**	**400**	**465**	**413**
%	**53 %**	**47 %**	**54 %**	**47 %**	**53 %**	**47 %**

In terms of gender, the participation of women remained at 47 %.

In the different offices in the countries where CAF operates, 96 % of the workforce is hired under permanent contracts, and the remaining 4 % corresponds to fixed-term employees.

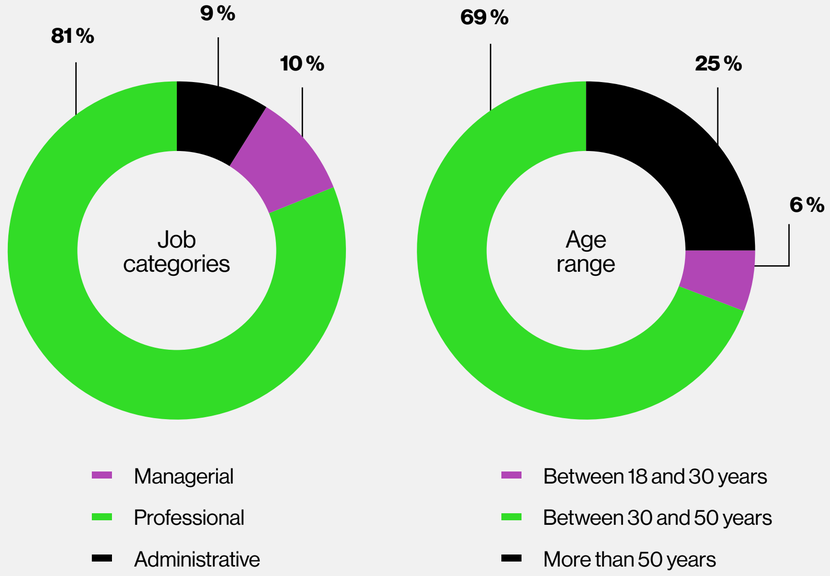
Type of contract	2021		2022		2023	
	Permanent	Fixed-term	Permanent	Fixed-term	Permanent	Fixed-term
Headquarters	282	6	280	8	265	5
North	307	5	286	7	284	15
South	185	7	201	9	232	13
Mexico and Central America	-	-	13	1	19	1
Europe	-	-	12	0	11	0
Caribbean	-	-	7	0	7	0
Total	**774**	**18**	**799**	**25**	**818**	**34**
%	98 %	2 %	98 %	3 %	96 %	4 %

Job categories	2023							
	Between 18 and 30 years old		Between 30 and 50 years old		Over 50 years old		Total	%
	Men	Women	Men	Women	Men	Women		
Managerial	0	0	26	11	27	19	**83**	10 %
Professional	29	17	275	240	77	53	**691**	81 %
Administrative	1	9	11	23	21	13	**78**	9 %
Total	**30**	**26**	**312**	**274**	**125**	**85**	**852**	100
%	4 %	3 %	37 %	32 %	15 %	10 %	100 %	100 %

In 2023, offices in the Dominican Republic and São Paulo began operations.

Our workforce is concentrated in professional positions (81 %), who participated in the organization's cross-cutting programs and activities. Managerial positions represent the second largest group (10 %), followed by administrative positions (9 %).

Women represent 45 % of professional positions, 58 % of administrative positions, and 36 % of managerial positions.



In 2023, we hired 95 employees. New hires are concentrated in the Northern and Southern region offices.

GRI 401-1

Number and rate of new hires	Between 18 and 30 years old		Between 30 and 50 years old		Over 50 years old	
	Men	Women	Men	Women	Men	Women
Headquarters - Venezuela	0	0	1	2	0	0
North	5	4	13	19	2	1
South	1	5	13	15	5	2
Mexico and Central America	0	0	2	3	0	0
Europe	0	0	1	0	0	0
Caribbean	0	0	0	1	0	0
Total	**6**	**9**	**30**	**40**	**7**	**3**

In 2023, there was a 0.1 % increase in new hires compared to the previous year.

	Total new hires	Total new hires
2023	**95**	**0.9 %**
2022	**75**	**0.8 %**
2021	90	1%

In 2023, 54 employees left CAF, representing a turnover rate of 8.9 %, distributed as shown in the following table:

Rotation by area	Between 18 and 30 years old		Between 30 and 50 years old		Over 50 years old	
	Men	Women	Men	Women	Men	Women
Headquarters - Venezuela	2	7	2	4	1	5
North	1	-	6	4	2	4
South	-	-	4	5	3	-
Mexico and Central America	-	-	1			-
Europe	-	-	-	1	1	-
Caribbean	-	-	-	-	-	1
Total por grupo y género	**3**	**7**	**13**	**14**	**7**	**10**
Total general			**54**			

The increase in turnover in 2023 compared to 2022 was 0.1 %.

	Total termination	Turnover rate
2023	**54**	**8.9 %**
2022	**67**	**8.8 %**
2021	46	8.9 %

We focus on attracting the best talent, so our compensation philosophy aims to be competitive within the development banking sector in Latin America and the Caribbean. Salary scales consider experience, responsibility, and the position held within the institution.

GRI 405-2

Job categories	2022		2023	
	Base salary ratio between men and women	Ratio of remuneration between men and women	Base salary ratio between men and women	Ratio of remuneration between men and women
Senior managers	-3.9 %	-3.9 %	-8.9 %	-8.9 %
Managers	0.9 %	0.9 %	2.4 %	2.4 %
Senior professionals	-3.9 %	-3.9 %	-4.2 %	-4.2 %
Middle professionals	-2.4 %	-2.4 %	-2.5 %	-2.5 %
Professionals	-6.6 %	-6.6 %	-4.5 %	-4.5 %
Administrative	37.1 %	37.1 %	30.4 %	30.4 %

Direct employees receive benefits associated with medical plans, life insurance, disability insurance, maternity and paternity leave, vacation bonus, seniority benefits, and profit sharing.

Benefits
Indicators represent the number of people
GRI 401-2

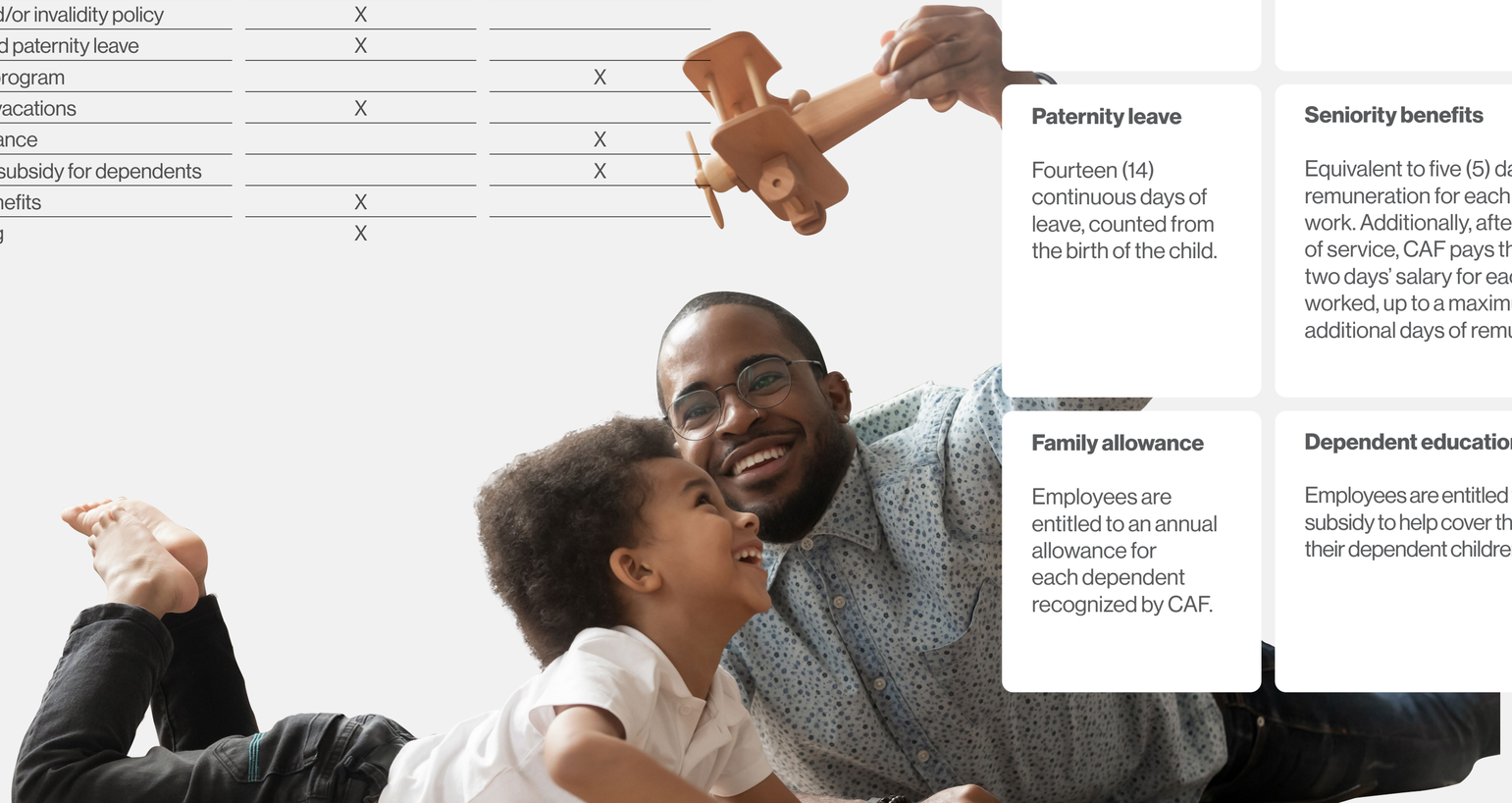
Self-managed health fund	International health insurance policy	Local health policy	Life insurance policy
852	852	211	852

Disability and/or handicap policy	Retirement program	Paid annual leave	Family allowance
852	818	852	818

Educational allowance for dependents	Seniority benefits	Profit sharing
818	852	852

In terms of well-being, we offer all our employees benefits that cover important aspects of their health, care, and personal life.

Benefits	Fixed term contract and permanent contract	Permanent contract
Self-managed health fund	X	
International health policy		X
Life policy	X	
Disability and/or invalidity policy	X	
Maternity and paternity leave	X	
Retirement program		X
Paid annual vacations	X	
Family allowance		X
Educational subsidy for dependents		X
Seniority benefits	X	
Profit sharing	X	



Benefits details

Insurance policies

CAF provides its employees with health plans, life insurance, and accident insurance.

Maternity leave

Eighteen (18) weeks for maternity, leave that may begin before the expected date of delivery. Depending on the particularities of each location or special circumstances, this leave may be extended for a longer period.

Retirement program

Composed of two contributions, one made by the employee corresponding to 7 % of their monthly base salary and another contribution assumed by CAF. It allows for the provision of a pension to workers when they retire and/or in cases of disability or permanent incapacity.

Paternity leave

Fourteen (14) continuous days of leave, counted from the birth of the child.

Seniority benefits

Equivalent to five (5) days of remuneration for each month of work. Additionally, after the first year of service, CAF pays the employee two days' salary for each year worked, up to a maximum of 30 additional days of remuneration.

Profit sharing

A bonus derived from employee participation in the Corporation's net profits; it cannot be less than the equivalent of one (1) month's base salary nor exceed the equivalent of four (4) months' base salary.

Family allowance

Employees are entitled to an annual allowance for each dependent recognized by CAF.

Dependent education subsidy

Employees are entitled to an education subsidy to help cover the education of their dependent children.

Vacation bonus

A bonus equivalent to fifteen (15) days' salary is granted for the first year of service, plus one (1) day for each year of service starting from the second year.

The development of our talent at CAF is based on training opportunities. During 2023, we trained 886 employees with an average of 34 hours per employee.

GRI 404-1

Description	2021	2022	2023
Trained employees	814	840	**886**
Training hours	36,569	39,666	**30,291**
Average training hours per employee	44.9	47.2	**35**

Job category	2023					
	Trained employees		Training hours		Average hours per employee	
	Men	Women	Men	Women	Men	Women
Manager	54	31	970	722	18	23
Professional	384	338	13,913	12,937	36	38
Administrative	31	48	411	1,338	13	28
Total	**469**	**417**	**15,294**	**14,997**	**33**	**36**

The training process allowed for reinforcing the knowledge and skills of managerial, professional, and administrative staff.

Additionally, access to the LinkedIn Learning platform is facilitated with a range of programs in strategic areas with CFA Institute, Tecnológico de Monterrey and Universidad de Los Andes, with certifications such as ESG Investing, Climate Risk, Valuation, and Investing Certificate, Climate Finance, Data Science for Business and Cybersecurity Technologies, among others.

Learning and Development Strategy

Programs with full or 80% financing

- **Professional studies:** includes webinars and courses aligned with the CAF strategy.
- **Specialized courses:** technical training adapted to the needs of key areas and roles.
- **Professionalization program:** portfolio of knowledge generated at CAF for aspirational skills.
- **Languages, diplomas, certifications, individual or group courses** for the professional development of teams and individuals.

We have the **CAF Internship Program,** a training space for undergraduate and postgraduate students where they strengthen the theoretical knowledge acquired in projects linked to the development of the region, with the purpose of developing a pool of qualified talent identified with our mission for future employability. There are two annual periods for the admission of interns.

Performance evaluation

GRI 404-3

We conduct performance evaluations of our employees once a year with follow-up during the same evaluation period. These evaluations are carried out for those with more than six months of service during the year being assessed. Thus, during the year, 791 employees were subject to this monitoring (92.84 % of the direct workforce).

The performance management process, called My Career Planning at CAF, occurs through an annual cycle with a continuous feedback process. It begins with the goal-setting phase, followed by the performance conversation phase, focused on discussing the progress of established objectives, continuous improvement, and career development, and concludes with the annual performance review, considering not only the "what" (results) but also the "how" (competencies), focusing on evaluating and reviewing the results achieved in the established objectives.

This process is accompanied by talks aimed at leaders and employees in general to delve into each of the planned phases.

Organizational climate

With the goal of identifying opportunities for improvement that allow us to continue strengthening the institution and co-create a more positive and well-being experience, CAF annually conducts the Climate and Engagement survey, a valuable opportunity to share perceptions and work experiences, exploring relevant dimensions. Employee participation has been consistently high.

These dimensions include commitment/belonging and organizational pride, ethics/values, innovation, teamwork/collaboration, results orientation, diversity and inclusion, performance, best practices for hybrid work, culture, and results orientation, among others. Action plans are then designed to close the identified gaps.

It is planned that, in addition to the annual measurement, a pulse survey will be carried out, which is shorter and more specific, focusing on monitoring and detecting areas of attention in a timely manner.

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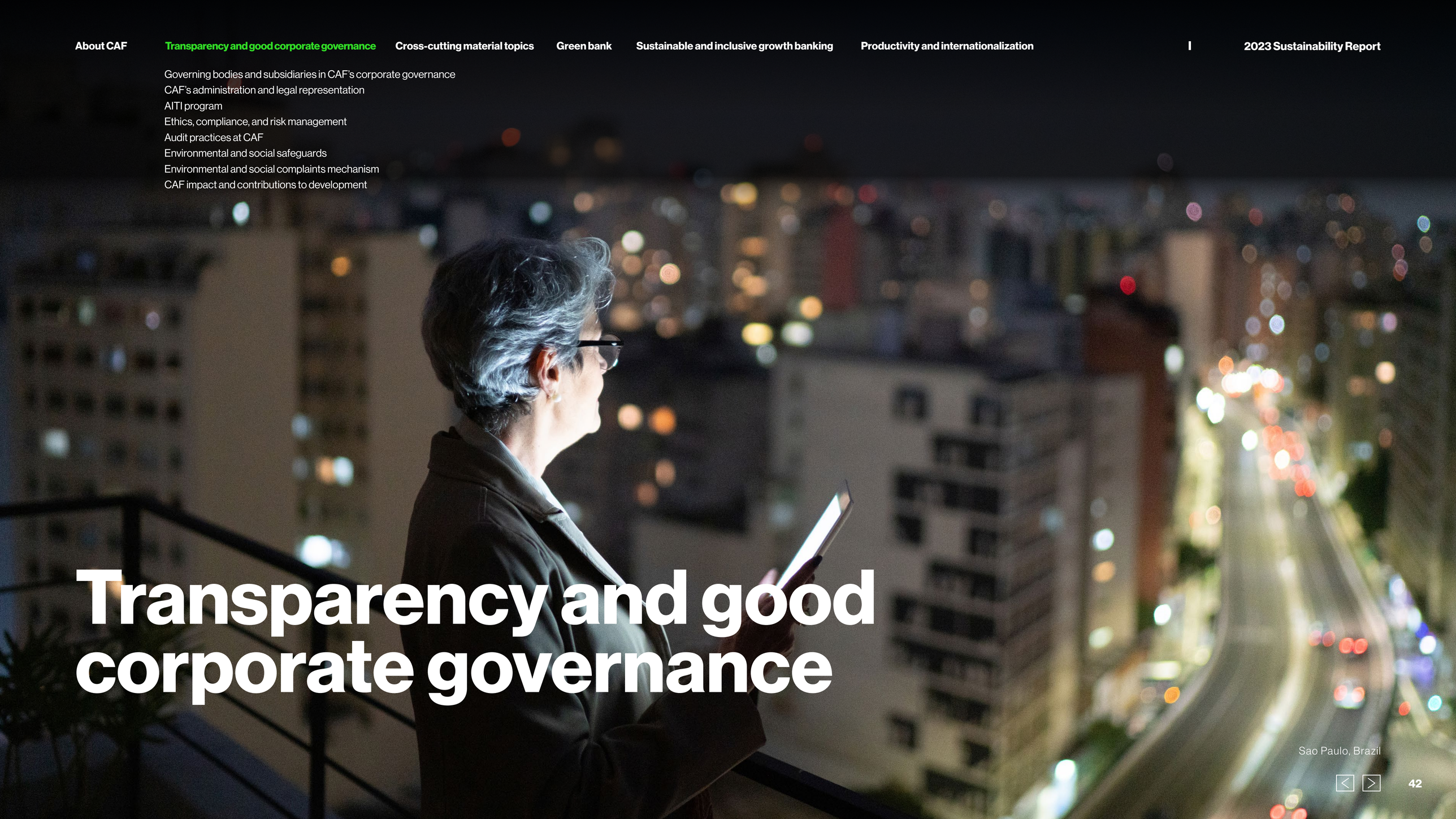
Transparency and good corporate governance



Sao Paulo, Brazil

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GRI 3-3, GRI 2-25

As transparency and good corporate governance are paramount to CAF's sustainability, and also an Enabling Agenda that enhances internal capacities to achieve the objectives of the Cross-Cutting and Mission-Oriented Agendas of our institutional strategy, we continually seek to strengthen ethical conduct in our relationships with stakeholders, the disclosure of relevant information for building long-term trust, and efficiency in decision-making processes related to the products and services we offer at CAF that positively impact the territories and governments of shareholder countries.

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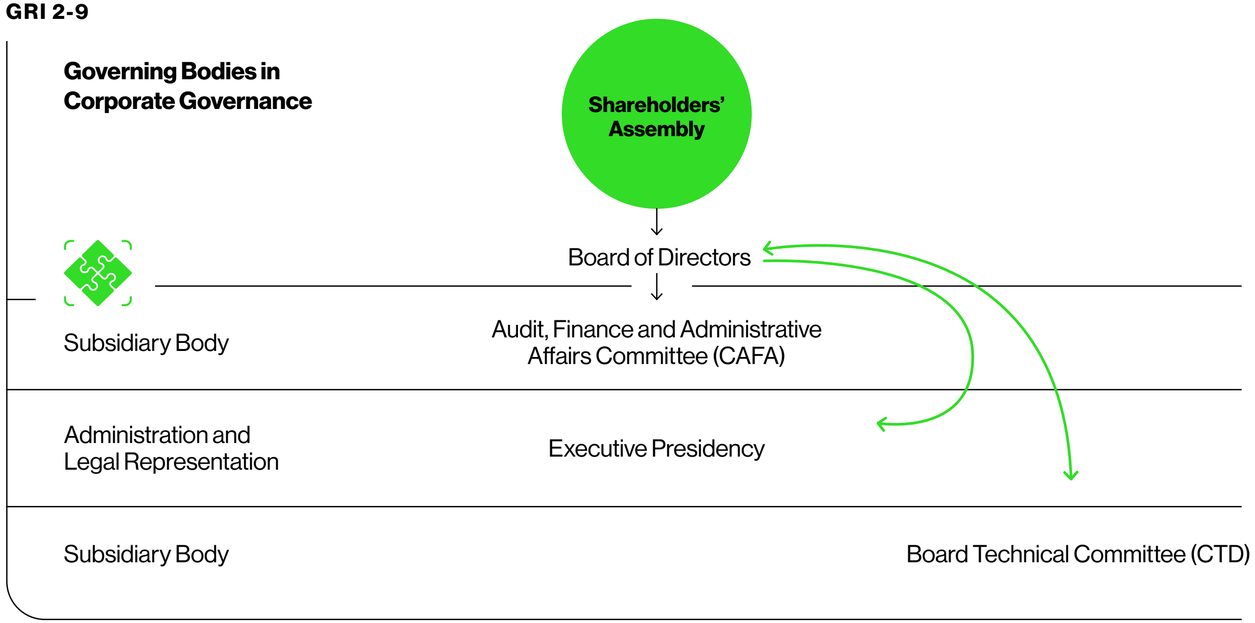
In this sense, we have a regulated corporate governance structure as shown in the figure.

GRI 2-9



Advisory and Support Committees to the Executive President of CAF

Human Capital Management Committee
- Promotions Subcommittee
- Gender, Inclusion, and Diversity Subcommittee

Internal Investment Committee
- Donations Subcommittee

Work Integrity Committee - CIL
Prohibited Practices Committee
Access to Information and Institutional Transparency Committee - CAITI

CAF, as a multilateral financial institution, is a legal entity under public international law created in 1968 through a Constitutive Agreement established as an international treaty.

Through this Constitutive Agreement, we regulate all aspects of our corporate governance.

The functions and specific characteristics of each of our corporate governance bodies are presented in the Constitutive Agreement and the General Regulations of CAF. For more information, see:

CAF Constitutive Agreement

CAF General Regulations

Our governing bodies meet frequently by convocation and as many times as necessary during the year.

The CTD held seven meetings during the year.

[1] To consult the list of Board members, please visit: [link to Board members]

For more information about our governing bodies, please go to: [link to About Us page]

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Governing and subsidiary bodies in CAF's corporate governance

GRI 2-10, GRI 2-11, GRI 2-12, GRI 2-14, GRI 2-19

The Shareholders' Assembly, as the supreme governing body of CAF, meets annually and elects the members of the CAF Board of Directors for a three-year term. The Board of Directors is composed of representatives from 21 Latin American and Caribbean countries, Spain, Portugal, and a representative of the 13 private banks in the region that are also CAF shareholders.

Each director has an alternate for the same period, and together they constitute the Board of Directors as one of CAF's main governing bodies.

The members of the Board of Directors, as shareholder representatives, are the ministers of economy and finance, presidents of central banks, and economic authorities of the highest level elected in their countries, depending on the political system of each government and its sovereignty. CAF has no direct influence over the appointment of directors or diversity criteria in its composition.

The chairman of the Board of Directors and the Assembly is elected annually by the Board of Directors through a rotating election procedure. No director, including the chairman of the Board, is a CAF executive, and no Board member receives remuneration from CAF for the exercise of their functions.

Five members of the Board of Directors comprise **the Audit, Finance and Administrative Affairs Committee (CAFA).** This subsidiary body of corporate governance is delegated by the Board of Directors through rotating election procedures among its members for a two-year term and is led by the chairman of the Board.

This committee is responsible for reviewing the audit management of key external and internal matters, including the internal control system, the annual plan for the Corporation's administration and its execution, as well as portfolio and investment risk controls within the framework of the Institutional Strategy.

Additionally, since February 2022, a subsidiary body called the **Board Technical Committee (CTD)** has been operating, with the objective of providing technical support to the CAF Board of Directors to facilitate information, analysis, and deliberation in decision-making. The CTD has an exclusively informative purpose, does not address issues that fall under the competence of any other CAF subsidiary body, and is composed of delegates appointed by each director.

The CTD is governed by internal regulations defined by CAF and interacts permanently with both the Chairman of the Board of Directors and the Administration delegated to our executive president, directly or through the General Secretariat and specific CAF officials.

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CAF's administration and legal representation

GRI 2-13

The Board of Directors elects the executive president of CAF, who exercises the direction and administration of our institution and oversees the strategic mission-oriented, cross-cutting, and enabling actions, integrating social, environmental, and financial variables in all operations, as well as all our technical, human, technological, and financial resources, managing and enhancing impacts for the sustainable development of countries and advancing towards consolidation as the green bank and the bank for sustainable and inclusive growth of Latin America and the Caribbean.

For accountability and disclosure of results on the progress of our institutional strategy, which includes the material topics in sustainability, the Administration submits periodic management reports for supervision by the governing and subsidiary bodies.

Throughout the year, the executive president of CAF led meetings to disseminate to all staff the results achieved in the Board of Directors meetings and on the update of our institutional strategy as one of the main corporate milestones of 2023.

To strengthen our corporate governance, according to the organizational structure of the bank, CAF has advisory and support committees with a balanced representation of responsibilities in Senior Management, which provide leadership and guidance on managing the impacts of our internal activities, as well as on the quality of information and the transparency of results.

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AITI program
Access to Information and Institutional Transparency Program

GRI 2-25, GRI 3-3

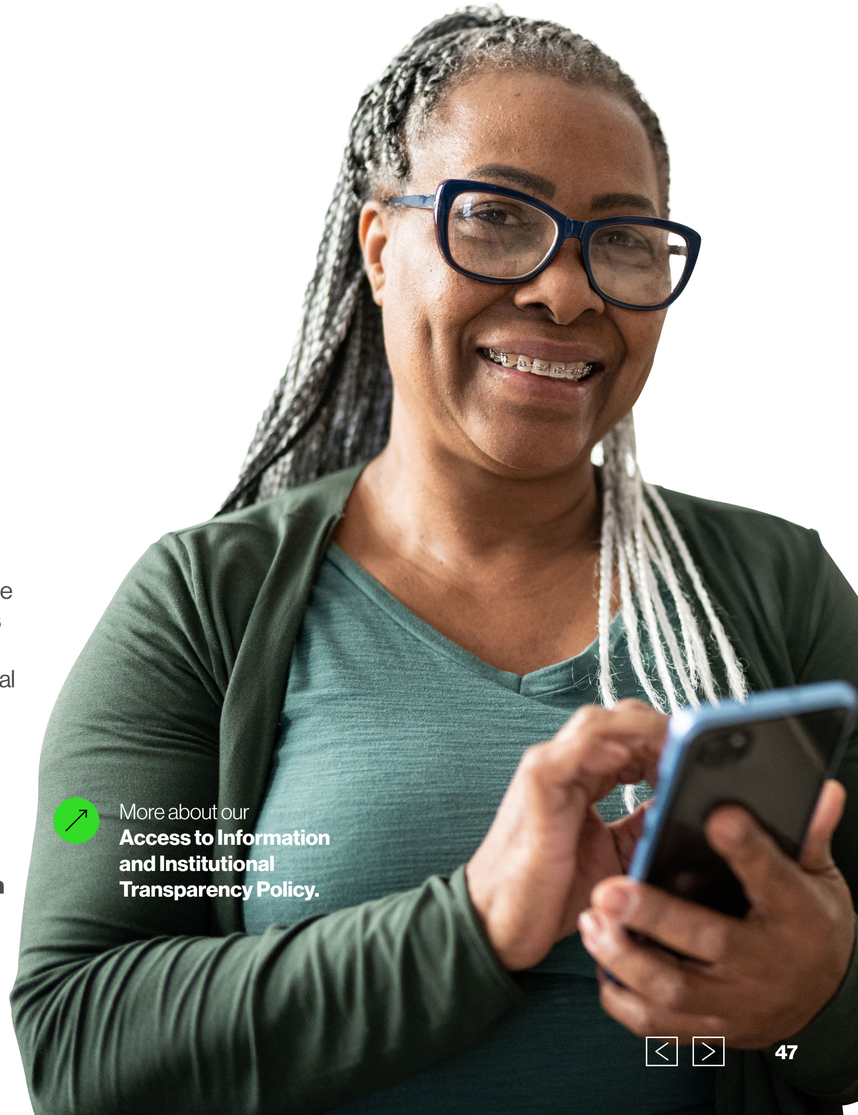
CAF, as a multilateral financial institution, recognizes that its actions are supported by the transparent mobilization of public and private resources, which are directed to maximize the positive impact of all its financing operations.

For the sake of sustainable development and regional integration in Latin America and the Caribbean, carrying out our institutional mission leverages economic development based on effective environmental and social risk management, even in complex crisis situations that deeply affect the region, such as a pandemic or the negative consequences of geopolitical or macroeconomic events.

Therefore, transparency is a material issue for CAF, as it articulates the institutional strategy with the different governance mechanisms, safeguards, environmental and social complaints, declared guarantees on ethical conduct, and the fight against corruption in all its forms, defined in the prohibited practices, as well as in the measurement of the actual impacts of our financing operations, all in continuous strengthening and development to fulfill the purpose of transforming CAF into the green bank and the bank for sustainable and inclusive growth in the region.

Thus, transparency and the promotion of access to information are the cornerstones of our efforts to further deepen trust in our relationships with stakeholders, while disclosing open data on our initiatives and projects in a standardized manner and in accordance with international best practices.

This is how our first **Access to Information and Institutional Transparency Policy (PAITI) was approved by the CAF Board of Directors in 2022.** Within the framework of this policy, we operationalize our management through the **Access to Information and Institutional Transparency Program to meet the information** needs of all stakeholder groups.



More about our **Access to Information and Institutional Transparency Policy.**

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The Access to Information and Institutional Transparency Program has strengthened and enabled important capacities for CAF, as represented below.

ACCESS TO INFORMATION AND INSTITUTIONAL TRANSPARENCY PROGRAM - AITI PROGRAM

Disclosure and access to basic information on CAF operations	**Information Disclosure**	Projects: https://www.caf.com/es/proyectos
Impact Management	**CAF Impact**	CAF Impact: https://www.CAF.com/es/especiales/impacto-CAF/
Financial Information	**Information for Investors**	Inversionistas / CAF.com
Access to Information and Institutional Transparency Committee – CAITI	**CAITI**	CAF Access to Information and Institutional Transparency Committee
Environmental Safeguards and Environmental and Social Complaints Mechanism – MRAS		https://www.caf.com/es/liniamientos-y-salvaguardas-ambientales/ https://www.CAF.com/es/temas/a/ambiente-y-cambio-climatico/mecanismo-de-reclamaciones-ambientales-y-sociales/

Since 2022, we have established the Access to Information and Institutional Transparency Committee - CAITI as an advisory body to the executive president of caf. This committee is responsible for overseeing the implementation of our Access to Information and Institutional Transparency Policy.

Guiding principles for access to information

Classification
Delimitation and Exclusion of Information
Democratization of Information
Right of Review
Free of Charge
Integrity of Information
Maximum Access to Information
Timeliness
Responsibility
Universality

Learn more at IN-147.pdf (caf.com)

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Within the framework of the PAITI Policy, we have defined the guiding **principles of access to information and exceptions declarations** (non-exhaustive), understood as specific restrictions to the exercise of access to information based on criteria of reservation, confidentiality, and protection of personal data and privacy. Likewise, we present the regulatory and governance resources, guidelines, and directives for the management of ESG issues linked to transparency management at CAF.

Our progress allowed us to:

- Integrate CAF into the *International Aid Transparency Initiative* - IATI, recognized as a global initiative that allows for improving the transparency of development resources and their results through the publication of information on its web portal.
- Define the basis for improving the response to specific international transparency monitors for development finance institutions.
- Publish disaggregated information on 156 credit operations on the CAF website.
- Migrate more than 120,000 historical documents from 1970 to 2012 from our information repositories.
- Identify and classify more than 418 information assets according to risk criteria (public, restricted, confidential).

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Ethics, compliance, and risk management

GRI 2-15, GRI 2-23

At CAF, we maintain and enforce our commitment to act in accordance with the best ethical and regulatory practices to promote the principles of conduct that guide our management.

All our employees, clients, suppliers, and consultants govern their actions under the principles of **transparency, integrity, equity, responsibility, and respect.**

Familiarize yourself with our **Code of Ethics (CAF.com)** and our **management policies (CAF.com)** to learn more about the values and principles that govern our operations.

In accordance with our Code of Ethics, all employees have the responsibility to report potential conflict of interest situations. Through the Declaration System, all our personnel are requested to report on the investments and directorships that they or their dependents hold in other entities, allowing for the early and continuous identification and prevention of potential conflicts of interest.

Everyone at CAF must prevent personal interests from interfering with decisions that allow us to fulfill the duties or obligations we acquire with the corporation. It is our duty to refrain from receiving any type of gratuity as a measure to preserve integrity.

Some of the most relevant results and achievements to strengthen our ethical conduct during the year were:

We published the first **CAF Code of Ethics, approved by the Executive President and disseminated to all staff.**

We internally disseminated the guidelines that regulate the operation and functioning of the **Labor Integrity Committee (CIL),** whose responsibilities are related to the comprehensive management of complaints related to possible misconduct in the workplace. The CIL met 6 times throughout the year, addressing all cases received.

During the year, we held 14 induction sessions on ethics for all new employees and held 26 ethics workshops at the headquarters in Venezuela and in the representative offices of Argentina, Colombia, Panama, Peru, and Uruguay, where we addressed practical ethics cases adapted to CAF's operating environment.

The Executive President delegates to the **Labor Integrity Committee and the Prohibited Practices Committee**, the establishment of conduct standards of CAF's employees, as well as the integrity of operations in which CAF participates.

GRI 2-26

To protect CAF's integrity, we have provided different confidential channels for anyone to report irregularities regarding ethical conduct guidelines.

Email: cil@CAF.com

Postal mail: Sent in a sealed envelope to any of CAF's offices (including Headquarters), to the attention of the technical secretary of the Work Integrity Committee.

Telephone voicemail: + 58 (212) 209-2330

Prevention of Prohibited Practices, Money Laundering, and Terrorism Financing

GRI 2-16, GRI 2-24, GRI 2-25, GRI 205-1, GRI 205-2, PDLA

Prohibited practices have negative impacts on social and economic development, and we have adopted their definitions and controls in accordance with the highest international standards. All prohibited practices are related to different forms of corruption and are listed, prevented, detected, investigated, and sanctioned according to the provisions disclosed in our **Manual for the Prevention of Prohibited Practices,** available at **CAF.com.**

We continually reaffirm our commitment to combating prohibited practices and AML/CFT (Anti-Money Laundering/ Combating the Financing of Terrorism) in different internal and external spheres, through the following actions to prevent the materialization of these risks:

- Strengthening our due diligence processes by publishing and updating related internal regulations.
- Joining the *World Compliance Association* as a member. This organization is an international benchmark in compliance, understood as the set of best practices to identify, prevent, and control operational and legal risks that may affect CAF and its mission.
- Participating in the *Green Climate Fund* reaccreditation process.
- We supported the Ethics in Business – Latam 2023 event organized by the Latin American Compliance Network.
- Conducting ongoing training covering all CAF personnel on the prevention of prohibited practices and AML/CFT.

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During the year, we trained 791 CAF staff members with courses on risk management in money laundering and terrorism financing. Likewise, 649 people received training in the prevention of prohibited practices.

Additionally, we carried out 587 activities related to the prevention and detection of AML/CFT risks and prohibited practices, strengthening the corporation year after year.

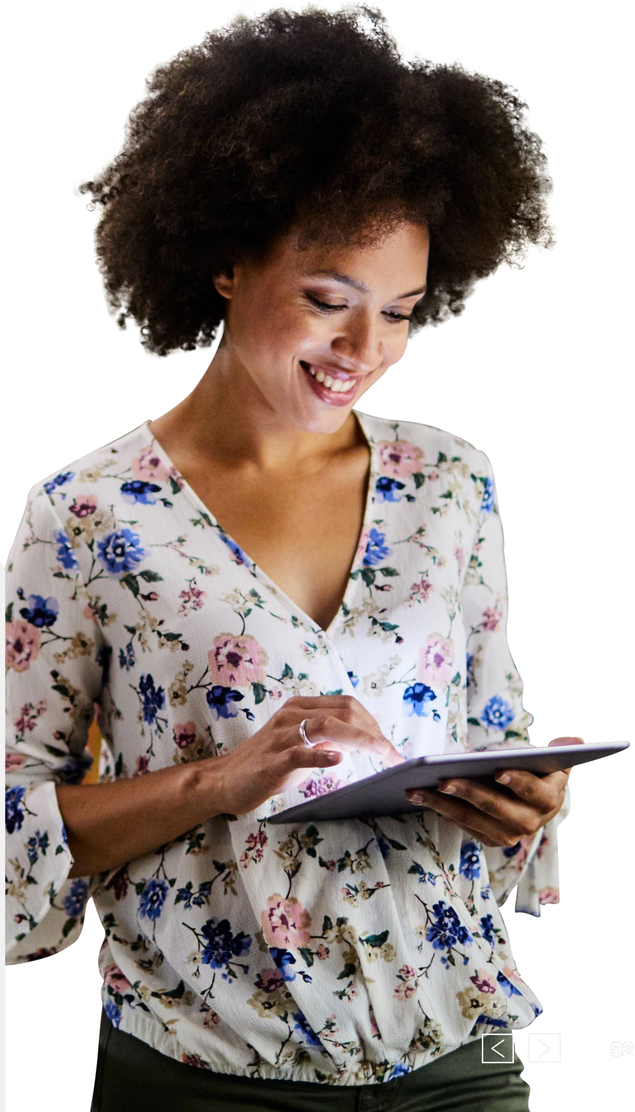
Activities carried out in the prevention and detection of money laundering and terrorism financing	2021	2022	2023
Analysis of operations	96	124	135
Addressing counterparty requirements	88	101	96
Advice on customer due diligence	83	98	91
Advice on credit processing	40	15	21
Management of internal requirements	84	56	60
Advice on fundraising	32	39	18
Application of enhanced due diligence	34	20	29
Other activities	5	37	137
Total annual actions	**462**	**490**	**587**

In terms of extending good practices and responsibility throughout CAF's supply chain, we effectively apply our due diligence processes in our commercial relationships with suppliers and service providers, who are partners in fulfilling our institutional mission and the purposes of our institutional strategy.

It should be noted that, to effectively manage the risks related to prohibited practices at CAF, we have provided multiple public reporting channels that guarantee the protection of the complainant and their personal data, which are treated in accordance with CAF's privacy policy.

CHANNEL AVAILABLE TO SUBMIT COMPLAINTS

For more information, please consult the **CAF Prohibited Practices Committee.**



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The Prohibited Practices Committee, chaired by the Executive Vice President, is responsible for investigating complaints received within its scope. In the event of identifying any violation of the rules of our **Manual for the Prevention of Prohibited Practices,** CAF may temporarily disqualify any company, business, partnership, entity, and/or individual involved from contracting processes of any kind or impose sanctions on employees, and ultimately file a complaint and collaborate with the relevant authorities according to the laws of the country where the events occur.

Regarding compliance measures, given CAF's nature as an institution subject to the Constitutive Agreement, we are not a foreign bank, nor are we regulated by banking laws in force in any of the shareholder countries. CAF is also not subject to inspection by any banking or other authority in the territories of the shareholder countries. However, we are subject to periodic internal audit reviews (at least every two years) that cover the scope of our ethics, AML/CFT, and Prohibited Practices programs.

To understand the nature of CAF and the special conditions of our constitution, please consult the **Corporation's compliance letter** (CAF.com).

Internal control

DGR-1

We pay special attention to the implementation of an **internal control system**, which we adopted through the **Three Lines** of Defense model, and which constitutes our main mechanism for comprehensive risk management.

In our implemented model, the three lines interact in a differentiated and coordinated manner, guaranteeing their independence and the specific responsibilities assigned to the operational management, risk management, internal control, compliance, and audit areas, which together ensure that risk controls maintain adequate and sufficient coverage.

First line of defense:

Business units and support units

Second line of defense:

Corporate risk management

Third line of defense:

General audit

The second line of defense leads comprehensive risk management at CAF through processes to timely detect, assess, report, and mitigate the risks to which we are exposed, and reasonably ensures the achievement of our strategic objectives.

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Some of the most relevant milestones in CAF's internal control management are:

CAF's **Internal Control Program** allowed for reasonable assurance in risk assessment and mitigation for the issuance of financial statements under the COSO international methodology, through design and operating effectiveness tests applied to

317 controls.

External auditors, who declare their independence from CAF, ratified the effectiveness of the internal controls in our institution.

The Treasury area received internal support in developing an ESG investment portfolio, aligned with the common purpose of consolidating ourselves as a **green bank.**

Within the framework of the **Internal Control Program,** we enhanced controls in the area of privacy, ensuring the protection and processing of personal data under CAF's responsibility.

GRI 418-1

During the year, CAF did not register any complaints or claims related to privacy violations or loss of third-party personal data.

CAF has provided an email channel, **privacidad@CAF.com,** to address matters related to the protection and processing of personal data, which is supported by a Data Protection Officer delegated by CAF.

For more information, please consult our **Privacy Policy** at caf.com.

Report of the **executive president of CAF** on the effectiveness of internal control declared in the audited financial statements 2023, available at: caf.com

Business continuity management system

SGCN-1

Among the internal control measures we have adopted at CAF is the **Business Continuity Management System (BCMS).** This management system, certified for the eighth consecutive year by the *British Standards Institution* under the ISO 22301 Security and Resilience standard, allows us to guarantee that we will continue operating our critical processes under any potential disruption scenario.

Our Business Continuity Management System has a force of 132 trained employees in business continuity and allowed us to close the year with zero risks and incidents of disruption materialized in our operations.

To continue maturing our BCMS, we launched the **Continuity Strategies** in CAF Country Offices initiative. We worked with the offices in Colombia and Panama to develop capacities in crisis management and business continuity.

In addition, we continuously measure the effectiveness of BCMS controls through functional tests and live comprehensive tests, such as application in scenarios that compromise the availability of key resources for our operations and crisis situations.

Finally, we conducted a Business Impact Analysis (BIA), which allowed us to identify 27 critical processes in our operations. In 2023, we identified **three new processes related to:**

1. Employee support
2. Responding to information requests from third parties
3. Legal claims

CAF promotes productivity and good corporate governance. **Learn more at (CAF.com).**

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Audit practices at CAF

The control, audit, and advisory processes carried out by CAF's General Audit are framed within the area's strategy as a guide and under the umbrella of the corporate strategy.

We have worked on formulating a strategic plan for the coming years (2024-2026) framed in providing independent assurance and advice. From the General Audit, we carried out an analysis of CAF's **Strategic Plan,** incorporating the **Mission-Oriented, Cross-Cutting, and Enabling Agendas and how these will be reflected** in our auditable universe. We defined seven (7) Auditable Entities aligned with CAF's Strategic Plan.

- **Loan portfolio and equity investments**
- **Partnership, mobilization, and resource management**
- **Governance**
- **Institutional agility**
- **Transparency**
- **Financial management**
- **Country offices**

In 2024, based on the new guiding characteristics presented below, we will build our Audit Plan.

Business focus

More than **50 % of the projects** in the 2024 plan are business-oriented

Agile

- Product diversification
- More timely results

Participatory

- Dissemination of the GA Plan

Automated

- Automated evaluation indicators
- Real-time vision generating more timely results

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Environmental and social safeguards

One of the efforts leveraging CAF's positioning as the green bank and the bank for sustainable and inclusive growth in the region focuses on the application and compliance with Environmental and Social Safeguards (ESS).

Our corporation ensures that in the loan operations we finance, significant environmental and social risks are preliminarily classified, according to the type of operation and the environmental sensitivity, and are then examined in due diligence that verifies compliance with the requirements of said safeguards and generates the required management measures.

The Environmental and Social Assessment and Monitoring Coordination carries out these actions while the Environmental, Social, and Climate Risk Unit supports their verification. These aspects of ESG risk management are examined, among other matters, in the credit evaluation process by the Credit and Investment Committee, whose leadership is at the C-level. This is how we promote the highest standards in environmental and social management.

More about **CAF's safeguard types** and their requirements at CAF.com

Arenal Volcano National Park, Costa Rica.

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In 2023, we focused on strengthening the implementation of environmental and social safeguards in all CAF-financed operations with these goals:

Prevent, mitigate, and/or compensate for adverse impacts on the population and the environment.

Consider climate risk at the project level, transversally to operations.

Foster stakeholder participation through public engagement.

Conserve biological diversity and natural habitats.

Promote the sustainable use of natural resources and ecosystem services.

Avoid and minimize negative impacts on human health, biodiversity, and ecosystems through pollution prevention.

Recognize, respect, value, promote the protection of, and prevent impacts on the region's cultural heritage resources.

Ensure compliance with international commitments regarding indigenous peoples and other minorities and vulnerable groups.

Ensure compliance with standards related to working conditions.

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Control and evaluation of environmental and social safeguards

In 2023, we implemented a rigorous methodology to evaluate the environmental and social risks of our operations during the due diligence process. We thoroughly analyzed compliance with the requirements established by our **environmental and social safeguards (ESS)** in each operation. We identified and categorized non-compliances, establishing an action plan with corrective measures. This action plan is periodically monitored by evaluating the reports required from the executor, results of field monitoring visits, and annual reviews of ongoing operations.

A significant milestone in 2023 was initiating the process of reviewing and updating our **environmental and social safeguards.** This process seeks to improve the understanding and application of the ESS to provide borrowers with key guidance for their implementation in projects. The update will not only strengthen the quality of our operations from an environmental and social perspective but will also reinforce essential aspects of gender, inclusion, and diversity.

APPLICATION OF ENVIRONMENTAL AND SOCIAL SAFEGUARDS

Specific requirements	2021	2022	2023
Environmental and social monitoring actions in the year	1,126	1,133	**1,212**
Preliminary evaluations	43	46	**105**
Due diligence	54	98	**131**
Technical criteria	856	822	**793**
Follow-up missions	102	64	**82**
Annual Environmental and Social Risk Review Reports	71	103	**101**

In 2023, we processed 236 new operations, conducted preliminary environmental and social analyses on 105 operations, and carried out environmental and social due diligence on 131 operations. Regarding monitoring, we completed the annual risk review on 101 operations, issued 793 technical criteria for operations in the administration stage, and conducted 82 monitoring missions. These results demonstrate our commitment to sustainability, comprehensive risk management, and the effectiveness of our environmental and social safeguards in all our operations.

For example, the gender safeguard is part of CAF's strategy to ensure gender equality in all financed operations, seeking to ensure that both men and women benefit equally from the projects and that their specific needs are considered. The following infographic presents the comprehensiveness and robustness of this safeguard.

Governing bodies and subsidiaries in CAF's corporate governance
CAF's administration and legal representation
AITI program
Ethics, compliance, and risk management
Audit practices at CAF
Environmental and social safeguards
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CAF impact and contributions to development

GENDER SAFEGUARD

Objectives

Promote gender equality in all stages of CAF-financed projects and identify and mitigate the impacts on both genders that may arise.

Requirements

Gender Analysis: Integrate a gender analysis that considers specific roles, benefits, impacts, and risks for different groups into the environmental and social impact assessment of projects.

Design and planning

Incorporate the results of the gender analysis into the project design, addressing the specific needs of men and women.

Participation and consultation

Ensure gender equality in effective and equitable participation in all project phases, considering the design of inclusion, mitigation, and compensation strategies based on the gender analysis, seeking to minimize negative impacts on both men and women.

Monitoring and evaluation

- Implement a **monitoring and evaluation system** that includes gender indicators.
- Ensure that gender **impacts are assessed** and that mitigation strategies are effective.

Institutional strengthening

Train project staff on gender equality issues and strengthen institutional capacities to handle gender issues in projects.

Procedures

- **Conduct gender analyses** to identify opportunities and risks related to gender equality in projects.
- **Verify compliance** with gender safeguards and current legislation, in addition to ensuring gender equality in contractual conditions.

Participation of social actors

Encourage the participation of women in public consultations and project decision-making, and design inclusive communication strategies.

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Environmental and social complaints mechanism

An annual report will be published summarizing the main activities and results of the MRAS.

In accordance with our Access to Information and Institutional Transparency Policy (PAITI), published in 2022, we reaffirm our commitment to providing adequate channels for citizens and stakeholders to access public information transparently and easily.

In line with PAITI, we established the Environmental and Social Complaints Mechanism (MRAS) as a key instrument for comprehensively managing environmental and social risks associated with our operations.

The MRAS is responsible for managing the concerns of individuals and communities regarding possible negative impacts, ensuring the adequate environmental and social performance of our operations and fostering constructive relationships with stakeholders. It also protects the rights of those affected by our investments and contributes to preventing or mitigating related social conflicts.

MRAS OBJECTIVES

Receive, assess, and manage complaints about environmental and social impacts affecting individuals, communities, and the environment during the implementation of a financed operation.

Detect, prevent, and mitigate social tensions that may arise or escalate around complaints to protect the development objectives proposed in the operations and contribute to socially responsible development.

Strengthen the management of environmental, social, and gender risks by transferring lessons learned from the MRAS to improve the conceptual and regulatory framework and internal processes.

SUBMISSION OF ENVIRONMENTAL AND SOCIAL COMPLAINTS

What type of complaints can be submitted?

Complaints related to adverse **environmental and social impacts** caused to individuals, communities, or the environment during the implementation of a program, project, work, or activity financed by CAF.

Who can submit a complaint?

- Individual complainant or group of people.
- Organization representing the complainants.
- Victim, representative, witness, or informed person in cases of Gender-Based Violence (GBV) or discrimination.

How to submit a complaint?

- By completing the MRAS form and sending it by email to **MRAS@CAF.COM** or filling it up online on our website.
- The form can also be sent by postal mail or delivered in person to any of CAF's Country Offices (CO).

More information on **environmental and social** complaints: formulario-mecanismo-de-reclamaciones-ambientales-y-sociales-mras-CAF-v2007.docx (live.com) **See the MRAS manual:** CAF-MANUAL-MRAS- 20230713

Consult the MRAS form to file a complaint: formulario-mecanismo-de-reclamaciones-ambientales-y-sociales-mras-CAF-v2007.docx (live.com)

Consult the CAF Country Offices to send a complaint: listado-de-oficinas-CAF-y-sus-numeros-de-contacto-mras-CAF.pdf

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MANAGEMENT OF ENVIRONMENTAL AND SOCIAL COMPLAINTS

Stage 1:
Reception and Registration

We receive and register complaints within ten business days of receipt.

Stage 2:
Eligibility determination

Within twenty calendar days of registration, we assess the eligibility of complaints, verify their compliance with submission and exclusion criteria, and notify the admissibility of the complaint.

Stage 3:
Evaluation and solution approaches

We conduct a comprehensive evaluation of complaints within 90 days; we verify compliance with environmental and social safeguards and propose solutions through voluntary dialogue to ensure effective resolution.

Details on **MRAS exclusions** in the Manual of the Environmental and Social Complaints Mechanism (CAF.com)

In 2023, we managed four complaints related to the project "Implementation of the Comprehensive Management Plan for the Luján River Basin - Stage II" in Argentina and the "Construction of the Santa Cruz - Las Cruces, Buenavista Highway" in Bolivia. These cases were successfully resolved in accordance with the MRAS criteria, demonstrating our commitment to effectively addressing and resolving environmental and social concerns.

Additionally, we are working on the upcoming launch of MiCAF, a comprehensive system for managing petitions, complaints, claims, and suggestions, as well as thanks and congratulations (PQRS/AF).

Details about our **record of addressed complaints** in the Environmental and Social Complaints Mechanism - MRAS (CAF.com)

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CAF impact and contributions to development

The operations that we finance and manage from CAF - within the framework of our institutional strategy - generate a positive impact on the development of Latin America and the Caribbean.

Since 2013, the year in which we created the evaluation unit[2] within CAF, we have progressively advanced in the design and implementation of impact evaluations based on causal attribution of strategic actions prioritized in each of the **shareholder countries.**

[2] Currently, the Directorate of Contributions to Development and Impact Measurement (DADMI) of the Development Planning and Impact Management (GPID), attached to the Executive Vice Presidency of CAF.

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Our impact evaluation agenda seeks to obtain lessons learned from the study of its operations, with the objectives of:

- Generating evidence and understanding of its impact.
- Generating lessons learned that allow for designing and executing operations with better results.
- Closing knowledge gaps.
- To date, we have supported **68 projects and have 19 active evaluation projects.**

Measuring our development impact is technically complex due to the difficulty of attributing the observed results in the beneficiary populations to the projects we finance. However, continuous efforts and learning have allowed us to reach 2023 with a systemic design of scientific rigor to quantify and effectively illustrate the contributions of our projects to development, through the financial support and backing we provide in both the sovereign and non-sovereign sectors.

We quantify our impact following high international standards, not only to enhance organizational transparency but also to understand how non-financial variables add value in the context of the sustainability of the territories where our projects are executed.

To shape impact measurement, we have taken as a starting point the institutional strategy to 2026, which contemplates action areas where **needs and priorities have been identified in member countries, as well as gaps in compliance with the Sustainable Development Goals (SDGs) that we contemplate in the Country Strategies,** and which incorporate criteria and considerations on impact, as well as instruments that allow for monitoring their progress and results throughout the life cycle of credit operations and technical cooperation.

This is how our **CAF Impact** initiative has allowed us to demonstrate the impacts in seven action areas of our strategic agendas, which correspond to specific contributions to the SDGs.

In 2023, we launched the CAF IMPACT initiative, a systematic effort to show how we contribute to the development of Latin America and the Caribbean, characterizing our actions in different sectors and leveraging existing scientific evidence to infer the impact our projects have on the region's population.

This initiative will continue to be strengthened and expanded in its scope across the action areas linked to our institutional strategy to 2026.

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CAF IMPACT

To learn more about the impact of CAF's actions, we invite you to browse the following infographic.

In the coming years, we will expand the coverage of CAF Impact to address new strategic action areas such as education, linked to the mission-oriented agenda of inclusive social well-being, digital transformation associated with the infrastructure and digital transformation agenda, blue economy and oceans, agriculture and irrigation, the latter linked to the mission-oriented agenda of biodiversity and ecosystem services.

In addition to our efforts to illustrate our actions and impacts in the region, another relevant event in 2023 relates to the implementation of the ex-post evaluation practice, which we have achieved through standardization of the evaluation process[3] on projects whose investment phase has concluded or are in the post-investment phase. These evaluations have allowed us to identify opportunities for improvement during the "origination," evaluation, and administration of CAF's financing operations and to reflect on their relevance, effectiveness, efficiency, and expected sustainability.

See the **results obtained from the ex-post evaluations of post-investment operations on investment programs/projects,** non-sovereign operations, and credit lines in Impact Management CAF.com

Details about **our contributions to development and expected** impact in the 2023 Annual Report CAF.com, pages 66-75.

[3] The standardization of our ex-post evaluation process is documented in a manual and in the evaluation instrument that we developed and apply at CAF. These documents are publicly available for consultation at **Ex Post Evaluation Manual (CAF.com)** and in **INSTRUMENT FOR EX POST EVALUATION (CAF.com).**

The methodology we developed and applied at CAF for ex-post evaluations is in line with the **criteria for better evaluation established by the OECD and the Good Practice Standards for Evaluation of Public Sector Operations** of the Evaluation Cooperation Group (ECG), which constitute international best practice references.

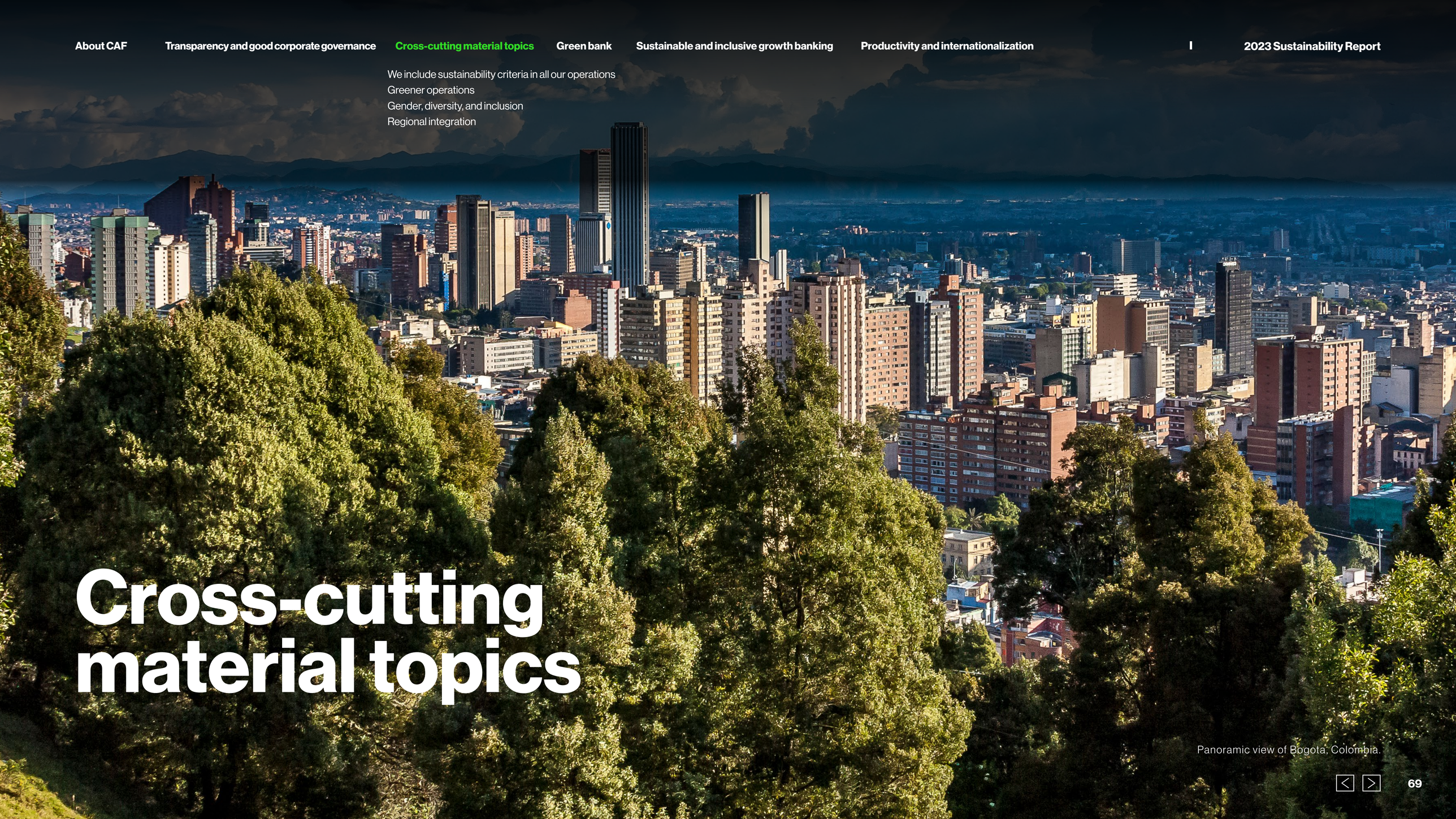
In 2024, we plan to implement 32 additional ex-post evaluations to the 12 already carried out in 2023. This will allow us to have a better understanding of the relevance, effectiveness, efficiency, expected sustainability, and impact of CAF's financing operations, both for each operation and at the sector level when there is an accumulation of evaluations that allows for extracting lessons learned at this level.

Additionally, in line with our **declaration of operating principles for impact management at CAF,** we have been developing a system for **Measuring Expected Development Impact (MIDES),** which is currently in the implementation phase and focuses on approximating the expected impact of operations in the non-sovereign sector through a composite index. The index score will serve as input for the bank's approval decisions, based on dimensions such as alignment with the 2026 institutional strategy, the relevance of the SDGs to which the project seeks to contribute, the magnitude of the expected effect, the strength of scientific support for the theory of change implicit in the project, and the likelihood that the project will deliver the promised outputs or outcomes. This is an approximation of ex-ante impact evaluations, and the developed composite index will be subject to periodic monitoring by CAF and will be linked to future ex-post evaluations that are implemented.

Consult the **declaration of operating principles** for CAF's impact management Declaración de principios operativos para la gestión de impacto en CAF.

We include sustainability criteria in all our operations
Greener operations
Gender, diversity, and inclusion
Regional integration

Cross-cutting material topics



Panoramic view of Bogota, Colombia.

Cross-cutting sustainability criteria in our operations

We include sustainability criteria in all our operations.

We pay special attention to the inclusion of criteria that maximize the value creation of our operations and permeate our daily work, focusing on factors to guarantee sustainability and resilience.

Our operations incorporate cross-cutting approaches that ensure the inclusion of four material topics: 1. greener operations; 2. gender, inclusion, and diversity; 3. regional integration, that is, integration to strengthen transnational cooperation opportunities among shareholder countries and enhance positive impacts; and 4. partnerships and resource mobilization.

2023 RESULTS

65 %
of approved operations incorporate green activities.

29 %
of sovereign approvals incorporate gender, inclusion, and diversity components.

23 %
of approvals in the year incorporate green criteria and promote climate action and/or the protection of the environment and biodiversity.

19 %
of sovereign approvals include a regional integration component.

USD 4.28 billion
in resources mobilized to the region.

With a view to promoting and maximizing the attraction of own and third-party resources to the region, we are continuously diversifying funding sources, strengthening fund management capacities to sustainably finance solid development projects, and improving coordination between our business, finance, green funds, resource mobilization, and global partnership areas to optimize efforts and ensure efficient management of such resources.

With this management and the establishment of a methodology that allows us to identify and take advantage of resource mobilization opportunities in the different products operated by CAF, we have attracted new partners and optimized financing. Furthermore, the incorporation of cross-cutting agendas has allowed us to integrate these issues into all the institution's actions, as well as into our credit and technical cooperation operations, and thus advance in achieving the strategic objectives that allow us to holistically address environmental, social, and governance challenges in light of institutional commitments and CAF's *raison d'être.*

Greener operations

GRI 3-3, GRI 2-25

The overarching purpose of our institutional strategy to consolidate ourselves as the green bank and the bank for sustainable and inclusive growth in Latin America and the Caribbean drives the objective of increasing green operations, permeating the mission-oriented agendas, promoting anchoring to maximize environmental and climate benefits in all operations, and contributing to shareholder countries' efforts towards achieving their environmental and climate commitments, while supporting initiatives in health, education, energy infrastructure, transportation, improvements in access to drinking water and sanitation in the territories, among other sectors.

The various commitments announced regarding green financing, such as those for adaptation and disaster risk management, and biodiversity conservation, guided the actions within the framework of a work plan aimed at promoting greener operations.

Public policies in the region's countries, focused on fulfilling their climate and environmental commitments, have facilitated the creation of green operations in line with the just transition.

This includes the development of national green taxonomies as classification systems for economic activities, the construction of resilient infrastructure, the implementation of telehealth in the health sector, among others.

We also highlight the express mandate of the Paris Agreement to mobilize financial flows towards climate-resilient and low-emission development, in response to which development banks have issued declarations of intent to align their operations with the Agreement's objectives in terms of mitigation and adaptation. This element drove CAF's commitment to align its operations with the Paris Agreement (PA) by 2026.

Thus, the precepts and methodologies of the Paris Agreement leverage the fulfillment of various CAF commitments, such as:

For more details, visit (2023 Annual Report, CAF, pp. 5-7).

COP 26 UNFCCC Glasgow:
Achieve **40 %** green financing by 2026.

COP 28 UNFCCC Dubai:
Invest **USD 15 billion** by 2030 for adaptation and disaster risk management.

COP 28 UNFCCC Dubai:
Invest **USD 2 billion** by 2030 to protect the Amazon.

Our operations will be aligned with the Paris Agreement

During the 35th Board Meeting of the Green Climate Fund (GCF), held in Songdo, Korea, in March 13-16, 2023, we announced that our new operations will be aligned with the Paris Agreement from 2026 onwards, using methodologies consistent with those of the development finance community.

Currently, we are establishing **new partnerships** with key partners to mobilize financial resources for the Latin American and Caribbean countries most impacted by the effects of climate change and biodiversity loss.

Through our **collaboration with the GCF,** we will be able to support the transition to low-emission and climate-resilient economies, promoting innovative solutions in various sectors such as:

- Harnessing renewable energy
- Agriculture
- Electric mobility
- New green products and services in financial institutions
- Biodiversity management

We support the region in the green transition by meeting the target adopted in 2021, which aims to ensure that at least 40 % of our approvals in 2026 contribute to climate change mitigation and adaptation, as well as to biodiversity and environmental conservation.

The main strategic focus of action to achieve greener operations centered on disseminating the green finance categorization and attribution methodology within CAF. We also created financial incentives to promote and originate this type of operation and increased transparency for their qualification and disclosure.

MAIN STRATEGIC FOCUS OF ACTION IN 2023

Dissemination and transparency of the methodology for categorizing and attributing green finance.

Creation of financial incentives to drive the “origination” of greener operations.

Approval of the Green Action Facility for Latin America and the Caribbean - FAVALC - USD 3 million

With the objective of supporting the construction of a project portfolio that allows countries to achieve their environmental, climate, and biodiversity goals, thus contributing to meeting the target of achieving 40 % green approvals by 2026.

Approval of the new comprehensive loan modality linked to climate and social objectives (PIVOCS)

A financing tool that links the financial conditions of the loan to the achievement of climate and social performance targets, rewarding the country's ambition and compliance with its climate change and gender commitments to incentivize sustainable development.

Partnership established between CAF and Rothschild & Co within the framework of COP 28 in Dubai

Where we seek to promote nature-based climate solutions, sustainable investments with a positive impact on biodiversity, and innovative green and blue financing mechanisms. This initiative also contemplates contributing to the development of market guidelines and best practices for future blended finance mechanisms.

Approval of the program for strengthening national capacities in sustainable finance - USD 380,000

Supporting countries in the development of financial tools and instruments such as green or sustainable protocols; tools for assessing climate and environmental risks in financial terms; green or sustainable taxonomies; and sustainable financial instruments.

POSITIVE IMPACTS GENERATED IN 2023

Increase CAF's role and visibility as the green bank of Latin America and the Caribbean

- Cooperation approved for **Chile** for **USD 400,000** to support the country in developing its National Sustainable Taxonomy.
- Construction of a pipeline of operations within the framework of **the Green Action Facility for Latin America and the Caribbean – FAVALC**, with a commitment of nearly **USD 3 million.**

Strengthen internal capacities for Green Finance identification

- Update of the guide of eligible green finance categories and activities, improving **transparency** in the attribution calculation rules and case-by-case application.
- **March:** Discussion **forum "Understanding CAF's green finance: criteria and eligible activities."**
  July: Workshop **"Green finance in the financial sector,"** aimed at the Financial Sector Vice Presidency.

At CAF, we will continue working on change management and strengthening organizational culture to ensure that all CAF areas continue incorporating green actions during the "origination" and structuring of operations.

Operations and notable achievements

65 % of the credit operations approved during 2023 contain activities that positively impact the fulfillment of the region's environmental and climate objectives. This has allowed 23 % of the total USD 16.261 billion approved during the year to qualify as green financing according to the criteria adopted by CAF within the framework of the *International Development Finance Club (IDFC).*

65 %
of approved operations incorporate green activities.

23 %
of approvals qualify as green financing.

This represents a significant challenge towards the target set by the bank, which aims to reach 40 % green approvals by 2026.

Details of the total credit operations approved in the year can be found in our 2023 Annual Report.

Gender, diversity, and inclusion

GRI 3-3, GRI 2-25

This cross-cutting approach in our operations allows us to collaborate closely with our shareholder countries through interventions that foster the exercise of rights, promote equality, and extend benefits to all population groups, thus ensuring a positive and sustainable impact in the region.

Our strategy to facilitate the incorporation of Gender, Diversity, and Inclusion (GDI) criteria focuses on supporting business areas in structuring operations that can be classified into at least one of the following transversality categories:

GDI CORE OPERATIONS

The operation recognizes gender inequalities or the situation of Afro-descendants, indigenous peoples, and people with disabilities through specific measures, affirmative action, or indicators, but does not address them in depth.

OPERATIONS WITH A GDI PERSPECTIVE

The operation recognizes and considers the specific needs of the GDI target population and incorporates affirmative actions or measures in several aspects of the design or content of the operation; however, addressing gender inequalities and/or promoting the development of Afro-descendants, indigenous peoples, and/or people with disabilities is not the main objective.

GDI TRANSFORMATIVE OPERATIONS

The operation seeks to transform unequal relations in favor of promoting access to and control over resources, rights, and the empowerment of the GDI target population. The reduction of gender inequalities and/or the development of Afro-descendants, indigenous peoples, and/or people with disabilities is the main objective of the operation.

Regional integration

GRI 3-3, GRI 2-25

Regional integration is one of the pillars of CAF's mission and a cross-cutting axis of our institutional strategy. Integration increases productivity, strengthens a stable regional market, and increases participation in global value chains.

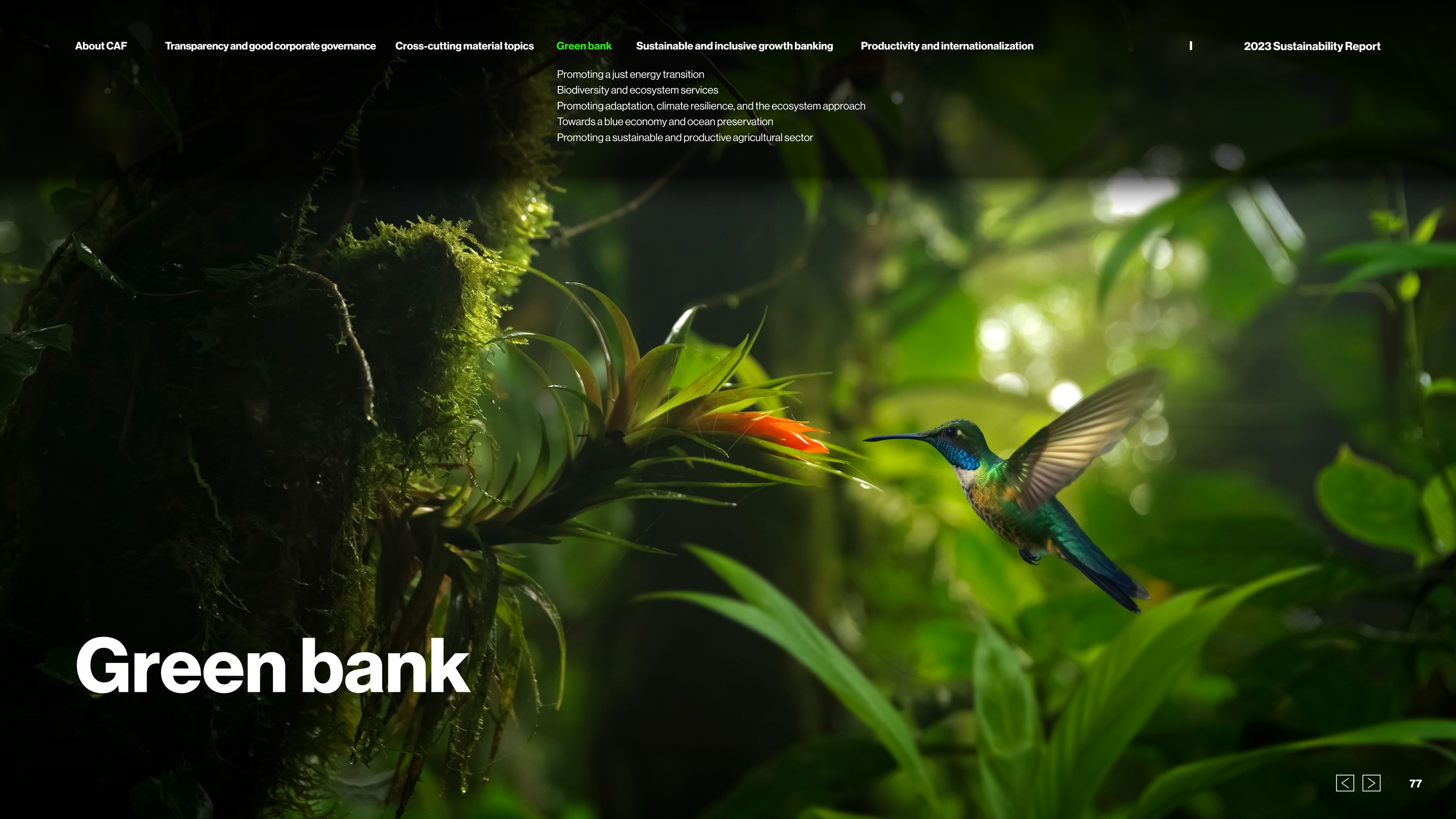
Our efforts to promote national or regional integration during the year, in addition to achieving relevant credit operations for shareholder countries (disclosed in the "Physical connectivity, regional integration, and digital transformation" section of Chapter 6 in this sustainability report), were also key to boosting CAF's growth and geographical reach. Throughout the year, we registered the entry of Honduras into the bank and the conversion to member countries of the Dominican Republic and Chile, one of our founding countries. We also inaugurated the House of Integration in Paraguay and held board meetings in Santiago, Chile, Santiago de Compostela, Peru, and Rio de Janeiro, which allowed us to reach fundamental agreements and decisions for projects of multilateral scope.

In 2024, we will continue working to further facilitate the mobilization of resources and the mainstreaming of regional integration criteria in our credit operations to continue positively impacting cooperation between countries, economies, productivity, and competitiveness.

More information about regional integration in our 2023 annual report.

Paço Municipal, Brazil.

Promoting a just energy transition
Biodiversity and ecosystem services
Promoting adaptation, climate resilience, and the ecosystem approach
Towards a blue economy and ocean preservation
Promoting a sustainable and productive agricultural sector



Green bank

The climate crisis is an inescapable reality that is drastically transforming the planet, impacting both terrestrial and marine ecosystems and the biodiversity that inhabits them. Furthermore, the frequency of extreme weather events, mainly caused by human activities, is increasing.

At CAF, we continue to accept the challenge of developing innovative, resilient, and inclusive green strategies for Latin America and the Caribbean. Our goal is to prevent, reverse, and control the accelerated loss of biodiversity, as well as implement joint actions to counteract the effects of climate change. This will be achieved through a just energy transition, the management of biodiversity and ecosystem services, and the creation of resilient territories where synergy is generated between society, climate finance, and the environment.

The integration of natural capital with economic sectors, the alignment of its actions with the Paris Agreement, and the capacity of territories to effectively resist, adapt, and recover from various threats and disturbances, both natural and anthropogenic, are considered a strategic investment for the bank.

Promoting a just energy transition

GRI 3-3, GRI 2-25

Latin America and the Caribbean possess great potential in renewable resources, such as solar, wind, hydroelectric, and geothermal energy. At CAF, we are committed to their promotion and development to contribute to reducing dependence on fossil fuels and related greenhouse gas emissions. In parallel, we support our partner countries in the use of natural gas as a transition fuel.

In addition to the above, green hydrogen is positioning itself as a crucial component in the just energy transition, offering a clean and sustainable solution to reduce carbon emissions. Its adoption, also promoted by the bank, drives the decarbonization of industrial sectors and the transportation sector.

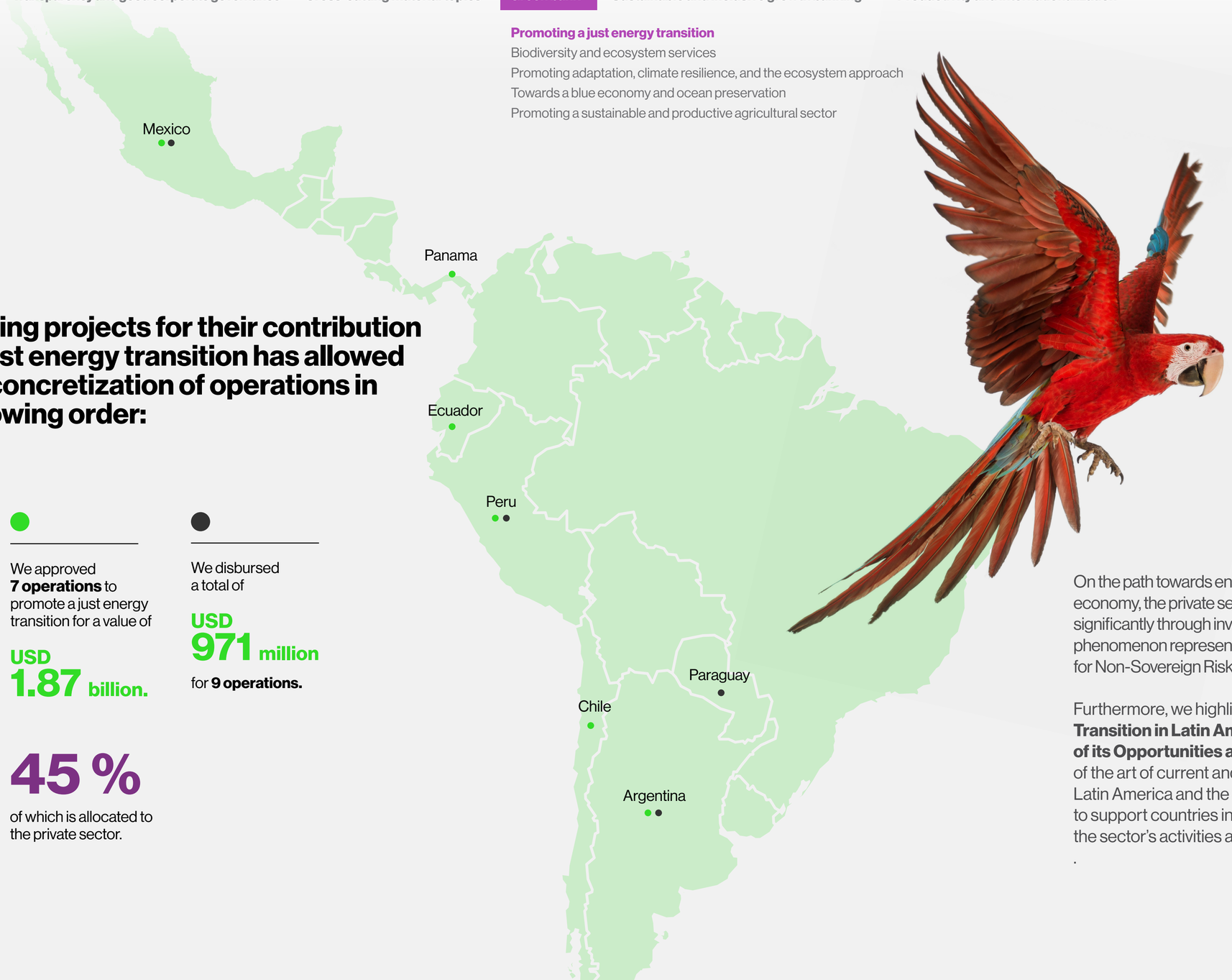
The just energy transition implies adopting cleaner energy sources, addressing climate change, protecting the well-being of communities, and guaranteeing social and labor justice. Thus, our main focus of action during 2023 has been based on the following actions.

MAIN FOCUS OF ACTION DURING 2023 IN PROMOTING A JUST ENERGY TRANSITION

- Support for gas projects as a transition fuel in the region
- Provision of resources, through the Production Promotion Corporation (CORFO) financial facility in Chile, for green hydrogen projects
- Definition of prioritization criteria for selecting financeable projects
  - The heterogeneity of countries' needs
  - The tensions between policy objectives
  - The need to ensure its legitimacy
  - The constraints in resource availability

We execute this through:

- Knowledge generation
- Technical assistance
- Approval of credit operations
- Support for countries in the region in fulfilling the commitments agreed upon in the Paris Agreement



Prioritizing projects for their contribution to the just energy transition has allowed for the concretization of operations in the following order:

We approved **7 operations** to promote a just energy transition for a value of

USD 1.87 billion.

We disbursed a total of

USD 971 million

for **9 operations.**

45 %

of which is allocated to the private sector.

On the path towards energy transformation and a low-carbon economy, the private sector has shown a notable interest in contributing significantly through investments in renewable energy projects. This phenomenon represents a challenge, as we seek to secure financing for Non-Sovereign Risk operations to address this dynamic.

Furthermore, we highlight the completion of the study **"The Energy Transition in Latin America and the Caribbean: A Vision to 2050 of its Opportunities and Challenges,"** which analyzed the state of the art of current and future investment in the electricity sector in Latin America and the Caribbean. This has provided key information to support countries in their policy and investment actions in each of the sector's activities and reduce development gaps in all of them.

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Notable credit operations

Among our credit operations, the following stand out.

Northern gas pipeline reversal project in argentina

To allow the flow of natural gas from South to North (contrary to its current operating condition from North to South) to guarantee the supply of gas from the Neuquén Basin to the provinces of the Central and Northern regions of Argentina.

Beneficiary: Argentina
Approved amount:

USD 540 million

We approved CAF's first credit operation to finance green hydrogen (H2V):

Together with the Production Promotion Corporation (CORFO), we approved CAF's first credit operation to finance green hydrogen (H2V) to support Chile's National H2V Strategy and contribute to the transformation of its industry towards decarbonization.

Beneficiary: Chile
Approved amount:

USD 80 million

Notable technical cooperation agreements

Within the framework of the Memorandum of Understanding signed in 2023 with the Latin American Energy Organization (OLADE), we approved two technical cooperation agreements[4] that seek to promote energy integration and reduce greenhouse gas emissions.

CAF PPI contribution of
USD 180,000

Study for the promotion of energy integration between Argentina and Chile through the development of new transportation infrastructure to increase gas exports from Argentina to Chile.

CAF contribution of
USD 150,000

Support in identifying the technical needs for collecting, monitoring, and supervising information on methane emissions to enable the development of an observatory that measures the contribution to emission reductions.

4 One of the cooperation agreements was approved with resources from CAF-PPI. PPI is a non-reimbursable technical cooperation fund aimed at supporting pre-investment in integration infrastructure projects in areas such as transportation, energy, and telecommunications.

Biodiversity and ecosystem services

The management of biodiversity and ecosystem services as a fundamental axis for CAF

GRI 3-3, GRI 2-25

At CAF, we recognize the vitality of ecosystems in Latin America and the Caribbean. Our focus on strategic ecosystems positions us as a bank committed to environmental sustainability and provides us with the opportunity to promote regional integration and foster sustainable practices.

Our commitment is clear: to support countries in achieving their sustainable development goals, which includes increasing green financing. To this end, within the framework of our biodiversity and ecosystem services agenda, we are developing three key initiatives:

01

We promote climate adaptation and resilience through an ecosystem-based approach.

02

We focus on the blue economy and the preservation of our oceans.

03

We promote a sustainable and productive agricultural sector.

These initiatives are closely aligned with the importance of the strategic ecosystems approach, as presented below:

RELEVANCE OF THE STRATEGIC ECOSYSTEMS APPROACH

Inclusive spatial scope:

We recognize that ecosystems have no borders, allowing us to collaborate with various countries and communities to effectively manage natural assets.

Inclusion of local communities:

We value the ancestral knowledge of indigenous peoples and local communities. By respecting natural processes and establishing biological thresholds, we increase resilience and promote more equitable sustainable development.

Biodiversity and food security:

We aim to offer economic and ecological advantages such as increased carbon sequestration, biodiversity conservation, and improved food security through sustainable restoration and management practices.

Long-term vision:

We adopt a perspective that respects natural processes at the micro and macro levels, working on multiple scales and timeframes for comprehensive and sustainable long-term landscape management.

Amazon rainforest Village.

These are some of the projects and initiatives on strategic ecosystems that we promoted in 2023

SUSTAINABLE AND PRODUCTIVE AGRICULTURAL SECTOR

Collaboration with the company Ethniessense for the organic production of Andean tubers. As a result, 100 % of the area dedicated to this production is organic.

Acquisition of equipment for park rangers at Cocos Island National Park (PNIC). We installed 40 camera traps.

Development of a Biobusiness Project in collaboration with the indigenous cooperative of Chimborazo (COPROBICH). This project includes the design of a guinea pig marketing plan and a productive package provision plan.

CLIMATE ADAPTATION AND RESILIENCE THROUGH AN ECOSYSTEM-BASED APPROACH

Restoration of 7 National Parks in Argentina, located in strategic ecosystems such as the Pampas, the Tropical Andes, and Patagonia.

Total area: 1.1 million hectares
Restored: 74,000 hectares

Approval of the preparation of a roadmap for the Tumbesino Forests strategic ecosystem, covering areas in Ecuador and Peru.

Development of 4 interactive guides for project formulation within the framework of the Migratory Bird Routes Initiative of the Americas.

Declaration of pigs and cats as invasive alien species in Cocos Island National Park (PNIC), Costa Rica.

Bait dispersal campaign to eradicate rats and cats in 17,000 hectares to restore Floreana Island in the Galapagos Archipelago.

Increase in frog production and visits to the Wikiri Sapoparque through the construction of quadrants in La Florida.

Implementation of a biofactory business model to produce biofertilizers, which has significantly improved quinoa crops. This approach has resulted in 93 % coverage of organically certified agricultural plots in Ecuador.

Approval of the Ecological Restoration Project for Bird and Reptile Populations on 4 islands of the Galapagos Archipelago, located in a strategic zone of the Humboldt Current.

Notable credit operations

Among our credit operations, the following stand out:

Support program for the improvement of management and preservation of the missions rainforest

Contributes to improving management and conservation in native forests and protected natural areas of the Misiones rainforest in the province of Misiones, located in northern Argentina, through improvements in the management of native forests and protected natural areas, and the construction of low-impact infrastructure for nature tourism.

Directly benefits nearly 25,000 people, including small and medium-sized rural producers, indigenous communities, and local peasant farmers living in parks, reserves, forests, and surrounding areas. It is estimated that 55 % or more are indigenous, and 45 % are women. Indirectly, it is expected to reach approximately 5,530,000 people, including those who carry out activities related to tourism services and estimated visitors for 2025-2026.

Beneficiary: Argentina
Approved amount:

USD 15 million

SA Impact Forestry Fund

Financing this fund enables investment, under high environmental and sustainability standards, for the acquisition and conversion of degraded and low-productivity lands in southern Paraguay, into a portfolio of forest exploitation compliant with the Forest Stewardship Council standard, recognized as one of the most relevant standards for the sustainable management of these natural resources. Additionally, each forestry project will allocate an area of up to 25 % of the total land used for the conservation and preservation of biodiversity.

It is expected to recover 80,000 hectares of land and achieve 20,000 hectares of conservation with this portfolio; furthermore, it will capture carbon up to 18 million tons of CO_2 and generate more than 3,000 direct jobs and 30,000 indirect jobs, applying equity and equality criteria.

Beneficiary: Paraguay
Approved amount:

USD 15 million

We also highlight support for initiatives such as:

- The Amazon Regional Observatory (OTCA) and the Green Coalition of Development Banks.
- We contributed to the prioritization of the Amazon in the Country Strategy Document (DEP) for Brazil and the Amazonian Museum initiative.

Notable technical cooperation agreements

Technical Cooperation for the Development of RedeTrilhas in Brazil

Objective: We contribute to biodiversity conservation and reducing habitat fragmentation throughout Brazilian territory by developing a management model for the National Network of Long-Distance and Connectivity Trails (RedeTrilhas) in collaboration with the Brazilian Ministry of Environment and Climate Change.

Beneficiary: Brazil
Financing:

USD 50,000

Support for the Design of Strategies and Public Policies in Emblematic Ecosystems of Uruguay

Objective: We strengthen conservation actions in the country by designing strategies and public policies aimed at conserving biodiversity and ecosystem services in emblematic ecosystems of Uruguay. This cooperation is carried out in collaboration with the Ministry of Environment of Uruguay.

Beneficiary: Uruguay
Financing:

USD 81,500

Promoting climate adaptation and resilience through an ecosystem-based approach

This initiative is essential to support our shareholder countries in the transition towards sustainable, resilient, green, and inclusive economic growth models. By proactively addressing the challenges of climate change and accelerated biodiversity loss, we contribute significantly to achieving the Sustainable Development Goals (SDGs), the Paris Agreement, and the Global Biodiversity Framework.

During 2023, we focused on integrating our operations related to climate change adaptation and resilience with the ecosystem approach. We recognize that both climate action and biodiversity share common causes, drivers, activities, and actors. This motivates us to jointly address ambitious and synergistic actions in both agendas.

The positive results achieved during 2023 are highly relevant. We consolidated our profile as a strategic regional partner in climate action, biodiversity, and disaster risk management. The investment associated with climate adaptation reached USD 1.07 billion, with a balance between nature-based solutions, resilience of productive sectors, and disaster risk reduction actionss.

We highlight some of the most relevant elements that allow us to account for the progress on this material topic.

Machu Picchu Historic Sanctuary, Peru.

We have achieved effective control and monitoring of our management, allowing us to contribute to operations to consolidate ourselves as a **green bank.** We also managed to position ourselves and represent the region's interests in relevant spaces such as the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change in Dubai, UAE (COP 28), where, among other things, we consolidated the agenda on climate change adaptation measures and set challenges for the next year that focus mainly on improving resilience and response capacities in adaptation to extreme climate events in member countries and mitigating the impacts of such events.

Control and monitoring mechanisms

We apply strict criteria to classify the green financing of an operation. This includes compliance with environmental and social safeguards, **promoting a direct positive impact on climate adaptation or biodiversity,** and the availability of information that justifies said impact.

Milestones, achievements, and challenges

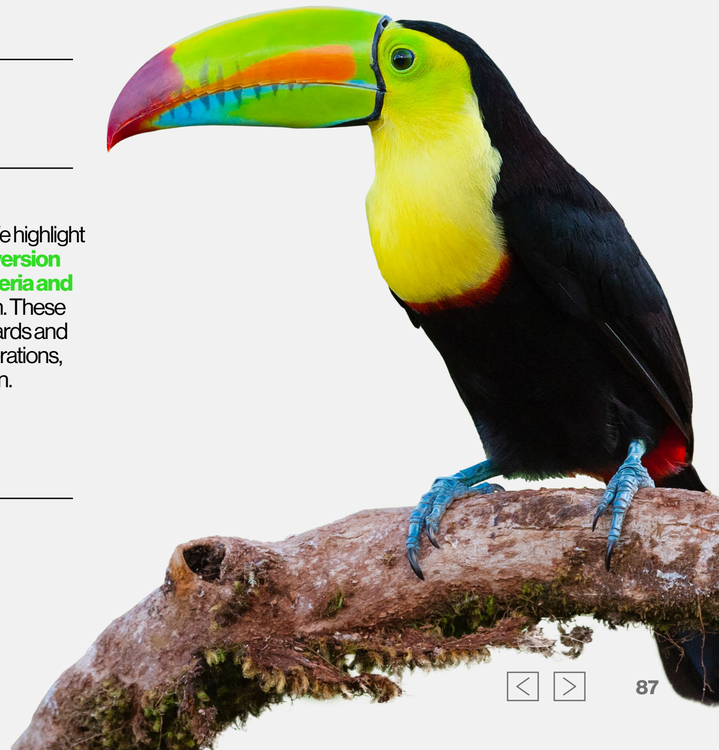
We highlight our role as the main multilateral financier of climate adaptation in Latin America and the Caribbean. At COP 28 in Dubai, we confirmed our commitment to investments of more than **USD 2 billion** per year until 2030 to strengthen the region against extreme natural events.

Challenges for 2024

We will advance our portfolio of operations with our shareholder countries, particularly in resilient infrastructure and nature-based solutions. We also seek to implement co-financed projects with green funds for climate adaptation and disaster risk reduction, exceeding **USD 150 million.**

Incorporation of the green component

We contribute to the inclusion of green operations in our approved projects. We highlight our technical contributions to the **first version of CAF's Eligible Green Finance Criteria and Activities,** launched internally in March. These criteria establish homogeneous standards and facilitate effective application in our operations, promoting greater inter-area articulation.



Notable credit operations and technical cooperation agreements

Credit operations

Objective: We finance disaster risk management based on damage scenarios from the El Niño phenomenon, integrating scientific knowledge of climate risk with the necessary preventive investments for the country. In collaboration with the Government of Ecuador, an operation was structured within the framework of CAF's regional emergency response line.

Beneficiary: Ecuador
Financing:

USD 50 million

Technical cooperation agreements

Objective: We established the necessary conditions to implement the Loss and Damage mechanism in Ecuador. This is the first time the GCF has financed this area, marking a global milestone and providing a model for countries facing climate impacts beyond their adaptation capacity.

Beneficiary: Ecuador
Financing:

USD 499,952

Virgin of El Panecillo in Quito, Ecuador.

Towards a blue economy and ocean preservation

The blue economy and oceans initiative is fundamental to our mission-oriented agenda on biodiversity and ecosystem services.

Oceans face unprecedented threats, from the impacts of climate change to plastic pollution and overfishing. Therefore, in 2022, we joined the United Nations Environment Programme (UNEP)'s common principles for a Sustainable Blue Economy and committed to mobilizing USD 1.25 billion between 2022 and 2026 for the Blue Economy in the Latin American and Caribbean region.

This initiative is especially relevant for the region, where most of our member countries have more marine territory than land territory. The blue economy represents a unique opportunity to boost economic growth, improve the quality of life of the population, conserve our marine biodiversity, and strengthen our resilience to climate change.

We have positioned ourselves as a global player in the blue economy, representing Latin America and the Caribbean at key international events. At the Our Ocean Conference in Panama, we committed USD 12.6 million for marine projects. At COP 28 in Dubai, we led events on the blue economy, the Caribbean ecosystem, mangroves, and marine renewable energies. At the Finance in Common Summit (FiCS) in Cartagena, together with nine institutions, we made a joint call for ocean sustainability actions and committed to a roadmap for a sustainable blue economy, to be presented at the United Nations Ocean Conference (UNOC) in France in 2025.

To date, we have achieved significant global positioning, representing the interests of Latin America and the Caribbean on international stages. As a notable achievement this year, we also launched **CAF's Decalogue of Blue Commitments,** which establishes a strategic basis for promoting a sustainable blue economy in our region.

The oceans, which cover more than 70 % of the Earth's surface, are the basis of our existence. They not only provide us with food and regulate the climate, but are also vital to the global economy, supporting sectors such as tourism, fishing, and maritime transport.

Notable technical cooperation agreements

Program for the Comprehensive Management of Sargassum in the Greater Caribbean

Objective: We are developing a portfolio of innovative projects and financing strategies to effectively manage this phenomenon and its impacts.

Beneficiaries: **The Caribbean, benefiting Mexico, Costa Rica, Panama, Colombia, Jamaica, Dominican Republic, Barbados, Trinidad & Tobago, and Venezuela**

Investment:

USD 200,000

Promoting Blue Economy Priorities in the Wider Caribbean Region (CLME+)

Objective: We are promoting sustainable value chains for seafood products and adopting ecosystem-based fisheries management practices.

In collaboration with the Global Environment Facility (GEF) and the Food and Agriculture Organization of the United Nations (FAO), we are promoting the development of the blue economy in the Caribbean region.

Beneficiaries: **Barbados, Belize, Guyana, Jamaica, Panama, and St. Lucia**

Investment: GEF investment of

USD 6,782,000

and co-financing of

USD 41,097,901

As part of CAF's control and monitoring, we hold periodic meetings of the Climate Action and Positive Biodiversity Management team to review progress and challenges in the implementation of the initiative, as well as to receive guidance on blue economy issues.

Looking ahead, our goals for 2024 include:

Development of the Comprehensive Strategy for the Sustainable Blue Economy. A complete strategy for internal and external clients, aligned with the SDGs. We will focus on programs and projects that promote economic development and the conservation of marine resources.

Updating the Green Finance Guide. We will strengthen our guide of eligible green finance criteria and activities for the blue economy, emphasizing the positive impact on the ocean, the contribution to climate change mitigation, adaptation, and coastal resilience, as well as support for livelihoods and coastal communities.

Promoting a sustainable and productive agricultural sector

Technological innovation and sustainability: transforming the agricultural sector

The sustainable and productive agricultural sector stands as a fundamental pillar in our mission-oriented agenda of biodiversity and ecosystem services. Our green banking agenda comprehensively addresses climate action, focusing on adaptation, mitigation, and the preservation of natural capital, closely linked to agricultural and forestry production.

01

We recognize that productive transformation towards sustainable practices not only guarantees economic profitability but also promotes environmental health, social equity, and fair income distribution.

02

We are committed to technological innovation and digital transformation and are aware of their potential to revolutionize production processes and contribute to more efficient and sustainable markets.

03

We are committed to decarbonization and the energy transition in the region, leveraging the potential of agricultural, livestock, forestry, and livestock biomass for the generation of clean and accessible energy, in line with the principles of the circular bioeconomy.

These fundamental pillars reflect our commitment to building a more prosperous and sustainable future for Latin America and the Caribbean.

Focus of action

During 2023, we focused on designing the Strategy for the Sustainable and Productive Agricultural Sector within the Mission-Oriented Initiatives, with valuable technical support from the Inter-American Institute for Cooperation on Agriculture (IICA). We are in the process of internal dissemination and expect its approval during 2024. In parallel, we have made progress in creating a toolbox to facilitate the identification, origination, and evaluation of operations, both sovereign and non-sovereign, in the sector.

These tools will be available starting in the second half of 2024. Furthermore, we have reorganized existing, approved, and in-design operations, focusing particularly on those related to green funds.

Notable technical cooperation agreements

Two technical cooperation agreements were approved in Venezuela, with results expected for 2024.

Standardization of bioinputs for corn cultivation in Portuguesa and Yaracuy

Objective: We increase the availability of technologies based on quality bioinputs, promoting sustainable agriculture and empowering local producers through the development of enterprises.

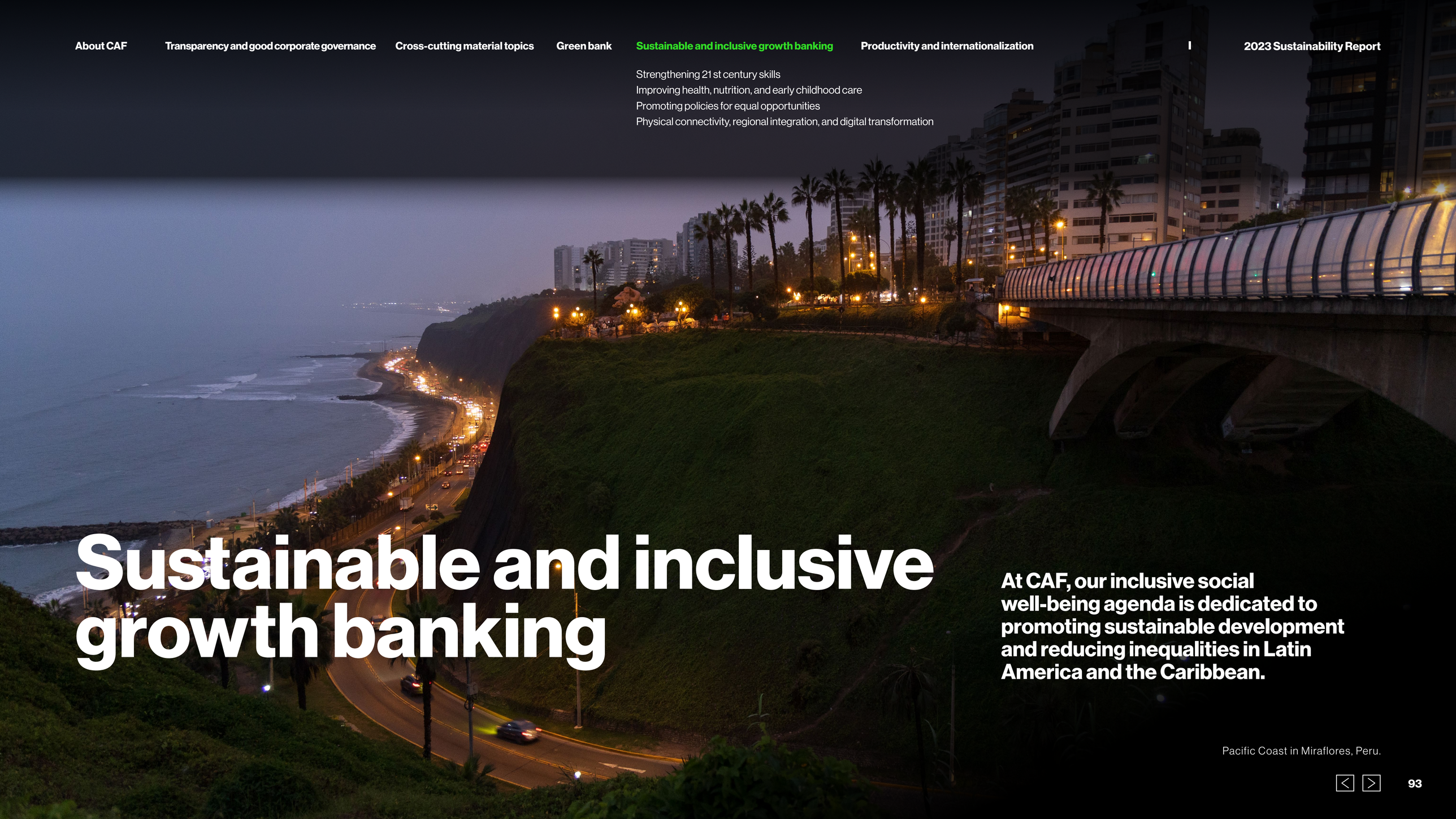
This initiative seeks to facilitate the standardization of bioinputs produced by small-scale producers for corn cultivation.

Beneficiaries: Portuguesa and Yaracuy states - Venezuela

Development of regenerative goat and sheep farming in yaracuy

Objective: We consolidate regenerative goat and sheep farming in Venezuela through the creation of a National Comprehensive Development Program. A pilot project will be implemented in Yaracuy state as a model for future nationwide actions.

Beneficiaries: Small and medium-sized producers within an 18-month timeframe



Sustainable and inclusive growth banking

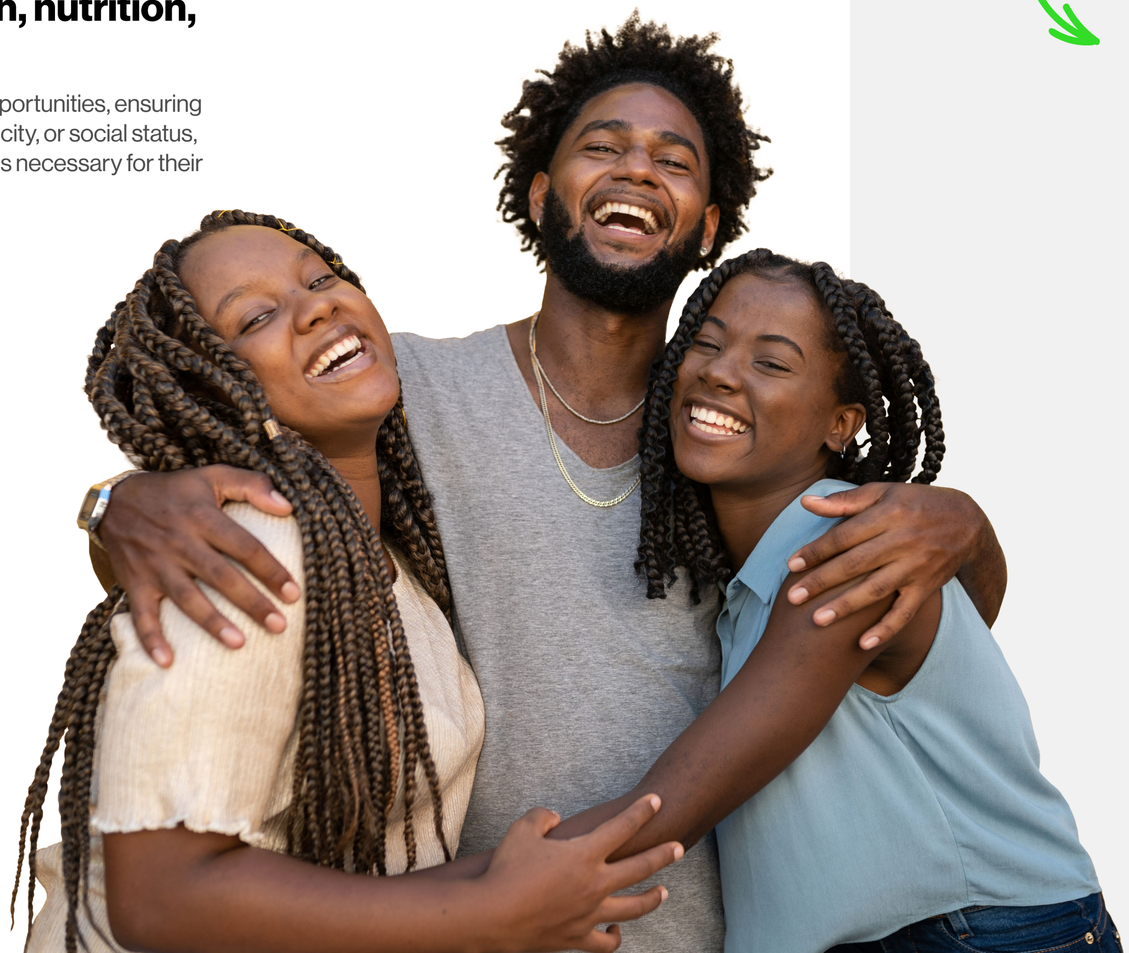
At CAF, our inclusive social well-being agenda is dedicated to promoting sustainable development and reducing inequalities in Latin America and the Caribbean.

Pacific Coast in Miraflores, Peru.

GRI 3-3, GRI 2-25

We focus on equipping children and young people with the skills necessary to face future challenges, as well as improving health, nutrition, and early childhood care.

Furthermore, we promote policies for equal opportunities, ensuring that all people, regardless of their gender, ethnicity, or social status, have access to the resources and opportunities necessary for their full development.



The following chart shows the key initiatives of this agenda.

- Strengthen 21st-century skills
- Improve health, nutrition, and early childhood care
- Promote policies for equal opportunities

These actions are leveraged by the policies that each government promotes to close social gaps; therefore, we have also directed efforts towards strengthening institutions in shareholder countries, by promoting transparency and integrity in public management, with a cross-cutting innovation approach that improves public financing and social investment for sustainable development.

Strengthening 21st-century skills

This strategic initiative promotes sustainable development and provides children and young people with the cognitive, socio-emotional, digital, and technical skills to face future challenges.

GRI 2-25, GRI 3-3

Our commitment is to reduce gaps and improve the quality of education.

We are intensifying our efforts in the education sector in Latin America and the Caribbean, focusing on reducing access gaps and improving the quality of education.

Strengthening 21st-century skills is an initiative that responds to the need to address inequalities in access and quality of education in Latin America and the Caribbean, where 90 % of low-income students do not achieve basic competencies and around 20 % of young people between 15 and 24 years old are disconnected from education and employment systems when they are of working age.

90 %

of low-income students do not achieve basic competencies.

Our strategic action focused on expanding to new countries by initiating sectoral dialogues and providing technical support.

In parallel, we promoted the structuring and approval of new credit operations that integrate improvements in educational infrastructure, the adoption of technology for learning, the management of educational systems, and the development of skills for employability in secondary education.

We approved
USD 400 million
to upgrade
180,000 m² of educational infrastructure
in Argentina, Colombia, Ecuador, Panama, Trinidad and Tobago, and Uruguay.

These programs will benefit
3.4 million
students and
60,000 teachers.

Operations and notable achievements

PROMACE II PROGRAM ARGENTINA

Objective: Creation and improvement of infrastructure, strengthening of educational trajectories, and job and professional training.

- Job training
- Acquisition of fixed and mobile workshop classrooms for secondary schools and establishment of a simulation center.

This initiative will complement the access policy with the reconstruction and remodeling of around 42 school buildings.

Beneficiaries:

6,400 secondary school students will participate in the dual certification program.

9,000 adolescents and young people will receive updated training in technical and agricultural schools.

13,500 children and young people will have new or improved educational spaces.

Investment:
USD 60 million

NATIONAL PLAN FOR EDUCATIONAL SPACES FOR COMMUNITY LIFE

Objective: Implementation of a pilot project at the San Antonio Los Brazos Mixed Rural School in Timbiquí.

Construction of more than 440 m² of infrastructure with modular classrooms, improvements in the supply of drinking water, basic sanitation, and energy. Existing facilities were renovated, including a multipurpose court, walkways, and a dock and pier were built.

Beneficiaries:

Educational community

Investment:
USD 80 million

ANNUAL EDUCATIONAL INVESTMENT PLAN (PAIE) ECUADOR

Objective: Improvements in educational infrastructure, teacher training, and updating the baccalaureate to close the digital divide.

Beneficiaries:

3 million students
100,000 teachers

Investment:
USD 150 million

PROGRAMS TO IMPROVE ACCESS, RELEVANCE, AND EDUCATIONAL INCLUSION (PAPIE) PANAMA

Objective: Adaptation and equipping of regional educational centers and resource classrooms; strengthening of entrepreneurial skills and business culture among young people.

CAF supports a pilot plan for teaching business culture in Panama.

Beneficiaries:

652 teachers from **17** educational centers trained in entrepreneurship tools and concepts

Investment:
USD 70 million

PROGRAM TO IMPROVE EDUCATIONAL QUALITY TRINIDAD AND TOBAGO

Objective: Promote the teaching of Spanish as the first foreign language and improve connectivity and technological equipment in schools.

- Acquisition of 912 technological equipment for administration and storage in primary schools.
- Development of digital content in mathematics, English, and Spanish for primary and secondary students.
- Updating workshops and laboratories in 8 educational institutions.

Beneficiaries:

210,000 students

1,200 people

154 early childhood education centers

476 primary schools

134 secondary schools

Investment:
USD 40 million

Argentina, Uruguay, Chile, Colombia, Panama, and the Dominican Republic benefited from improvements in modular educational infrastructure and digital transformation.

Implementation of advanced technologies for learning and management.

Programs for the development of skills for entrepreneurship and youth employability.

Strengthening of music programs in schools.

We supported the design and implementation of public policies regarding educational infrastructure and school spaces, closing the digital divide, teacher professional development, and baccalaureate transformation in various countries in the region.

We create and promote knowledge products

We support countries in promoting the transformation of their educational and vocational training systems by generating applied knowledge products, with an emphasis on the comprehensive adoption of technology for learning; the management and development of training offers relevant to the demands of society and the labor market.

More about the main publications and knowledge production in this agenda at:

- Digital Transformation in Public Educational Administrations in Ibero-America: Analysis and Perspectives (scioteca.caf.com)
- Opportunities for Pedagogical Innovation with the Assistance of Artificial Intelligence (scioteca.caf.com)
- Early Warnings to Prevent School Dropout: The Case of Mendoza Province (scioteca.caf.com)
- Learnings and Challenges for Teaching Computer Science in Schools (scioteca.caf.com)

Improving health, nutrition, and early childhood care

Committed to health, nutrition, and early childhood care in the region

We address health and nutrition inequity in Latin America and the Caribbean, where more than 140 million people lack access to basic health services.

This work is part of the Inclusive Social Well-Being Initiative, connecting our agenda with other strategic initiatives that promote actions for regional well-being. The importance of health and nutrition is emphasized in our institutional strategy, highlighting its impact on all CAF activity areas.

The Health and Nutrition Agenda focuses **on three main lines** of action:

01
Strengthen and modernize health systems.

02
Promote food security and optimal nutrition, especially for women and children.

03
Offer comprehensive early childhood care as a cross-cutting component of our operations, socialized with all CAF business areas.

During 2023, two Investment Programs and Projects (PPI) were approved in health and nutrition for a total amount of USD 194 million.

We positioned the Health and Nutrition Agenda in Colombia, Panama, Peru, and El Salvador through the approval of two investment programs and projects for USD 213 million and two Broad Focus Sector Programs in Ecuador and Uruguay, benefiting more than 4.5 million people.

We achieved initial positioning of the Health and Nutrition Agenda in Colombia, Peru, and El Salvador.

We approved two Sector-Wide Approaches (SWAps) in Ecuador and Uruguay, which include investments in health such as expansions of medical coverage, benefiting approximately 4.5 million people.

Operations and notable achievements

PERU

Objective: We collaborated with the Ministry of Health to improve primary care.

Beneficiaries: Vulnerable rural areas and early childhood

Investment: Results-based budget of
USD 100,600

We provided technical assistance to the Ministry of Development and Social Inclusion and implemented early childhood care services based on a results-based budgeting approach.

COLOMBIA

Objective: We provided technical assistance to the Ministry of Health to prioritize mental health interventions.

Beneficiaries: Rural communities

Investment:
USD 30,000

Furthermore, we approved **USD 100,000** for the National Virtual University Hospital, a telehealth platform for vulnerable communities in rural areas.

BOLIVIA

Objective: We offered technical cooperation to the Ministry of] Development Planning.

Beneficiaries: Early childhood

Investment:
USD 92,000

We supported comprehensive early childhood initiatives, including the training of intersectoral technical teams that develop strategies to guarantee the effective implementation of key interventions for a good start in children's lives.

We supported the design and implementation of public policies on early childhood, telehealth, and chronic child malnutrition in various countries in the region.

Operations and notable achievements

ECUADOR

We collaborated with the Ministry of Economy and Finance and the Ministry of Public Health to manage needs and implement a results-based budget in the intersectoral strategy "Ecuador Free of Child Malnutrition."

Beneficiaries: Children, pregnant and lactating mothers, adolescents, young people, and the vulnerable population in general.

Investment:
USD 117.5 million

We have provided support since 2019 to combat chronic child malnutrition. Five projects have been implemented to improve the health and well-being of early childhood:

- Ecuador Grows Free of Chronic Child Malnutrition (2 million children benefited)
- Strengthening Intercultural Health (850,000 beneficiaries)
- Elimination of Malaria in Ecuador (1 million beneficiaries)
- Comprehensive Approach to Sexual and Reproductive Health in Adolescents (2 million beneficiaries)
- Strategy for a Comprehensive Approach to the Socioeconomic Phenomenon of Drugs and Strengthening of Mental Health (300,000 beneficiaries)

SALVADOR

We supported the improvement of access and coverage in patient care by optimizing the efficiency of the public health system with a gender focus.

Beneficiaries: Expected to benefit 4.5 million people.

Investment:
USD 77 million

This program **implements a technological platform that includes artificial intelligence and digital equipment**, along with the development of physical and digital infrastructure. It includes training for personnel and the population, development of necessary regulations, and obtaining environmental certifications.

ARGENTINA

We supported the AlimentAR Program as part of the National Plan "Argentina Against Hunger."

Beneficiaries: 4 million, including mothers and fathers, pregnant women, and people with disabilities.

Investment:
USD 700 million

This program **focuses on providing food assistance** to people in situations of social vulnerability, ensuring access to a basic food basket, and contributing significantly to mitigating the effects of the health emergency caused by COVID-19.

Promoting policies for equal opportunities

We demonstrate our commitment to supporting shareholder countries in promoting the rights, empowerment, and autonomy of women, people with disabilities, and indigenous peoples.

By integrating the gender, inclusion, and diversity (GID) perspective into our institutional strategy, we reaffirm our alignment with the SDGs. This orientation reflects our commitment to the principle of "Leaving No One Behind," ensuring that our actions benefit the population segments that need it most.

More information on CAF's impact on equal opportunities at: Gender, Inclusion, and Diversity page (CAF.com)

Our strategic action on gender, inclusion, and diversity (GID) **focuses on three areas**:

01

Strategy for Gender Equality. Seeks to equalize opportunities and empower women and girls from an intersectional perspective, supporting public policies for equality and mainstreaming gender in services. It focuses on:

- **Economic autonomy.** Improves women's access to financial resources, basic services, quality job opportunities, and participation in climate strategies.
- **Physical autonomy.** Strengthens national efforts against gender-based violence, femicide, and teenage pregnancy.
- **Autonomy in decision-making.** Promotes women's leadership and their participation in decision-making spaces, especially in public management.

02

Strategy for the Inclusion of People with Disabilities. Transforms cultural perceptions of disability towards a social model that eliminates barriers to accessing human rights. Includes:

- **Universal accessibility.** Guarantees inclusive infrastructure and public spaces.
- **Community inclusion.** Facilitates effective access to rights and public policies for autonomous living.
- **Sport for development.** Promotes sport as a tool for personal development and cultural change.

03

Racial and Ethnic Diversity Strategy. Addresses inequality related to ethnic and racial diversity, recognizing ethnic communities as agents of development. Focuses on:

- **Policy development.** Design of policies and programs that reflect a racial and ethnic perspective.
- **Partnerships with identity.** Forms coalitions to increase the influence and visibility of racial and ethnic issues.
- **Active Economic and Digital Participation.** Promotes labor inclusion and Afro-descendant and indigenous entrepreneurship.

Operations and notable achievements

PROGRAM FOR THE PROMOTION OF THE SOCIAL MODEL OF DISABILITY

ARGENTINA

We promote the social model of disability at the local level, facilitating effective access to rights, services, and benefits through territorial deployment and autonomous living.

Beneficiaries:
Women, ethnic communities, and people with disabilities.

Investment:
USD 300 million

SECTOR PROGRAM ON GENDER, INCLUSION, AND DIVERSITY

COLOMBIA

We seek to promote improvements in the lives of women, eliminate barriers for people with disabilities, and strengthen the rights of ethnic communities.

Beneficiaries:
People with disabilities.

Investment:
USD 250 million

We approved
USD 550 million in loans and granted USD 2.4 million in technical cooperation for programs promoting gender equality, the inclusion of people with disabilities, and the promotion of racial and ethnic diversity.

We also highlight the following technical cooperation agreements:

We approved USD 1.15 million in technical cooperation to promote equal opportunities and women's empowerment. The funds support initiatives such as the Gender Equality Seal for financial institutions in partnership with UNDP, strengthening gender policies in Brazil, and creating equality spaces with INMUJERES in Uruguay.

We developed the DISIFICAF 5.0 Strategy with the approval of USD 1 million in technical cooperation for racial and ethnic equality and community development initiatives in Latin America.

Empowerment and political participation

- National Assembly of Afro-Descendant Women and Diversities in Argentina: Promoted political and cultural participation, combating discrimination and improving the visibility of these communities.
- Women Leaders Mentoring Program in Paraguay: Connected young women in public administration with experienced leaders to develop skills and reduce gender gaps.

Economic development and empowerment

- Economic Inclusion of Rural Women in Panama: Validation of the Economic Agenda for Rural Women to improve living conditions and ensure equal rights.
- "Juntas Llegamos Más Lejos" (Together We Go Further) Workshop in Darién, Panama: Strengthening skills in entrepreneurship and adaptation to climate change.

Gender equality in sports

- Campeonas Program in Paraguay: Promoted inclusion and equality in soccer for girls and adolescents, with training in socio-emotional skills and health.

We create and promote knowledge products

Some of our notable publications:

The education sector in Latin America from a gender perspective. Analyzes how gender roles and social norms affect access to and quality of education, proposes strategies to incorporate gender equality in the education sector, reviews regulatory frameworks, and suggests interventions to achieve more equitable and inclusive education.

CAF_ Sector educativo en América latina_ Esp_V digital_ 202306.pdf

Guide for the design of educational infrastructure from an intersectional gender and environmental sustainability perspective. Offers theoretical and practical tools for integrating intersectional gender and environmental sustainability perspectives into the design of educational infrastructure in Latin America and the Caribbean.

Guide for the design of educational infrastructure from an intersectional gender and environmental sustainability perspective. (scioteca.caf.com)

Physical connectivity, regional integration, and digital transformation

GRI 3-3, GRI 2-25

Our commitment in Latin American and Caribbean countries is to promote the development of resilient and efficient physical and digital infrastructure, seeking to reduce poverty and improve regional competitiveness and productivity. The quality and sustainability of infrastructure are highly relevant for our region, particularly in the areas of regional integration, logistics systems, transportation, and digital transformation.

Latin America and the Caribbean face structural challenges that have increased since the pandemic; as a result, low economic growth and limited fiscal space to increase social and investment spending are projected. Regional growth and the investment rate in physical and digital infrastructure are expected to continue their downward trend.

Productivity levels in the region are low compared to other emerging economies, which, in addition to being a critical factor for economic resilience against future crises, limits the growth of regional economies. Despite some progress in physical and digital integration in the region, there are lags compared to other parts of the world. In this sense, investment in physical infrastructure and integration processes at all levels play a key role in enhancing the economic and social development of the countries in the region.

Our strategic action to promote physical connectivity, regional integration, and digital transformation in 2023 consisted of two lines:

Promote physical connectivity and integration through interventions in comprehensive sustainable transportation and logistics infrastructure.

Support the deployment of digital infrastructure, telecommunications, and the use of emerging technologies for the digital transformation of households, governments, and productive sectors.

Operations and notable achievements

During the year, we approved eleven operations totaling USD 940 million in Argentina, Bolivia, Brazil, Ecuador, El Salvador, and Paraguay. These new operations have multiple benefits, notably 37 % have a green component.

We disbursed nearly USD 802 million for 42 operations in nine countries: Argentina, Bolivia, Brazil, Ecuador, El Salvador, Panama, Paraguay, Peru, and Trinidad and Tobago.

We approved 5 technical cooperation operations in Argentina, Chile, El Salvador, and Paraguay, charged to the Integration Infrastructure Program (CAF PPI)[5].

Road user management

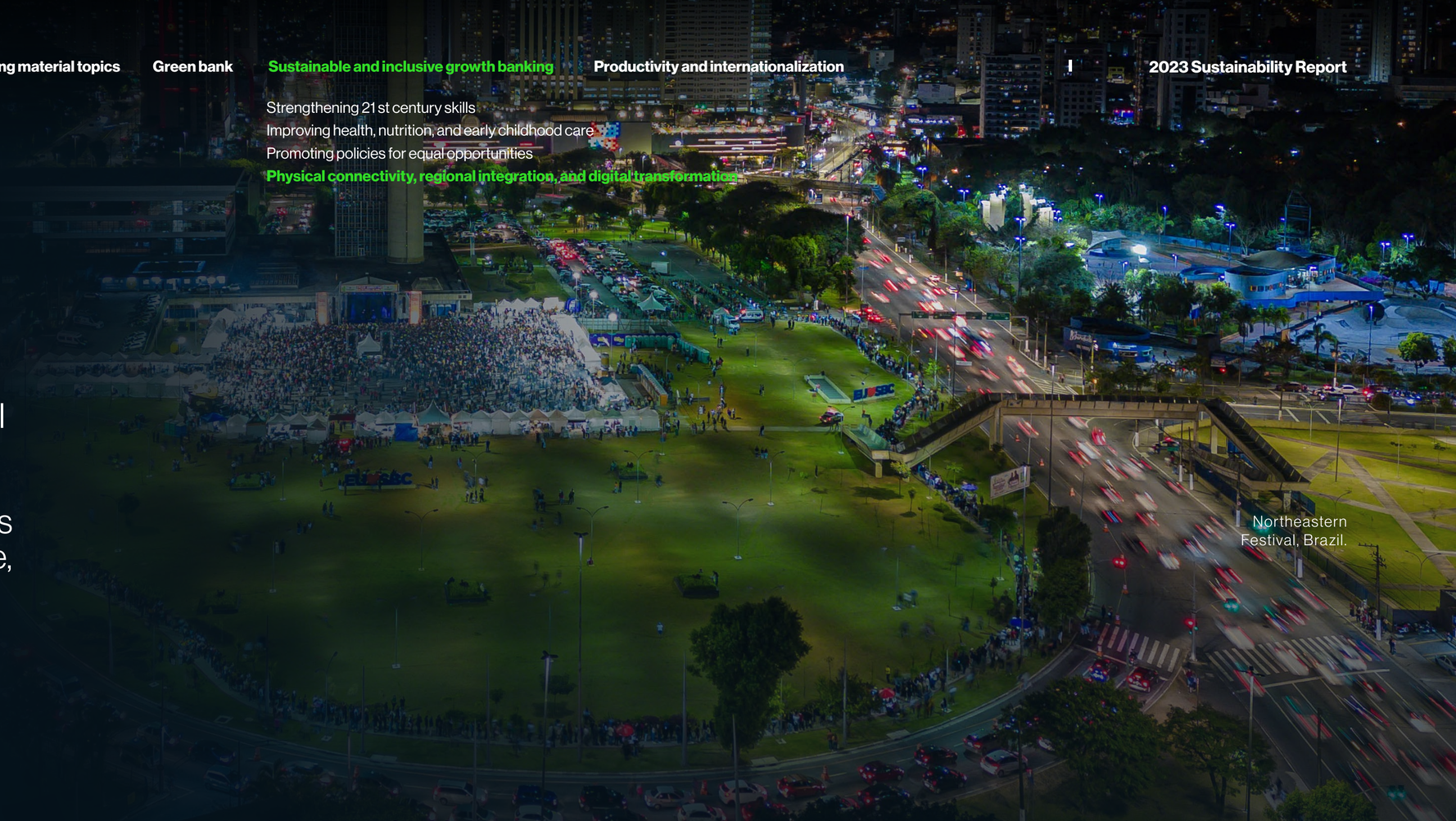
During the year, we approved USD 865 million for land transport and road assets in Argentina, Bolivia, Brazil, Ecuador, and Paraguay.

In terms of knowledge production and dissemination:

- We published the BIM Basic Guide to promote the digitization of the sector to facilitate the design, construction, and operation processes of roads (CAF.com)
- We launched the publication "Rural Roads, a Gateway to Development and Territorial Connectivity" as a technical contribution to the conservation of these roads.
- We organized the "Railway Technical Conference" in Spain to promote inter-institutional collaboration on the use of railways as a means of transport with the potential to reduce greenhouse gas emissions.

Panoramic view of Atibaia in Sao Paulo, Brazil.

5 CAF-PPI is a non-reimbursable technical cooperation fund aimed at supporting pre-investment in integration infrastructure projects in areas such as transportation, energy, and telecommunications.



Northeastern Festival, Brazil.

Regional integration

GRI 3-3, GRI 2-25

17 % of credit operations included national or regional integration components, highlighting the Uyuni-Hito LX Highway Sections 1, 2, and 3 operation, which seeks to improve Bolivia's connectivity with Chile, and the Program for the Transformation of El Salvador's Business Climate, by facilitating trade and investment.

Brasilia Consensus - Rio de Janeiro Declaration. In partnership with the IDB, FONPLATA, and BNDES of Brazil, we supported this initiative, which brings together 12 South American countries with the objective of strengthening technical and financial support for strategic projects, mainly infrastructure, for the construction of a network of integration routes and South American development. To this end, during the year we worked on identifying projects and building consensus to reach the signing of the Rio de Janeiro Joint Declaration as a formal agreement to promote the projects.

Meeting of EU and CELAC Ministers of Economy and Finance. We led this meeting held in September 2023 in Santiago de Compostela (Spain). This meeting laid the groundwork for greater cooperation under the Global Gateway Investment Agenda and facilitated the discussion of reforms in the international financial architecture for development. Spain contributed two funds, one of EUR 2 million for digital transformation and another of EUR 1 million to finance pre-feasibility studies for green projects in Latin America and the Caribbean.

With our strategic partners, we organized and sponsored the first "Dialogue for the Development and Integration of South American Waterway Transport" Workshop in the Port of Rosario (Argentina), as well as the Dialogue Workshop for the **High-Level Group on Integration and Border Development** (GANIDF) of the **Andean Community** (CAN). We applied the Trade Facilitation Tool in the four **Pacific Alliance**[3] countries and Bolivia.

3 The Alliance is composed of Chile, Colombia, Mexico, and Peru.

Digital transformation

We supported the approval of USD 110 million in loans for digital education and health projects and smart cities.

The Multilateral Cooperation Center for Development Finance (MCDF) and CAF approved resources for the feasibility study of the first Submarine Cable System to Antarctica (in synergy with resources from the CAF PPI pre-investment program) and for the technical feasibility of a Supercomputing Network for Latin America and the Caribbean, as well as technical and legal support for the implementation of the first Submarine Cable System for El Salvador.

Global Gateway: We initiated a structuring process for the technical and economic feasibility and development of pilot projects with high impact using LACIF resources: 1. Colombia - National fixed connectivity in the 10 departments with the largest digital divide, and 2. Trinidad and Tobago - Interoperability Program, Digital ID, and Datacenter.

Boosting development through financial partners
Promoting a just energy transition
Driving impact initiatives for productive sectors
Featured technical cooperations
Strengthening SMEs

Productivity and internationalization

In recent years, Latin America and the Caribbean have demonstrated the need to return to growth paths, both due to investment and labor factors in the region, and due to productivity factors and private sector gains in each of the countries.

GRI 2-25, GRI 3-3

CAF's institutional strategy incorporates the mission-oriented agenda of productivity and internationalization, which focuses on increasing operations with financial partners, allocating resources for projects, and developing funds for infrastructure and venture capital that benefit the private sector, enabling value creation in other material topics that we manage at CAF for sustainability in the region. Creating favorable conditions to promote sustainable development is directly related to economic growth driven by productivity and the ability to generate value inclusively and fairly to combat social deterioration. CAF seeks to promote the transformation of productive structures and the transition of the business fabric towards sustainable and resilient production models; this includes managing climate-related financial risks through business adaptation and mitigation measures for climate change, innovation, among others.

We have been diversifying and developing financial and non-financial products so that the region has better instruments to face these growth and productivity challenges. Our operations with the non-sovereign sector incorporate climate action criteria, and green businesses are recognized as opportunities to create social, environmental, and economic benefits. In our productivity and internationalization agenda, while it is of general interest to member countries, each country defines priorities and particularities that we take into account to close gaps with the interventions we promote from CAF.

47 % of total approvals during the year were destined for the non-sovereign sector, amounting to USD 7.58 billion.

These are the strategic focus areas of our productivity and internationalization agenda.

PRODUCTIVITY AND INTERNATIONALIZATION

Initiatives	Prioritized focus areas
Enhance development through financial partners	• Increase resource mobilization • Diversify funding sources • Strengthen partnerships with development banks
Promote the just energy transition	• Climate change mitigation and adaptation • Business models with value propositions for mitigating climate and biodiversity risks • Development of the regional carbon credit market
Drive impactful initiatives for the productive sector	• Development impact • Financial additionality • Regional integration

Learn **more about this agenda** by visiting:
to Productivity (CAF.com)

Enhancing development through financial partners

Latin America and the Caribbean face a financing gap to achieve the SDGs.

CAF seeks to serve as a vehicle to attract and channel increasing resources to finance initiatives and projects for sustainable development in the region..

To achieve this, we have made progress on the following fronts:

We expanded resource mobilization through instruments that increase their capacity to generate value (A/B loans[7], syndicated loans, and portfolio sales, among others) and systematized the way to prioritize greener operations within the bank.

We standardized **risk management measures,** for example, by establishing better guarantees, and leveraged direct and indirect co-financing, expanding the financial additionality of projects.

We established a strategy **to engage with new business and institutional** partners, concessional sources of international cooperation, private investors, philanthropic contributions, among others.

We promoted operations with financial partners (development banks, commercial banks, and other financial institutions) in the region to achieve greater coverage and capillarity in the productive sector and expanded the scope of special purpose vehicles such as CAF Asset Management Corp. (CAF-AM), a wholly-owned subsidiary of the bank that manages third-party capital funds for private financing of infrastructure projects, primarily.

CAF Asset Management Corp. (CAF-AM) is the entity that manages third-party capital funds and constitutes one of the bank's most effective means of scaling investments and generating impact through the private sector.

More about CAF-AM at CAF-AM/Sobre CAF-am

[7] As a result of our actions to increase resource mobilization, approvals of A/B corporate loans tripled compared to 2022.

Notable credit operations

We highlight the following credit operations and results with the private sector.

Sudameris - Paraguay
Loan in Guaraníes equivalent to **USD 10 million** for a 3-year term under the current credit line to finance productive SMEs.

CAF obtained the financing in Guaraníes with a bond issuance in the Paraguayan market.

Financiera Confianza – Peru
Loans in soles equivalent to **USD 12.5 million** for a 1-year term under the current credit line to finance MSMEs.

These operations used the debt management mechanism with a non-deliverable currency swap from a third party and delivery of soles by CAF.

Santander – Uruguay
Partial credit guarantee for up to **USD 50 million** in favor of Banco Santander, S.A. – Uruguay to guarantee financing for Uruguayan companies with annual sales between **USD 1 million** and **USD 30 million**, that meet other defined eligibility criteria..

Notable interventions

We continued supporting impactful projects and initiatives to promote the use and quality of financial products in the region through CAF's Financial Inclusion Laboratory (LIF).

The LIF (Financial Inclusion Lab) seeks to support projects and initiatives with a high degree of innovation and that incorporate technological elements to reduce the financial inclusion gaps of vulnerable groups and MSMEs in the region.

The fifth edition of the LIF, held in 2023, focused on identifying fintechs that are contributing technological solutions to the financial inclusion of migrant populations and their families and to the productive development of their businesses in Latin America and the Caribbean. Out of 219 total applications, CAF and its partners evaluated 122 proposals and selected 10 finalists who received support to strengthen their capacities and scale their business models.

It is estimated that the evaluated fintechs have **impacted 1.6 million people** excluded or underserved by the financial system and 110,000 MSMEs in the region.

See more at:
https://www.caf.com/es/actualidad/convocatorias/2023/08/laboratorio-caf-de-inclusion-financiera-2023

We achieved reaccreditation with the important Green Climate Fund (GCF). This milestone is the result of our entity's outstanding performance in one of the most rigorous due diligence processes in the market, which evaluates fiduciary management capacities, environmental and social risk management, and gender policies.

With this achievement, we reaffirm the trust of investors and partners who share our purpose of promoting the green transition in the region.

In 2023, together with the GCF, we developed a program aimed at local financial institutions for loans to SMEs that will focus on the transition to cleaner production models and on implementing climate change adaptation and mitigation measures.

This program mobilizes USD 100 million from the GCF, of which 95 % is reimbursable and 5 % is for technical assistance, added to CAF's contribution of USD 50 million plus USD 200,000 for technical assistance.

Promoting the just energy transition

GRI 3-3, GRI 2-25

We promote operations and opportunities that foster climate action and the economic and social benefits of green businesses.

In general, the private sector in Latin America and the Caribbean is vulnerable to the effects of climate change, and we recognize that the region needs significant investments in climate action in the coming years, and that progress in mitigating climate-related impacts is limited with respect to the magnitude of the regional challenge.

In this context, we have defined prioritized areas of intervention for operations with the non-sovereign sector, which are presented below.

View of Sugarloaf Mountain, Rio de Janeiro, Brazil.

Climate change mitigation and adaptation

- Electricity generation from non-conventional renewable sources
- Transition fuels such as natural gas

Companies and value chains that provide solutions based on climate action and nature

Businesses with value propositions for goods and services for:

- Energy efficiency
- Decarbonization
- Reorientation of production systems towards circular economy models
- Solutions for sustainability

Development of the carbon credit market

- Enhance and protect the region's natural capital
- Development of a regional carbon market

As a result of the work of CAF and its partners, we developed the Latin American and Caribbean Carbon Market Initiative (ILAC). This initiative is an information and knowledge platform to promote the global competitiveness of the supply of carbon credits generated in the region.

Learn more at: Carbon Market (CAF.com)

Central Railroad – Uruguay

In 2019, we approved a loan to convert the existing railway infrastructure in the section between the Port of Montevideo and Paso de los Toros, with a length of 273 km, into a high-specification railway that will allow for transporting up to 4 tons of cargo annually in a more agile and efficient manner. This favors the competitiveness of productive sectors and the country's economic and social development.

Amount: USD 85 million

Pan American Energy – Argentina

We contributed to financing the activities to strengthen the development of transition energy resources such as natural gas. This project also aligns with other prioritization criteria, such as contributing to climate change mitigation and strengthening the country's SME fabric.

Amount: USD 300 million in corporate financing, of which USD 30 million comes from CAF

With our financial partner, the SIFI bank, we disbursed **USD 17.5 million** for renewable energy projects with private companies, achieving the following:

- Benefiting more than **192,000** people in the region.
- The projects represent avoided emissions of **36,374 tons of CO_2e** and energy savings of **56,725 kWh/year.**
- Consolidating an installed generation capacity of **236 MW** and an annual energy supply of **406,341 MWh.**

Promoting impactful initiatives for productive sectors

We strengthen our actions in the region to address financial needs for sustainable development. We prioritize operations with measurable impact that favor transformations in productive structures and create conditions for growth.

The need for the region's business fabric to transition towards sustainable and climate-resilient production models through climate change adaptation measures, comply with greenhouse gas emission reduction commitments, and also be a source of innovative solutions to environmental problems, opens the opportunity for CAF to help diversify and deepen the supply of financial and non-financial products.

We promote operations that support climate action with the economic and social benefits of green businesses, as well as the inclusion of other cross-cutting criteria for sustainability, such as equity and inclusive growth.

For the prioritization of financeable operations, we made progress in developing instruments that allow us to process information to identify financeable interventions under sustainability and financial criteria, determining the potential expected development impact and verifying that financial additionality and regional integration conditions are met.

As a result of prioritizing financeable operations, we were able to show that:

35 %
of operations financed with the private sector incorporated a green component; furthermore, we determined that half of all operations are considered high or very high impact interventions for sustainable development.

59 %
of approved operations with the private sector applied to access resources from other partner financial institutions, meeting financial additionality criteria.

14 %
are operations that favor regional integration due to their multinational nature. The operations were distributed across 16 countries in the region.

We highlight the progress in systematizing criteria linked to sustainability through the development of the instrument we call the VSP Score. This instrument allows us to objectively evaluate operations, which we rate on a scoring scale, and whose results are important for our management, being the starting point for an impact investment management system. This systematization and development of our instrument will progressively allow us to:

- Increase the efficiency of our management and the effectiveness of identifying investment opportunities with high potential impact for sustainable development.
- Improve the management and orientation of resources that we mobilize from impact investment funds.
- Improve the “origination” process of operations focused on impact, additionality, and the mobilization of financial resources.
- Concentrate a greater number of operations in productive sectors and facilitate their geographical diversification to serve all member countries and maintain a balanced portfolio.

Notable technical cooperation agreements

Below, we highlight relevant technical cooperation agreements approved during 2023.

Development of the first sectoral study of the technology services industry - Ecuador

In collaboration with the Ecuadorian Chamber of Innovation and Technology, we contributed to mapping the country's technological ecosystem to identify opportunities and barriers in the technology industry, proposing actions to manage and overcome them. This technical cooperation constitutes a contribution to raising the competitiveness of the country's technology sector.

Second Edition of the Index of Public Policies for MSMEs in Latin America and the Caribbean

This project, executed by the Latin American and Caribbean Economic System (SELA), aims to implement the OECD Public Policy Index methodology to develop an analysis of the institutional context of policies aimed at MSMEs in the region and to guide efforts to strengthen public capacities based on successful regional and international practices.

CAF contribution amount:
USD 210,000

This is a joint OECD-SELA-CAF project that allowed for applying the methodology to develop an analysis of the institutional context of policies aimed at MSMEs in 10 countries in the region, to guide efforts to strengthen public capacities based on successful regional and international practices, identifying the following main products:

- Report on the conditions of the environment in which MSMEs are created, grow, and transform.
- Quantification and analysis of the degree of development of public policies in the analytical dimensions contemplated in the index, specifying the strengths and weaknesses of MSME support programs.
- Comparison of implemented MSME policies with international standards and good practices.
- Spaces for the exchange of good practices and learning on MSME policies, taking advantage of the opportunities offered by regional and subregional integration mechanisms.

Sao Paulo, Brazil

Strengthening SMEs

In our commitment to fostering sustainable economic development in Latin America and the Caribbean, we have implemented several strategies and programs specifically designed to strengthen the productivity of small and medium-sized enterprises (SMEs). We recognize the fundamental role these companies play in the regional economy, and therefore, we focus on creating an enabling environment that allows SMEs not only to survive but also to thrive and expand.

We work closely with financial partners and local governments to provide access to financial, technological, and market resources that are vital for SME growth. Through financial inclusion, digitization, and technological capacity-building initiatives, we seek to equip SMEs with the necessary tools to increase their competitiveness in a globalized market.

We present the activities we have developed for each strategic pillar in relation to the proposed lines of action, highlighting our comprehensive approach to supporting SMEs.

Financial Education

CAF has been conducting surveys to measure financial capabilities in **11 countries in the region** (**See** https://www.caf.com/es/actualidad/herramientas/2021/05/visualizador-encuesta-de-capacidades-financiera/).

These surveys measure the behaviors, attitudes, skills, and conduct of individuals in the countries and serve as a diagnostic tool for the design of public policies. In this regard, in 2023, the survey was supported in Chile, Costa Rica, and Peru, and the design of national financial inclusion and education strategies was supported in Panama.

Likewise, support was provided to Ecuador in updating the financial education regulations of the Superintendencies of Banks and of the Popular and Solidarity Economy to incorporate a gender approach and the measurement of the impact of financial education programs of financial institutions on the financial well-being of the population.

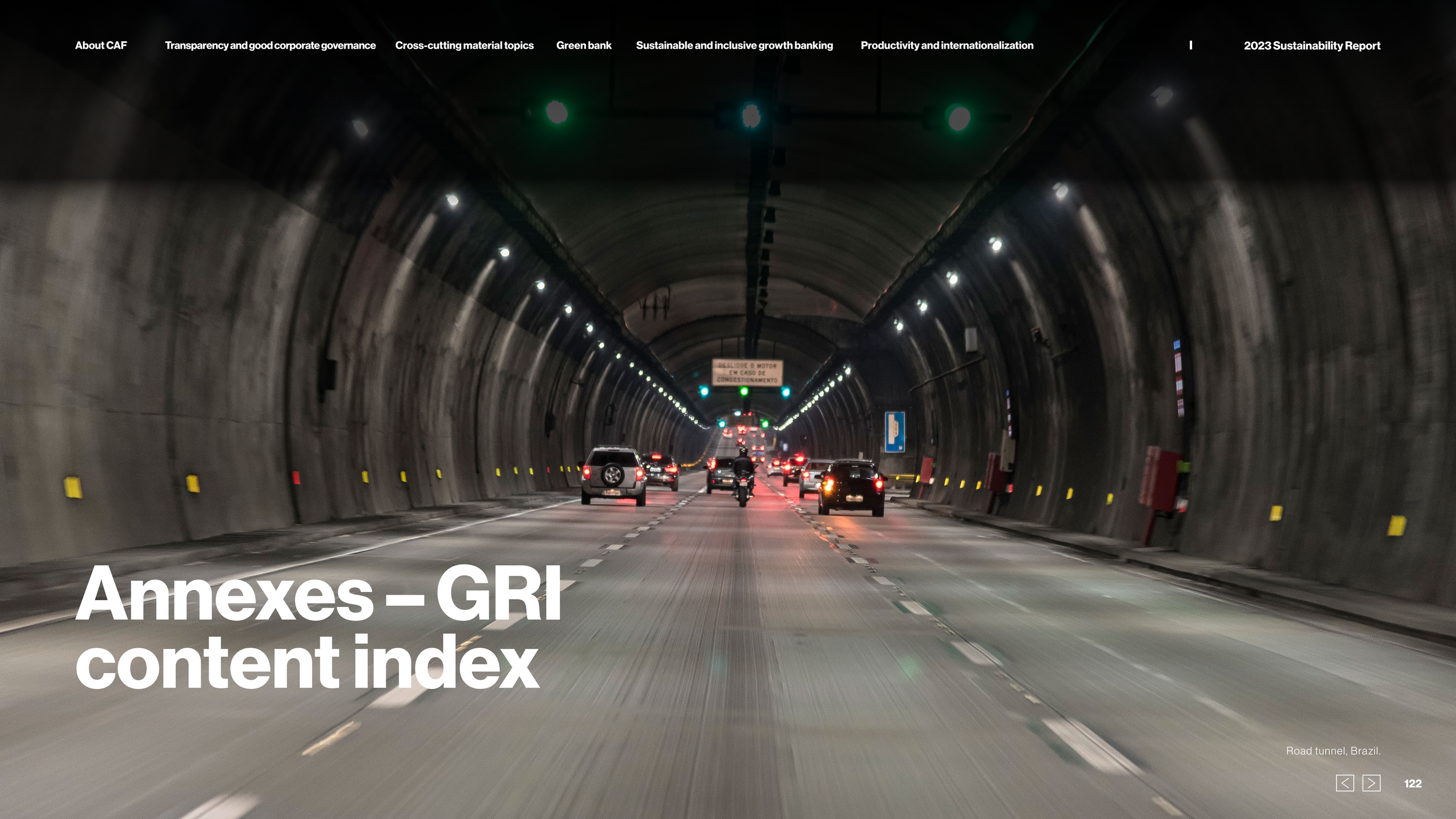
Similarly, studies were conducted on gender gaps in financial inclusion and education in the region. CAF also worked with COFIDE of Peru in the development of a financial education application. This innovative tool's main objective is to improve the personal finance management of young users, especially focusing on the business sector (**See** www.miyuntafinanciero.com).

For its part, CAF has training programs in financial inclusion and education for public officials and financial institutions in the region. In 2023, 123 officials participated in the financial education program and 300 officials in the financial inclusion diploma course.

Strategic lines	Areas of action	Activities and topics
Green agenda	**Productive transformation towards clean models**	• Energy efficiency in companies (emphasis on SMEs)
Inclusion and equity	**Financial inclusion of individuals and companies**	• SMEs and microenterprises
	Digital inclusion of individuals and companies	• Internet availability • Internet affordability • Capabilities for access and use of the Internet and digital technologies
Economic recovery	**Regional and global trade integration**	• Facilitation of trade and digitalization of foreign trade services
	Business and technology innovation	• Institutions for innovation • Human capital and research
	Productivity of SMEs	• Digitalization and technology • Access to markets and internationalization • Value chains
	Financial market development	• Availability of venture capital • Market capitalization • Domestic credit to the private sector

- Through investment projects and intermediaries for working capital, we benefited **3,850 companies.**
- We reached nearly **18,000 microentrepreneurs** with microcredit solutions.
- Our partnerships with regional or local commercial and development banks, as financial intermediaries, allowed us to benefit more than **15,000 SMEs** through credit operations.

More information on the impact and specific SME support actions carried out by CAF at https://www.CAF.com/media/4662112/impacto-CAF-informe-completo-apoyo-a-pymes.pdf



Annexes – GRI content index

Road tunnel, Brazil.

Standards / Other Sources	Content	Location / Direct Response
	General Disclosures	
GRI 2: General Disclosures	**2-1** Organizational details	**Legal name [2-1a]:** Andean Development Corporation – Development Bank of Latin America and the Caribbean
		Nature of ownership and legal form [2-1b]: Multilateral Financial Institution
		Location of headquarters [2-1c]: Caracas, Venezuela.
		Countries where it operates [2-1d]: Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Spain, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, Portugal, Dominican Republic, Trinidad and Tobago, Uruguay, Venezuela.
	2-2 Entities included in the sustainability report	Not applicable to CAF, as all operations in the regions correspond to the same organization.
	2-3 Reporting period, frequency and contact point	The reporting period is from January 1 to December 31, 2023, with an annual frequency. Inquiries and requests for additional information on the reported content can be sent to the following email address: siga@caf.com
	2-4 Restatements of information	No restatements of information published in previous reports were necessary.
	2-5 External assurance	The Sustainability Report has not been subject to external verification.

Standards / Other Sources	Content	Location / Direct Response
GRI 2: General Disclosures	**2-6** Activities, value chain and other business relationships	**Page 21 and página 29.** **[2-6d]** There are no significant changes that have occurred with respect to the period covered by the previous report.
	2-7 Employees	Page 35
	2-8 Workers who are not employees	Page 35
	2-9 Governance structure and composition	Page 44
	2-10 Appointment and selection of the highest governance body	Page 45
	2-11 Chair of the highest governance body	Page 45
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 45
	2-13 Delegation of responsibility for managing impacts	Page46
	2-14 Role of the highest governance body in sustainability reporting	Page 45
	2-15 Conflicts of interest	Page 50
	2-16 Reporting critical concerns	Page 51
	2-17 Collective knowledge of the highest governance body	CAF has no influence over the appointment of directors or on diversity criteria in their composition, knowledge, skills, or experience in sustainable development.
	2-18 Evaluating the performance of the highest governance body	Not applicable - CAF does not apply evaluation processes on the performance of the board.

Standards / Other Sources	Content	Location / Direct Response
GRI 2: General Disclosures	**2-19** Remuneration policies	**Page 45** None of the board members receive remuneration from CAF for the performance of their duties. CAF's executive compensation policies are not disclosed for reasons of confidentiality and security.
	2-20 Process for determining remuneration	None of the Board members receive remuneration from CAF for carrying out their duties. The process for determining the remuneration of CAF executives is not disclosed for reasons of confidentiality and security.
	2-21 Ratio of annual total compensation	Not disclosed for reasons of confidentiality and security.
	2-22 Statement on sustainable development strategy	Page 5
	2-23 Commitments and policies	Page 50
	2-24 Embedding commitments and policies	Page 51
	2-25 Processes for remedying negative impacts: **Transparency and good corporate governance**	Page 43
	2-25 Processes for remedying negative impacts: **Greener operations**	Page 71
	2-25 Processes for remedying negative impacts: **Just energy transition**	Pages 79 and 114

Standards / Other Sources	Content	Location / Direct Response
GRI 2: General Disclosures	**2-25** Processes for remedying negative impacts: **Biodiversity and ecosystem services**	Page 82
	2-25 Processes for remedying negative impacts: **Inclusive social well-being**	Page 94
	2-25 Processes for remedying negative impacts: **Inclusion, diversity, and gender**	Page 75
	2-25 Processes for remedying negative impacts: **Productivity and internationalization**	Page 110
	2-25 Processes for remedying negative impacts: **Talent and organizational health**	Page 32
	2-25 Processes for remedying negative impacts: **Physical and digital infrastructure**	Page 105
	2-25 Processes for remedying negative impacts: **Climate-resilient territories**	The management of this material topic is developed in detail in CAF's 2023 annual report, available for consultation at: annual-report-2023.pdf (CAF.com).
	2-25 Processes for remedying negative impacts: **Regional integration**	Pages 76 y 107
	2-25 Processes for remedying negative impacts: **Solvency and financial sustainability**	Page 75
	2-25 Processes for remedying negative impacts: **Institutional strengthening**	The management of this material topic is developed in detail in CAF's 2023 annual report, available for consultation at: annual-report-2023.pdf (CAF.com).

Standards / Other Sources	Content	Location / Direct Response
GRI 2: General Disclosures	**2-25** Processes for remedying negative impacts: **Digital transformation**	Page 105
	2-26 Mechanisms for seeking advice and raising concerns	Page 105
	2-27 Compliance with legislation and regulations	CAF does not register any cases of non-compliance with legislation and regulations during the reporting period. Please see our Corporation's Compliance Letter at: https://www.caf.com/media/3041805/compliance-letter-0121.pdf"compliance-letter-0121.pdf (caf.com)
	2-28 Membership of associations	Page 22
	2-29 Stakeholder engagement approach	Page 19
	2-30 Collective bargaining agreements	Not applicable - CAF does not have collective bargaining agreements with employees..
	Material Topics	
GRI 3: Material Topics	**3-1** Material topic identification process	Page 16
	3-2 List of material topics	Page 18
	3-3 Management of material topics: **Transparency and good corporate governance**	Page 43
	3-3 Management of material topics: **Greener operations**	Page 71
	3-3 Management of material topics: **Just energy transition**	Pages 79 y 114

Standards / Other Sources	Content	Location / Direct Response
GRI 3: Material Topics	**3-3** Management of material topics: **Biodiversity and ecosystem services**	Page 82
	3-3 Management of material topics: **Inclusive social well-being**	Page 94
	3-3 Management of material topics: **Inclusion, diversity, and gender**	Page 75
	3-3 Management of material topics: **Productivity and internationalization**	Page 110
	3-3 Management of material topics: **Talent and organizational health**	Page 32
	3-3 Management of material topics: **Physical and digital infrastructure**	Page 105
	3-3 Management of material topics: **Climate resilient territories**	The management of this material topic is developed in detail in CAF's 2023 annual report, available for consultation at: annual-report-2023.pdf (CAF.com).
	3-3 Management of material topics: **Regional Integration**	Pages 76 y 107
	3-3 Management of material topics: **Solvency and financial sustainability**	The management of this material topic is developed in detail in CAF's 2023 annual report, available for consultation at: annual-report-2023.pdf (CAF.com).
	3-3 Management of material topics: **Institutional strengthening**	The management of this material topic is developed in detail in CAF's 2023 annual report, available for consultation at: annual-report-2023.pdf (CAF.com).
	3-3 Management of material topics: **Digital transformation**	Page 105

Standards / Other Sources	Content	Location / Direct Response
	Specific indicators	
GRI 204: Procurement Practices	**204-1** Proportion of spending on local suppliers	Page 30
GRI 302: Energy	**302-1** Energy	Page 27
GRI 305: Emissions	**305-1** Direct scope 1 emissions	Page 26
	305-2 Energy indirect scope 2 emissions	Page 26
	305-3 Other indirect scope 3 emissions	Page 26
GRI 306: Waste	**306-1** Waste generation and significant impacts related to waste	Page 28
	306-2 Management of significant impacts related to waste	Page 28
	306-3 Waste generated	Page 28
GRI 401: Employment	**401-1** New employee hires and employee turnover	Page 37
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 38
GRI 404: Training and Education	**404-1** Average training hours per year per employee	Page 40
	404-3 Percentage of employees receiving performance and career development reviews	Page 41

Standards / Other Sources	Content	Location / Direct Response
GRI 405: Diversity and Equal Opportunity	**405-1** Diversity of governance bodies and employees	Page 37 CAF has no influence over the appointment of directors or on diversity criteria in their composition.
	405-2 Ratio of base salary and remuneration of women to men	Page 38
GRI 205: Anti-corruption	**205-1** Operations assessed for risks related to corruption	Page 51
	205-2 Communication and training about anti-corruption policies and procedures	Page 51
	205-3 Confirmed incidents of corruption and actions taken	CAF does not register any confirmed incidents of corruption during the reporting period.
	Own Indicators	
AML	Specific actions for the prevention of money laundering	Page 51
GRM-1	Three Lines of Defense internal control model	Page 53
418-1	Complaints and claims related to violations of client privacy and loss of client data	Page 54
BCMS-1	Business continuity management system	Page 55

2023

CAF DEVELOPMENT BANK OF LATIN AMERICA AND THE CARIBBEAN