

Final Terms dated February 16, 2017



International Bank for Reconstruction and Development

U.S.\$12,978,000

**PAF: Emission Reductions Notes (“PAFERNs”) due 2020
issued under its Global Debt Issuance Facility**

Issue Price 14.2857143 per cent.

The International Bank for Reconstruction and Development (the “**Bank**”) is offering U.S.\$12,978,000 of non-interest-bearing PAFERNs due November 30, 2020 (the “**Notes**”) under its Global Debt Issuance Facility (the “**Facility**”). Each holder of Notes will have the right, but not the obligation, upon a maximum of 60 and a minimum of 45 Business Days’ notice, to redeem some or all of its Notes on November 29, 2017, November 29, 2018, November 27, 2019 (each, an “**Optional Redemption Date**”) or November 30, 2020 (the “**Maturity Date**”) and, together with each Optional Redemption Date, a “**Redemption Date**”) for U.S.\$5,250 (the “**Redemption Amount**”) per Specified Denomination of Notes redeemed. As further described herein, the right of a holder to receive the Redemption Amount per Specified Denomination of Notes is conditional upon the delivery to the Verification Agent of 2,500 Certified Emission Reductions (“**CERs**”) or Verified Carbon Units (“**VCUs**”) (each a “**Carbon Credit**”) that are Qualifying Carbon Credits (as defined in these Final Terms) for each Specified Denomination of Notes redeemed and upon satisfaction of the other Conditions to Redemption (as defined in these Final Terms). If the Conditions to Redemption have not been satisfied on a Redemption Date, then the Notes will not pay the Redemption Amount, and if the Conditions to Redemption have not been satisfied on the Maturity Date, then the Notes will expire worthless. No interest is payable on the Notes at any time. If the Conditions to Redemption are not satisfied by a Noteholder with respect to an Optional Redemption Date for any Notes for which a Redemption Notice has been submitted, the Registrar will deliver to such Noteholder a new definitive registered Certificate representing the Notes with respect to which the Conditions to Redemption are not satisfied, as well as the Notes, if any, held by such Noteholder to which the Redemption Notice with respect to such Optional Redemption Date did not relate. Notes may only be redeemed once, and Notes in respect of which the Redemption Price has been paid will not be returned to any Noteholder.

The Notes will be issued on the Issue Date in the form of definitive registered Certificates only and will be registered in the name of the individual Noteholders. Title to the Notes shall pass by registration in the Note register kept by the Registrar (the “**Register**”) in accordance with the terms and conditions of the Notes and the Register will prevail in the event of any discrepancy between the Certificates held by a Noteholder and such Noteholder’s holdings in the Register.

These Final Terms supplement the terms and conditions in, and incorporates by reference, the accompanying Prospectus dated May 28, 2008 and all documents incorporated by reference therein (the “**Prospectus**”), and should be read in conjunction with the Prospectus. Unless otherwise defined in these Final Terms, terms used herein have the meaning given to them in the Prospectus. For a detailed description of the terms of the Notes, see Annex A of these Final Terms beginning on page A-1.

Notwithstanding anything to the contrary in the Prospectus, the Notes will not be listed on any stock exchange.

The Bank is selling the Notes directly to investors on its own behalf and not through any dealers. **The security ratings of the Facility will not apply to the Notes, and the Notes will not be rated.**

Prospective investors should have regard to the risk factors described under the section headed “Risk Factors” in these Final Terms. ***The Notes are not conventional debt securities in that they do not pay interest and are not principal protected and as a result prospective investors may lose all of their investment.***

THE NOTES ARE NOT OBLIGATIONS OF ANY GOVERNMENT.

The Bank accepts responsibility for the information contained in these Final Terms. To the best of the knowledge of the Bank (having taken all reasonable care to ensure that such is the case) the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information.

These Final Terms are to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Incorporation by Reference" below).

These Final Terms do not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of these Final Terms in any jurisdiction where such action is required.

THE NOTES ARE NOT REQUIRED TO BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED. ACCORDINGLY, NO REGISTRATION STATEMENT HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION"). THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THESE FINAL TERMS OR THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

AN INVESTMENT IN THE NOTES ENTAILS CERTAIN RISKS, INCLUDING THE RISK OF LOSS OF SOME OR ALL OF YOUR INVESTMENT AND THE RISK THAT THE PRICE OR COST OF THE QUALIFYING CARBON CREDITS IS MORE THAN THE REDEMPTION AMOUNT PAYABLE ON ANY REDEMPTION DATE. INVESTORS SHOULD HAVE SUFFICIENT KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO EVALUATE THE MERITS AND RISKS OF INVESTING IN THE NOTES, AS WELL AS ACCESS TO, AND KNOWLEDGE OF, APPROPRIATE ANALYTICAL TOOLS TO EVALUATE SUCH MERITS AND RISKS IN THE CONTEXT OF THEIR FINANCIAL SITUATION. PROSPECTIVE INVESTORS SHOULD CAREFULLY REVIEW THE INFORMATION SET FORTH AND INCORPORATED HEREIN, INCLUDING WITHOUT LIMITATION, THE INFORMATION SET FORTH UNDER THE CAPTIONS "RISK FACTORS" BEGINNING ON PAGE 5 OF THESE FINAL TERMS AND PAGE 14 OF THE PROSPECTUS.

DERIVATIVES, INCLUDING AGREEMENTS, CONTRACTS OR TRANSACTIONS RELATING TO EMISSIONS, HAVE BECOME SUBJECT TO HEAVY REGULATION AROUND THE GLOBE. NOTEHOLDERS THAT ENGAGE IN DERIVATIVES, INCLUDING THOSE RELATING TO EMISSIONS, WITHIN THE MEANING OF SUCH TERMS AS DEFINED IN ANY RELEVANT JURISDICTION(S) WILL BE SUBJECT TO THE APPLICABLE RULES AND REGULATIONS IN SUCH JURISDICTION(S). THE BANK HAS NOT CONSIDERED NOR WILL IT UNDERTAKE TO CONSIDER WHETHER THE NOTES CONSTITUTE, OR WOULD IN THE HANDS OF CERTAIN HOLDERS CONSTITUTE, DERIVATIVES FOR THE PURPOSES OF SUCH RULES AND REGULATIONS IN ANY JURISDICTION. INVESTORS ARE STRONGLY ENCOURAGED TO CONSIDER THE POTENTIAL IMPACT OF SUCH RULES AND REGULATIONS IN JURISDICTION(S) APPLICABLE TO SUCH NOTEHOLDERS IN CONNECTION WITH THEIR HOLDING OF, AND THE EXERCISE OF THE REDEMPTION RIGHT WITH RESPECT TO, THE NOTES.

Table of Contents

Contents	Page
Incorporation by Reference.....	4
Risk Factors.....	5
Summary	10
Annex A	A-1
Exhibit 1 to Annex A	A-9
Exhibit 2 to Annex A	A-10
Exhibit 3 to Annex A.....	A-11
Exhibit 4 to Annex A.....	A-17
Schedule 1: Identification of Carbon Credits for the First Check	A-22
Schedule 2: Certification by a Designated Operational Entity (“DOE”) in connection with CERs and/or VCU’s Generated during a Monitoring or Vintage Period that Commenced Prior to the Auction Date.....	A-24
Exhibit 5 to Annex A.....	A-25

Incorporation by Reference

The following documents of the Bank are incorporated by reference to these Final Terms: (i) the Global Debt Issuance Facility Prospectus dated May 28, 2008 (the “**Prospectus**”) and (ii) the Information Statement dated September 22, 2016 (the “**Information Statement**”). These documents have been filed with the Commission and are available on the Commission’s website. Alternatively, to obtain copies of these documents, contact your financial adviser.

The provisions of the Prospectus shall be deemed to be incorporated into and form part of these Final Terms in their entirety save that any statement contained in the Prospectus or any other document incorporated by reference herein shall be deemed to be modified or superseded for the purpose of these Final Terms to the extent that a statement contained herein modifies or supersedes, or is inconsistent with, such earlier statement (whether expressly, by implication or otherwise). Any statement in the Prospectus so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of these Final Terms. Terms used herein but not otherwise defined shall have the meanings given to them in the Prospectus. These Final Terms must be read in conjunction with the Prospectus and full information on the Bank and the offer of the Notes is only available on the basis of the combination of the provisions set out within these Final Terms and the Prospectus.

Investors who have not previously reviewed the information contained in the above documents should do so in connection with their evaluation of the Notes.

For further information and to find out how you can obtain copies of the documents incorporated by reference in the Prospectus, please read the section entitled “Availability of Information and Incorporation by Reference” beginning on page 4 of the Prospectus.

Risk Factors

You should read the risks summarized below in connection with, and the risk summarized below are qualified by reference to, the risks described in more detail in the “Risk Factors” section beginning on page 15 of the Prospectus. Your decision to purchase the Notes should be made only after carefully considering these risks with your investment, legal tax, accounting and other advisers in light of your particular circumstances. The Notes are not an appropriate investment for you if you are not knowledgeable about significant element of the Notes or financial matters in general. Capitalized terms used and not defined in these Risk Factors have the respective meanings ascribed thereto elsewhere in these Final Terms.

Investment at risk

The capital invested in the Notes, represented by the Issue Price, is at risk. In addition, any cost of generating Carbon Credits such as inputs to developing Carbon Credit-generating projects, and/or any cost of obtaining Carbon Credits in the secondary market, is also at risk. If a Noteholder has not by the Maturity Date exercised its Redemption Right in respect of any Redemption Date, delivered a complete and valid Redemption Notice or an EHS Audit Report or otherwise satisfied the Conditions to Redemption or identified Qualifying Carbon Credits in its Redemption Notice or delivered Qualifying Carbon Credits to the Verification Agent from an Eligible Account, or the Verification Agent determines, for the Redemption Right exercised in respect of the Maturity Date, that the Carbon Credits identified or delivered are not Qualifying Carbon Credits or fails to make a determination, the Notes will expire worthless on the Maturity Date and such Noteholder will lose its entire investment, any costs associated with its purchase of the Notes and/or its development cost associated with generating and/or obtaining Carbon Credits. ***Determinations made by the Verification Agent are final and binding on the Bank and Noteholders.***

Uncertainty of market value as of delivery of Redemption Notice and Redemption Date

The Notes contain a Notice Period of a maximum of 60 and a minimum of 45 Business Days prior to each Redemption Date, thereby requiring a decision by the Noteholder as to whether to exercise the Redemption Right and identify Carbon Credits to the Verification Agent that must be made no later than 45 Business Days prior to the Redemption Date. The market value of Carbon Credits may change during the Notice Period favourably or unfavourably to the Noteholders. If a Noteholder exercises its Redemption Right, the Redemption Amount may be less than the market value of Qualifying Carbon Credits as of the Redemption Date, in which case a Noteholder’s prior, binding election to exercise its Redemption Right will result in a loss to the Noteholder compared to the then-market value of the Qualifying Carbon Credits.

The market price of the Notes may be influenced by many factors

Many factors, most of which are beyond the Bank’s control, will influence the value of the Notes and the price at which a secondary market participant may be willing to purchase or sell the Notes, including: the current market price of the respective Carbon Credits, interest and yield rates in the market, general macroeconomic and financial, political and regulatory events that affect the investment of industry in carbon-intensive projects and therefore that may restrain or expand the potential secondary market for the Notes and accordingly decrease or increase demand for Carbon Credits and value of the Notes.

The value or trading price of the Notes at any time will reflect changes in market conditions and the market value of Carbon Credits. In recent years, the value of most types of Carbon Credits has been in decline. The Redemption Amount of the Notes has been set by the market by auction and the Issue Price has been set by the Bank without reference to option valuation models. The Issue Price and the Redemption Amount of the Notes may not reflect the actual value of Carbon Credits for delivery at any point during the Notice Period, including on the day of identification and/or delivery by an exercising Noteholder. The market value of Carbon Credits will change during the term of the Notes and the value of the Redemption Right may change as the market price for Carbon Credits changes. Any change in the global conditions that contributed to the decrease in the value of Carbon Credits over the last few years may affect the market price of the Notes, including any market price received by an investor in any secondary market transaction, which may be substantially less than the Redemption Amount.

Registry system failure may prevent or delay delivery of Carbon Credits

The suspension of some or all of the processes of the registries for CERs or VCUs (each a “**Registry**”) or scheduled or emergency maintenance of the Registry, the failure to operate and maintain the Registry or the discontinuation of the Registry or even the CDM or VCS, may prevent or delay delivery of Carbon Credits in connection with the exercise of the Redemption Right. If this were to occur, Noteholders may be unable to satisfy the Conditions to Redemption and, if Noteholders are unable to satisfy the Conditions to Redemption by the Maturity Date, the Notes will expire worthless on the Maturity Date and such Noteholder will lose its entire investment, any costs associated with its purchase of the Notes and/or its development cost associated with generating and/or obtaining Carbon Credits.

VCS Registry operation ultimately relies on market demand

The Registries for holding VCUs are operated by third party service providers (Markit being the platform through which Noteholders are required to deliver VCUs at this time), who are commercially incentivized to provide this service by the demand for the exchange of VCUs. If market demand for VCUs were to significantly decrease in the future, Markit and other VCS registries may ultimately cease to provide their registry service which would prevent the delivery of VCUs from an Eligible Account. If this were to occur, Noteholders may be unable to satisfy the Conditions to Redemption and, if Noteholders are unable to satisfy the Conditions to Redemption in respect of the Maturity Date, the Notes will expire worthless on the Maturity Date and such Noteholder will lose its entire investment, any costs associated with its purchase of the Notes and/or its development cost associated with generating and/or obtaining Carbon Credits.

The Notes do not pay interest, do not pay principal upon early redemption, and only pay the Redemption Amount if the Redemption Right is properly exercised

The Notes do not bear interest, so there is no return on the Issue Price paid for the Notes. If the Notes are redeemed early by the Bank for any reason, no principal will be paid on such early redemption. Payment of the Redemption Amount is the only payment which the Bank will make on the Notes and then only if the Redemption Right has been validly exercised by a Noteholder and the Conditions to Redemption have been satisfied by the Noteholders.

Neither the Issue Price nor the Redemption Amount for the Notes represents their value at any time

The Redemption Amount for the Notes has been set by an auction, and the Issue Price has been set by the Bank without reference to option valuation models. The estimated value of the Notes at the Issue Date may be materially less or more than the Issue Price and/or the Redemption Amount.

A secondary market may not develop due to the special nature of investors in the Notes

The Notes are expected to be issued to investors that are active in carbon markets and not to institutional investors generally. As a result of the target market of investors for the Notes, a Noteholder may not be able to sell or transfer its Notes easily or at all. In addition, the effect on any market for the Notes of both the option for Noteholders to redeem their Notes early on Optional Redemption Dates and the actual redemption of their Notes early is uncertain and may adversely affect the liquidity and price of Notes not redeemed early. The Notes are not fungible with any previously issued Notes of the Bank.

The Notes are subject to the compliance procedures of the Registrar

The Registrar is a regulated financial institution, and is required to conduct certain “know-your-counterparty” and compliance checks and procedures with respect to the entities with which it does business or to which it renders services. Because the Notes are in the form of definitive registered Certificates, initial investors and prospective transferees of Notes will be subject to such compliance checks and procedures. In order for the Registrar to register the Notes or a transfer of the Notes, any initial investors or prospective transferee must submit to, and satisfy, such checks and procedures as determined by the Registrar in its sole discretion. All determinations by the Registrar are binding on the applicable initial investors or prospective transferee, the transferring Noteholder and the Bank. The requirement for an initial investor to comply with such checks and procedures will restrict its ability to acquire the Notes, and the requirements for a transferee

to comply with such checks and procedures may restrict a Noteholder's ability to sell its Notes easily or at all.

Payments on the Notes are subject to the compliance procedures of the Global Agent and the relevant Paying Agent

Because the Notes are in the form of definitive registered Certificates, any Noteholder entitled to payment on the Notes must satisfy the "know-your-counterparty" and compliance checks and procedures of the Global Agent or the relevant Paying Agent (as the case may be). Any determinations with respect to such compliance are made by the Global Agent or the relevant Paying Agent in its sole discretion. All determinations by the Global Agent or the relevant Paying Agent are binding on the applicable Noteholder and the Bank. Failure to satisfy such checks and procedures could result in a Noteholder experiencing a delay in receipt of payment on the Notes or even not receiving payment on the Notes at all.

There are important deadlines and procedures that you must meet and comply with in order to exercise your Redemption Right

Noteholders must ensure delivery of their Redemption Notice before the Deadline (5:00 p.m. (GMT) 45 Business Days prior to the relevant Redemption Date) and in accordance with the procedures set out or referred to in the Form of Redemption Notice. Failure to do so will result in a failure of the exercise of the Redemption Right and, if such failure is in respect of the Maturity Date, the Notes will expire worthless on the Maturity Date and such Noteholder will lose its entire investment, any costs associated with its purchase of the Notes and/or its development cost associated with generating and/or obtaining Carbon Credits.

No transfers of Notes for which a Redemption Notice has been submitted in respect of a Redemption Date can be effected at any time on or after 60 Business Days prior to and until and including such Redemption Date. No Redemption Notice in respect of a Redemption Date may be submitted in respect of Notes which have been transferred at any time on or after 60 Business Days prior to and until and including such Redemption Date.

All Carbon Credits for a Project for any monitoring period that began before and ended after the Auction Date must be submitted in connection with any Redemption Notice in respect of the redemption of any Carbon Credits from such Project and monitoring period

Noteholders seeking to redeem Carbon Credits for a Project in respect of a monitoring period commencing before the Auction Date and ending after the Auction Date (a "**Split Monitoring Period**") can only exercise the Redemption Right in respect of the proportion of the Carbon Credits that are certified by the Verification Agent to be attributable to the period commencing on the Auction Date and ending on the last date of the monitoring period (such Carbon Credits, "**Split Monitoring Period Eligible Carbon Credits**"). However, Noteholders seeking to exercise the Redemption right in respect of Split Monitoring Period Eligible Carbon Credits must submit all Carbon Credits associated with a Project for the Split Monitoring Period, including those generated prior to the Auction Date (the "**Split Monitoring Period Ineligible Carbon Credits**"), and both the Split Monitoring Period Eligible Carbon Credits and the Split Monitoring Period Ineligible Carbon Credits will be cancelled by the Verification Agent in connection with a successful exercise of the Redemption Right.

No benefit shall accrue to Noteholders under the terms of the Notes in respect of the Split Monitoring Period Ineligible Carbon Credits that are submitted to the Verification Agent and cancelled other than so far as such surrender and cancellation renders the Split Monitoring Period Eligible Carbon Credits deliverable for the purposes of Redemption under the Notes. Failure to deliver all Carbon Credits that have been generated for a Project in a Split Monitoring Period to the Verification Agent will result in a failure of the exercise of the Redemption Right with respect to the Notes associated with such Split Monitoring Period and Project and, if such failure is in respect of the Maturity Date, the affected Notes will expire worthless on the Maturity Date.

Carbon Credits might be withheld by Carbon Credit registries

When identifying ranges of Carbon Credit Lots in the Redemption Notice, Noteholders must assess the possibility that certain Carbon Credits in the identified ranges might be withheld by Carbon Credit registries or by other entities implicated in the transfer of such Carbon Credits as payment for the Adaptation Share of Proceeds (as defined in the CDM Rulebook), Registration Fees (as defined in the CDM Rulebook) or any other type of fees. As a consequence, Noteholders are strongly encouraged to consult their legal, environmental or financial advisors as appropriate to ensure that Carbon Credits identified in the Redemption Notice are not withheld. If Carbon Credits are withheld, it is possible that certain ranges of Carbon Credits might not represent integral multiples of Carbon Credit Lots upon delivery to the Verification Agent. Failure to deliver sufficient integral multiples of Carbon Credit Lots to the Verification Agent will result in a failure of the exercise of the Redemption Right with respect only to the Notes associated with such insufficient integral multiples of Carbon Credit Lots and, if such failure is in respect of the Maturity Date, the affected Notes will expire worthless on the Maturity Date.

Carbon Credits returned by the Verification Agent may not correspond to those delivered by Noteholders

In circumstances where Carbon Credits delivered to the Verification Agent are to be returned to the Noteholder for any reason including because certain Conditions for Redemption are not met (for example, because such Carbon Credits do not constitute an integral multiple of a Carbon Credit Lot or because they were not described in the Redemption Notice) the administration and operation of the Carbon Credit registries, may mean that the Carbon Credits returned to the Noteholder may not correspond to the Carbon Credits initially delivered by the Noteholder to the Verification Agent. For example, the Carbon Credits may be from a different vintage or monitoring period and the Carbon Credits returned to Noteholders by the Verification Agent may be worthless or have a lower market value than those initially delivered to the Verification Agent. For the avoidance of doubt, there is no obligation to return Split Monitoring Period Ineligible Carbon Credits which are automatically cancelled upon delivery to the Verification Agent.

Verification Agent Risk

The Bank has engaged an independent third party Verification Agent to determine if Carbon Credits identified in the Redemption Notice and delivered to the Verification Agent in connection with any exercise by a Noteholder of its Redemption Right are Qualifying Carbon Credits. The Verification Agent shall determine whether Carbon Credits meet the Eligibility Criteria and are therefore Qualifying Carbon Credits, upon identification of the Carbon Credits in the Redemption Notice (the “**First Check**”) and upon subsequent delivery of the Carbon Credits to the Verification Agent (the “**Second Check**” and together with the First Check, each a “**Check**”). An unfavourable determination at either Check is binding on the relevant Noteholder and the Bank, in the case of the Second Check notwithstanding a favourable determination at the First Check, even if the determination at either Check is the result of a mistake by the Verification Agent.

Each Check must happen within the timeframe set out in these Final Terms. Further, at each Check the Verification Agent must send a notice to the Noteholder, the Global Agent, the Calculation Agent and/or the Bank, as applicable, with the results of that Check. A failure of the Verification Agent to make a determination within the required timeframe, or to send the notice, even if a favourable determination is later made or if a timely determination is made but no notice is sent, will result in a failure of the exercise of the Redemption Right. All of the External Conditions to Redemption, including this timing and notice requirement that depend on the Verification Agent, are outside of the Noteholders’ and the Bank’s control. Notwithstanding this lack of control, a failure of any of the External Conditions to Redemption will result in a failure of the exercise of the Redemption Right and the Noteholder will receive nothing.

The Bank is not responsible for determinations made by the Verification Agent with respect to identified or delivered Carbon Credits and the Noteholders are dependent solely on the determinations made by the Verification Agent which is final and binding on the Bank and the Noteholders. Although all due care was exercised in the engagement of the Verification Agent, any errors that may occur in the process of determining whether identified or delivered Carbon Credits constitute Qualifying Carbon Credits will be

borne by the Noteholders. An identified or a delivered Carbon Credit that is not determined to be a Qualifying Carbon Credit will be rejected by the Verification Agent at the relevant Check, and Noteholders will not be able to submit other Carbon Credits or resubmit a Redemption Notice with respect to the same Notes in respect of the same Redemption Date. In addition, neither the Bank nor any Noteholder will have any recourse against the Verification Agent, and such Noteholder will not have any recourse against the Bank, for the Verification Agent's determination at either Check. In such a case, where the Carbon Credits are rejected at either Check, no Redemption Amount will be paid to such Noteholder on the relevant Redemption Date. In addition, where the Carbon Credits are rejected at either Check in respect of the Maturity Date, such Noteholder's definitive registered Certificate will not be returned to it and will be cancelled, and such Noteholder will lose all of its investment in the Notes, any costs associated with its purchase of the Notes and/or its development costs associated with generating and/or obtaining Carbon Credits.

Regulation of emissions derivatives

Derivatives, including agreements, contracts or transactions relating to emissions, have become heavily regulated across the globe, including certain derivatives becoming subject to mandatory clearing, trade, execution, reporting and recordkeeping requirements, amongst other requirements. Noteholders that engage in derivatives, including those relating to emissions, as such are defined in any jurisdictions applicable to such Noteholders, will be subject to the rules and regulations regarding their derivatives-related activities applicable in such relevant jurisdictions. The Bank has not considered, and will not undertake to consider, an analysis of the initial purchase or secondary market sales of the Notes under the rules and regulations relating to derivatives that may be applicable to the Noteholders. Prior to investing in the Notes, investors are strongly encouraged to obtain advice regarding the potential impact of such rules and regulations in the applicable jurisdictions in connection with the purchase, transfer and holding of, and exercise of the Redemption Right with respect to, the Notes.

Summary

This summary section forms part of these Final Terms relating to the Notes. It is intended for introductory purposes only. It may neither be separated from the rest of these Final Terms nor relied upon as complete if separated from the more complete disclosure contained herein. Any decision to invest in the Notes should be based on a consideration by any potential investor of these Final Terms as a whole, including any schedules, appendices and annexes hereto and any documents incorporated by reference.

The PAF

The Pilot Auction Facility for Methane and Climate Change Mitigation (“**PAF**”) is an innovative climate finance mechanism developed by the World Bank Group to stimulate investment in projects that reduce greenhouse gas emissions while maximizing the impact of public funds and leveraging private sector financing. It is a results-based mechanism that works by setting a floor price for emission reductions generated in respect of certain projects. The goals of the PAF are achieved by the auction of PAFERs that give holders the right, but not the obligation, to sell to the PAF emission reductions generated through the operation of projects or purchased on the secondary market.

In connection with the PAF, the Bank will issue separate series of PAFERs, each containing a right of redemption which corresponds to future emission reductions related to particular areas of climate change mitigation as may be determined from time to time with respect to each series of PAFERs.

For each notes issuance, such as the Notes, the PAF establishes a list of eligibility criteria based on the country of origination, type of Carbon Credit and other environmental and social criteria (the criteria applicable to the Notes set out in Exhibit 3 to Annex A, the “**Eligibility Criteria**”).

In the case of the Notes, the PAF will set a floor price for Carbon Credits that are sourced from nitrous oxide abatement from nitric acid and caprolactam production at chemicals and fertilizer plants, that have been generated on or after the Auction Date referred to below, and which are registered under the CDM or VCS (each an “**Approved Carbon Standard**”). The abatement of nitrous oxide from the production of adipic acid is specifically excluded.

The Auction

A competitive auction conducted by the Bank on January 10, 2017 (the “**Auction Date**”) set (a) the amount payable per Carbon Credit that is (x) identified in a Redemption Notice as part of a block of 2,500 Carbon Credits in respect of which each Carbon Credit is from the same Project as well as from the same Monitoring Period (in respect of CERs) or Vintage Period (in respect of VCUs) (each a “**Carbon Credit Lot**”) and (y) determined by the Verification Agent to satisfy the Eligibility Criteria (each such Carbon Credit, a “**Qualifying Carbon Credit**”), resulting in a Redemption Amount of U.S.\$5,250 per 2,500 Qualifying Carbon Credits, and (b) the integral multiplies of Carbon Credit Lots applicable to the Notes, resulting in the Aggregate Nominal Amount of Notes being U.S.\$12,978,000.

Summary of Terms

Pursuant to these Final Terms, the Bank is issuing U.S.\$12,978,000 Aggregate Nominal Amount of non-interest-bearing PAFERs due November 30, 2020 under the Facility.

The Bank has engaged Kommunalkredit Public Consulting GmbH, an independent third party agent (the “**Verification Agent**”) to determine, in accordance with the Eligibility Criteria, whether Carbon Credits identified in a valid and complete Redemption Notice and delivered to the Verification Agent are Qualifying Carbon Credits. The Verification Agent shall determine whether Carbon Credits meet the Eligibility Criteria and are therefore Qualifying Carbon Credits, upon identification of the Carbon Credits in the Redemption Notice (the “**First Check**”) and upon subsequent delivery of the Carbon Credits to the Verification Agent (the “**Second Check**” and together with the First Check, each a “**Check**”). Determinations of the Verification Agent at each Check (or failure of the Verification Agent to make a determination at either Check) are final and binding on the Bank and the Noteholders.

Any integral multiple of a Carbon Credit Lot may be identified in a Redemption Notice for the First Check by the Verification Agent and, provided the First Check is favourable, for subsequent delivery to the Verification Agent for the Second Check. Any Carbon Credits delivered to the Verification Agent that do not constitute integral multiples of a Carbon Credit Lot will be rejected. Upon rejection, the Verification Agent shall only be obligated to use its reasonable endeavours to return those Carbon Credits that do not constitute an integral multiple of a Carbon Credit Lot to the Noteholders. Such rejection shall only pertain to the Carbon Credits that did not constitute an integral multiple of a Carbon Credit Lot and shall have no bearing on the remainder of the Carbon Credits identified in the same Redemption Notice that constitute at least one integral multiple of a Carbon Credit Lot. The Issuer shall have no liability to the Noteholder for the return of those Carbon Credits other than as set out in these Final Terms.

Any VCUs which have not been delivered from an Eligible Account will be rejected. For the avoidance of doubt, if the serial numbers of the Carbon Credits delivered by a Noteholder at the Second Check do not match the serial numbers of the Carbon Credits identified in such Noteholder’s Redemption Notice delivered for the First Check, the Carbon Credit Lots containing non-matching serial numbers will be rejected. The exercise of the Redemption Right will be successful with respect to each integral multiple of Carbon Credit Lots that passes both Checks.

The table set out immediately below is a high-level summary of the terms set out in Annex A. Investors should carefully read Annex A.

Issuer	International Bank for Reconstruction and Development (the “ Bank ”)
Dealers	None
Global Agent	Citibank, N.A., London Branch
Paying Agent and Transfer Agent..	Citibank, N.A., London Branch
Registrar and Transfer Agent	Citigroup Global Markets Deutschland AG
Verification Agent.....	Kommunalkredit Public Consulting GmbH, or any successor or replacement appointed by the Bank
Calculation Agent.....	Citibank, N.A., London Branch
Currency	U.S. dollars
Carbon Credit Lot	A block of 2,500 Carbon Credits in respect of which each Carbon Credit is from the same Project as well as from the same Monitoring Period in respect of CERs or Vintage Period in respect of VCUs.
Maturity Date	November 30, 2020
Issue Date	February 16, 2017
Issue Price	14.2857143%
Method of Issue.....	Notes will not be issued through dealers. The Bank will sell Notes itself directly to investors.
Description of Notes	The Notes are non-interest-bearing unsecured obligations of the Bank redeemable at the option of the Noteholder on the Redemption Date, provided a Redemption Notice is delivered during the Notice Period and the Conditions to Redemption are satisfied.
Redemption Right	Each Noteholder may redeem some or all of its Notes in integral multiples of the Specified Denomination on, but not prior to, each Redemption Date upon a maximum of 60 and a minimum of 45

	Business Days’ notice (each such period with respect to a Redemption Date, the “ Notice Period ”).
Redemption Amount	U.S.\$5,250 per Specified Denomination, provided that the Conditions to Redemption are satisfied.
Conditions to Redemption.....	The following conditions must be met for the valid exercise of the Redemption Right and payment of the Redemption Amount: <ul style="list-style-type: none"> (i) Valid and complete Redemption Notice delivered during the applicable Notice Period; (ii) Delivery of the definitive registered Certificate(s) representing the Notes to which the Redemption Notice relates; (iii) Carbon Credits identified in the Redemption Notice are delivered from an Eligible Account to the Verification Agent in integral multiples of Carbon Credit Lots no later than 15 Business Days prior to the applicable Redemption Date; (iv) Carbon Credits identified in the Redemption Notice and then delivered to the Verification Agent have passed the First Check and Second Check and therefore on delivery were Qualifying Carbon Credits; and (v) Timely determination by the Verification Agent of whether and how many Qualifying Carbon Credit Lots have been identified as part of the First Check and delivered as part of the Second Check.
Qualifying Carbon Credits	Carbon Credits determined by the Verification Agent to satisfy the Eligibility Criteria, upon identification of such Carbon Credits in the Redemption Notice as part of the First Check, and upon subsequent delivery of the Carbon Credits to the Verification Agent as part of the Second Check.
Interest Rate	None. The Notes do not bear interest.
Status of Notes	Notes will constitute direct, unsecured obligations of the Bank ranking <i>pari passu</i> with all its other unsecured and unsubordinated obligations. Notes will not be obligations of any government.
Form of Notes	The Notes will be issued in the form of definitive registered Certificates. Title to the Notes shall pass by registration in the Register in accordance with the terms and conditions of the Notes and the Register will prevail in the event of any discrepancy between the Certificates held by a Noteholder and such Noteholder’s holdings in the Register.
Initial Delivery of Notes.....	On the Issue Date, the Registrar will make entries in the Register corresponding to the definitive registered Certificates being issued. Each Noteholder will receive one definitive registered Certificate for its entire holding of Notes. Such definitive registered Certificates will be delivered or sent to each Noteholder at the address specified by such Noteholder.
Clearing Systems.....	None.
Specified Denominations	U.S.\$5,250. This reflects an amount of U.S.\$2.10 for each Carbon Credit comprised in a Carbon Credit Lot, that was determined

	through competitive auction.
Listing	The Notes will not be listed.
Ratings	The Notes will not be rated.
Governing Law.....	English law.
Selling Restrictions	The sale and delivery of Notes, and the distribution of offering material relating to the Notes, are subject to certain restrictions in various jurisdictions as set forth in the Prospectus and these Final Terms.

Annex A
to the Final Terms Dated February 16, 2017

International Bank for Reconstruction and Development

Issue of U.S.\$12,978,000 PAF: Emission Reduction Notes (“**PAFERNs**”) due 2020
under the Global Debt Issuance Facility

Terms used herein shall be deemed to be defined as provided in the terms and conditions (the “**Conditions**”) set forth in the Prospectus dated May 28, 2008. This document forms an integral part of the Final Terms of the Notes and must be read in conjunction with such Prospectus.

THE NOTES

- | | |
|---|--|
| 1. Issuer: | International Bank for Reconstruction and Development (the “ Bank ”) |
| 2. (i) Series Number: | 4762 |
| (ii) Tranche Number: | 1 |
| 3. Specified Currency (Condition 1(d)): | United States Dollars (“ U.S.\$ ”) |
| 4. Aggregate Nominal Amount: | |
| (i) Series: | U.S.\$12,978,000 |
| (ii) Tranche: | U.S.\$12,978,000 |
| 5. Issue Price: | 14.2857143 per cent. of the Aggregate Nominal Amount, equal to U.S.\$750 per U.S.\$5,250 Specified Denomination. |
| 6. Specified Denomination (Condition 1(b)): | U.S.\$5,250. This reflects an amount of U.S.\$2.10 for each Carbon Credit comprised in a Carbon Credit Lot, that was determined through competitive auction. |
| 7. Issue Date: | February 16, 2017 |
| 8. Maturity Date (Condition 6(a)): | November 30, 2020 |
| 9. Interest Basis (Condition 5): | None |
| 10. Redemption/Payment Basis (Condition 6): | Redemption Amount payable on a Redemption Date, provided the Conditions to Redemption are satisfied. |
| 11. Change of Interest or Redemption/Payment Basis: | None |
| 12. Call/Put Options (Condition 6): | Put Option |
| 13. Status of the Notes (Condition 3): | Unsecured and unsubordinated |
| 14. Listing: | None |
| 15. Method of distribution: | Direct sale by the Bank to investors |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- | | |
|--|----------------|
| 16. Fixed Rate Note Provisions (Condition 5(a)): | Not Applicable |
| 17. Floating Rate Note Provisions | Not Applicable |

- (Condition 5(b)):
18. Zero Coupon Note Provisions (Condition 5(c)): Not Applicable
19. Index Linked Interest Note/other variable-linked interest Note Provisions (Condition 5): Not Applicable
20. Dual Currency Note Provisions (Condition 5(d)): Not Applicable

PROVISIONS RELATING TO REDEMPTION

21. Call Option (Condition 6(d)): Not Applicable
22. Put Option (Condition 6(e)): Applicable
- (i) Optional Redemption Dates: November 29, 2017, November 29, 2018 and November 27, 2019.
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): U.S.\$5,250 per Specified Denomination, provided the Conditions to Redemption referred to below are satisfied with respect to the relevant Optional Redemption Date.
23. Final Redemption Amount of each Note (Condition 6): U.S.\$5,250 per Specified Denomination, provided the Conditions to Redemption are satisfied with respect to the Maturity Date.

The “**Conditions to Redemption**” consist, in respect of each Redemption Date, of the “Noteholder Conditions to Redemption” and the “External Conditions to Redemption”.

The “**Noteholder Conditions to Redemption**” in respect of a Redemption Date are:

- (i) On any Business Day during the Notice Period in respect of such Redemption Date and in any event before the Deadline in respect of such Redemption Date, (a) delivery by email to the Global Agent in electronic format of a valid and complete Redemption Notice in respect of such Redemption Date identifying integral multiples of Carbon Credit Lots per Specified Denomination, for the First Check and otherwise in the form of Exhibit 3 to this Annex A, with an email copy to each of the Verification Agent, the Registrar and the Bank, and (b) delivery to the Registrar by courier of the original of the Redemption Notice mentioned above under (a), and of the original of the definitive registered Certificates representing the Notes to which the Redemption Notice relates, with an email copy of such definitive registered Certificate to each of the Global Agent, the Verification Agent, the Registrar and the Bank;
- (ii) Delivery to the Verification Agent on any Business Day during the Notice Period in respect of such Redemption Date and in any event before the Deadline in respect of

such Redemption Date, of an EHS Audit Report bearing the original handwritten signature of an authorized signatory of the DOE in respect of each Carbon Credit Lot per Specified Denomination identified in the Redemption Notice delivered for the First Check; and

- (iii) No later than 15 Business Days prior to such Redemption Date, delivery of each Carbon Credit Lot per Specified Denomination, from an Eligible Account in accordance with the procedures set out in Exhibit 5 to this Annex A, to the Verification Agent's Carbon Credit Account of all Carbon Credit Lots per Specified Denomination that received a favourable determination at the First Check.

The “**External Conditions to Redemption**” in respect of a Redemption Date are:

- (i) No later than 30 Business Days prior to such Redemption Date, the Verification Agent's (a) performance of the First Check to determine, in its sole discretion, how many, if any, of the Carbon Credit Lots per Specified Denomination identified in the Redemption Notice are made up of 100% Qualifying Carbon Credits and (b) sending of a confirmation to the Noteholder; and
- (ii) No later than 10 Business Days prior to such Redemption Date, the Verification Agent's (a) performance of the Second Check to determine, in its sole discretion, how many, if any, Carbon Credit Lots that passed the First Check and have been delivered to a Verification Agent's Carbon Credit Account from an Eligible Account (see item 29 below) are made up of 100 % Qualifying Carbon Credits and (b) sending of a confirmation to the Global Agent, the Calculation Agent and the Bank.

Once delivered, a Redemption Notice cannot be modified or withdrawn.

Each Condition to Redemption is subject to the timeline, mechanics and procedures, as applicable, set out in the Exhibits to this Annex A. For the purpose of verifying whether each Condition to Redemption is satisfied, the Verification Agent shall only take into account the supporting documents referred to in the Eligibility Criteria and will disregard any other documentation that might be submitted to the Verification Agent by Noteholders.

Carbon Credit Lots that are determined not to contain 100% Qualifying Carbon Credits at either the First Check or the Second Check (including, for the avoidance of doubt, those Qualifying Carbon Credits that do not constitute a full Carbon Credit Lot) or which have not been delivered from an Eligible Account will be rejected by the Verification Agent

and Carbon Credits as to which the Verification Agent fails to make a determination within the required timeframe at either Check will be deemed rejected, and in either case Noteholders will not be able to identify or deliver other Carbon Credit Lots or resubmit a Redemption Notice with respect to the same Notes in respect of the same Redemption Date. Neither the Bank nor the Noteholders will have any recourse against the Verification Agent, and Noteholders will have no recourse against the Bank, for the Verification Agent's determinations or failure to make determinations within the required timeframes.

Upon notification by the Verification Agent to the Global Agent, the Calculation Agent and the Bank that the Conditions to Redemption are satisfied:

- (i) The Calculation Agent will calculate the relevant payment of Redemption Amounts due to a Noteholder; and
- (ii) The Paying Agent will make payment of relevant Redemption Amounts to such account of a Noteholder recorded in the Register maintained by the Registrar.

For the avoidance of doubt, the Paying Agent's obligation to make payment is conditional on receipt from the Verification Agent of notification that the Conditions to Redemption are satisfied.

If the Conditions to Redemption are not satisfied by a Noteholder with respect to an Optional Redemption Date, the Registrar will deliver to such Noteholder a new definitive registered Certificate representing:

- (i) the Notes for which a Redemption Notice had been submitted and with respect to which the Conditions to Redemption are not satisfied; and
- (ii) the Notes, if any, held by such Noteholder to which the Redemption Notice with respect to such Optional Redemption Date did not relate.

If the Conditions to Redemption are satisfied by a Noteholder with respect to an Optional Redemption Date but the nominal amount of Notes (in multiples of the Specified Denomination) it has elected to redeem is less than the aggregate nominal amount of the definitive registered Certificate submitted with such Noteholder's Redemption Notice, the balance of such aggregate nominal amount not so redeemed will be returned to such Noteholder in a new single definitive registered Certificate. In respect of the Maturity Date (regardless of whether or not the Conditions to Redemption are satisfied), definitive registered Certificates submitted with a Redemption Notice will not be returned to the relevant Noteholder and will be cancelled.

“**Business Day**” means any day (other than a Saturday or

Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in The City of New York and London. Where these Final Terms provide for notice of a specified number of Business Days prior to a specified date, the Business Days shall be determined by counting the relevant number of Business Days occurring immediately prior to but not including such specified date. A Business Day shall expire at 5:00 p.m. (GMT) on such Business Day.

“**Carbon Credit Lot**” means blocks of 2,500 Carbon Credits in respect of which each Carbon Credit is from the same Project as well as from the same Monitoring Period in respect of CERs or Vintage Period in respect of VCU.

“**Deadline**” means 5:00 p.m. (GMT) on the last Business Day during the Notice Period.

“**Eligible Account**” means, in respect of CERs, an account within the CDM registry and, in respect of VCUs, an account in the Markit registry or its successor, or such other account notified in writing to the Noteholders by the Bank no later than 45 Business Days prior to the Redemption Date.

“**Redemption Date**” means each Optional Redemption Date and the Maturity Date.

“**Redemption Right**” means a right to redeem Notes in accordance with these Final Terms.

“**Monitoring Period**” means the time period during which the emissions reductions were generated as has been verified by a DOE (as defined in Exhibit 3 to Annex A) and as is evidenced to the satisfaction of the Verification Agent.

“**Notice Period**” means a maximum of 60 and a minimum of 45 Business Days prior to the relevant Redemption Date (without prejudice to the foregoing, those dates are expected to be as set forth in Exhibit 2 to this Annex A).

“**Qualifying Carbon Credit**” means a Carbon Credit that is (i) identified in a Redemption Notice as part of a Carbon Credit Lot and (ii) satisfies the Eligibility Criteria.

“**Vintage Period**” means the time period for which a particular set of emission reductions or removals generated by a VCS Project are verified and which may be a subset of a verification or Monitoring Period.

24. Early Redemption Amount of each Note (Condition 6(c)):

Early Redemption Amount(s) per Calculation Amount payable on event of default or other early redemption and/or the method of calculating the same (if required or

None. The only amount payable is the Redemption Amount, if any. See items 22 and 23 above.

if different from that set out in the Conditions):

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes (Condition 1(a)): Registered Notes:
Definitive registered Certificates available on Issue Date
26. New Global Note: No
27. Financial Centre(s) or other special provisions relating to payment dates (Condition 7(h)): New York and London
28. Governing law of the Notes (Condition 14): English law
29. Other final terms: For Notes in respect of which no Redemption Notice is submitted with respect to a Redemption Date, there is no “closed period” with respect to those Notes for such Redemption Date.

No transfers of Notes for which a Redemption Notice has been submitted in respect of a Redemption Date can be effected at any time on or after 60 Business Days prior to and until and including such Redemption Date.

No Redemption Notice in respect of a Redemption Date may be submitted in respect of Notes which have been transferred at any time on or after 60 Business Days prior to and until and including such Redemption Date.

Without prejudice to the foregoing, those dates are expected to be as set forth in Exhibit 2 to this Annex A.

The Bank will give not less than 5 nor more than 20 Business Days’ notice to the Noteholders of the commencement of each Notice Period. For the avoidance of doubt, the Bank’s delivery of this notice is for the convenience of Noteholders only and the Notice Period will apply notwithstanding any failure of the Bank to deliver such notice.

Verification Agent Carbon Credit Account (the “**Verification Agent’s Carbon Credit Account**”):

In respect of CERs: Account Number: CH-100-2115-0; Account Name: KPC, or such other account notified in writing to the Noteholders by the Bank no later than 45 Business Days prior to the Redemption Date.

In respect of VCUs: Account Number: 10300000011580; Account Name: Kommunalkredit Public Consulting GmbH - PAF, or such other account notified in writing to the Noteholders by the Bank no later than 45 Business Days prior to the Redemption Date.

Notes in respect of which the Redemption Right has not been exercised on any Optional Redemption Date or at the latest on the Maturity Date, or in respect of which the Redemption

Right has been exercised but for which the Conditions to Redemption have not been satisfied by the Maturity Date, will expire worthless on the Maturity Date and the corresponding entry on the Register maintained by the Registrar will be written down to zero.

DISTRIBUTION

- | | |
|--|----------------|
| 30. (i) If syndicated, names of Managers and underwriting commitments: | Not Applicable |
| (ii) Stabilizing Manager(s) (if any): | Not Applicable |
| 31. If non-syndicated, name of Dealer: | Not Applicable |
| 32. Total commission and concession: | Not Applicable |
| 33. Additional selling restrictions: | Not Applicable |

OPERATIONAL INFORMATION

- | | |
|---|---|
| 34. ISIN Code: | Not Applicable |
| 35. Common Code: | Not Applicable |
| 36. CUSIP: | Not Applicable |
| 37. CINS: | Not Applicable |
| 38. Unique/Common Identifier: | PAFERN300001 |
| 39. Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, <i>société anonyme</i> and The Depository Trust Company and the relevant identification number(s): | Not Applicable |
| 40. Calculation Agent: | Citibank, N.A., London Branch |
| 41. Delivery: | Delivery free of payment |
| 42. Registrar and Transfer Agent (if any): | Citigroup Global Markets Deutschland AG |
| 43. Intended to be held in a manner which would allow Eurosystem eligibility: | No |

GENERAL INFORMATION

IBRD's most recent Information Statement was issued on September 22, 2016.

RESPONSIBILITY

IBRD accepts responsibility for the information contained in these Final Terms.

Signed on behalf of IBRD:

By: _____

Name:

Title:

Duly authorized

Exhibit 1 to Annex A
to the Final Terms dated February 16, 2017

Timeline for Identification and Delivery of Notes and Qualifying Carbon Credits for Redemption

The following sets out the timetable for the Notes redemption process, where T = a Redemption Date of the Notes:

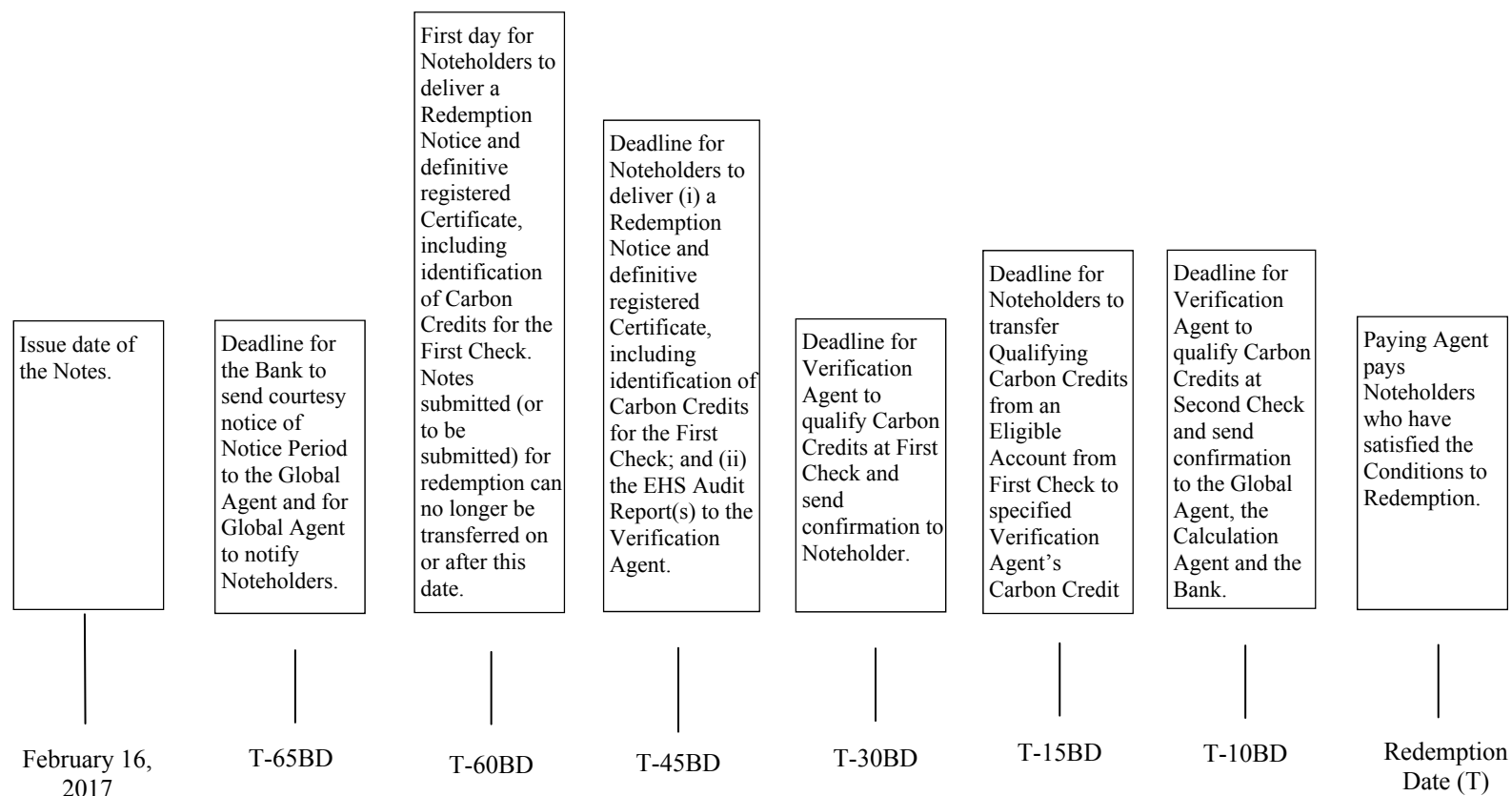


Exhibit 2 to Annex A
to the Final Terms dated February 16, 2017

Expected Dates for the Delivery of Carbon Credits and the Notice Period

The dates below reflect the expected dates of the Notice Periods, Delivery Dates for Carbon Credits and Redemption Dates as of the date of these Final Terms and are provided solely as an indicative courtesy.

Notice Period:	Last delivery date for Carbon Credits¹	Redemption Date:
September 1, 2017 to September 25, 2017	November 7, 2017	November 29, 2017
August 31, 2018 to September 24, 2018	November 6, 2018	November 29, 2018
August 30, 2019 to September 23, 2019	November 5, 2019	November 27, 2019
September 1, 2020 to September 23, 2020	November 5, 2020	November 30, 2020

¹ This refers to 15 Business Days prior to the applicable Redemption Date – see above Annex A, No. 23(iii).

Exhibit 3 to Annex A
to the Final Terms dated February 16, 2017
Eligibility Criteria

1. To be eligible to exercise the Redemption Right on a Redemption Date, an emission reduction (“ER”) must:

- (a) be one of the following types of certified ERs:
 - (i) a CER generated in respect of a Clean Development Mechanism (“**CDM**”) project activity (“**CDM Project**”), as each is defined in the United Nations Framework Convention on Climate Change (“**UNFCCC**”) Glossary of Clean Development Mechanism terms, version 8.0, that uses one or more of the CDM methodologies listed under “Methodologies”, below;
 - (ii) a VCU generated in respect of a VCS project activity (“**VCS Project**”), as such is defined in the VCS Rules arising from activities which have been verified and passed the completeness check undertaken by the VCSA in accordance with the VCS Rules that uses the VCS methodology listed under “Methodologies”, below;
- (b) have been generated by a CDM Project or VCS Project (each, a “**Project**”) that has a host country listed under “Host Countries,” below;
- (c) have been generated by a Project that has received an environmental, health & safety, social and integrity (“**EHS**”) audit report (an “**EHS Audit Report**”)² indicating that it has achieved an unqualified “pass”. This report must be prepared by a Designated Operational Entity accredited by the CDM in accordance with Paragraph 20 of the CDM Modalities and Procedures (a “**DOE**”), this accreditation being in effect during the assessment of the EHS Criteria specified below up to and including the date of the EHS Audit Report. Verification of the DOE’s accreditation will only be made by the Verification Agent based on publicly available information as at the end of the 15-day period of the First Check. The EHS Audit Report must be completed based on up to date information no more than 608 days prior to the Redemption Date in respect of which the Redemption Notice including the assessed ERs has been filed. A Project will only be eligible to receive a “pass” result if the DOE, referring to relevant supporting evidence and/or written reasons for coming to this conclusion, has provided an unqualified opinion that each of the EHS Criteria has either been satisfied or is not applicable. A failure to satisfy any of the EHS Criteria written in italics will automatically trigger a “fail” result. A failure to satisfy any of the non-italicized EHS Criteria will also trigger a “fail” result unless the DOE determines that such failure to satisfy the specific EHS Criteria is not Material. An issue will be deemed “**Material**” in this context if the issue could result in: (i) risk to the lives, to the health or safety of workers and affected communities or the integrity of the local environment (e.g., ground or surface water quality, habitat quality); (ii) harming the reputation of the Project or an affiliate or shareholder of an Operator, lender or other finance provider in respect of the Project; (iii) causing adverse media attention; and/or (iv) being the subject of claims, proceedings, or fines;
- (d) have been issued on or after the Auction Date until, in respect of a Redemption Date, 60 Business Days prior to and until and including such Redemption Date, where:
 - (i) in respect of CERs, the date of issuance is the date on which the Executive Board of the CDM instructed the CDM registry administrator to issue a specified quantity of CERs for the CDM Project into the pending account of the Executive Board in the CDM registry, in accordance with paragraph 66 and Appendix D of the CDM Modalities and Procedures; and
 - (ii) in respect of VCUs, the date of issuance is the date on which the VCS registry administrator issues VCUs into a VCS registry account, as reflected in the VCS Project Database in accordance with the VCS Rules;

² A template EHS Audit Report, the stakeholder meeting guidance note and a template for operator representation are available on the PAF website.

(e) have been generated during a Monitoring Period (in respect of CERs) as evidenced to the satisfaction of the Verification Agent including from publicly available information on the website of the UNFCCC or a Vintage Period (in respect of VCUs), as each is defined in the applicable Approved Carbon Standard, that either:

- (i) commenced on or after the Auction Date; or
- (ii) commenced before the Auction Date and ended after the Auction Date, in which case all ERs for such Project generated during such Monitoring Period or Vintage Period, as applicable, must be identified in a single Redemption Notice and submitted to the Verification Agent for cancellation. The proportion of the ERs that are certified by the Verification Agent to be attributable to the period commencing on the Auction Date and ending on the last date of the Monitoring Period or Vintage Period, as applicable, that form Carbon Credit Lots shall be eligible for exercise of Redemption Right. No benefit shall accrue to the noteholder under the terms of the Notes in respect of the proportion of the ERs generated in respect of the Monitoring Period or Vintage Period, as applicable, that are attributable to the period prior to the Auction Date and are submitted to the Verification Agent and cancelled other than so far as such surrender and cancellation renders the ERs generated after the Auction Date that form Carbon Credit Lots deliverable for the purposes of Redemption under the Notes.

To determine the amount of ERs that were generated on or after the Auction Date from a campaign that begins before the Auction Date the following procedures shall be applied and be verified by the DOE:

- (i) For AM0028 and ACM0019, only the monitoring data for the period after the auction shall be used to estimate the ERs.
- (ii) For AM0034, the emission reduction calculation shall be done based on the daily production data of nitric acid or caprolactam produced for each day on or after the Auction Date until the end of the Monitoring Period or Vintage Period, as applicable, and be a function of the difference between the N₂O emission factors of the Monitoring Period or Vintage Period, as applicable, and the established baseline campaign calculated according to the methodology.

To verify eligibility, a DOE will determine, through Project records if necessary, total emission reductions produced on or after the Auction Date until the end of the campaign or monitoring period (the “**Post-Auction Date ERs Amount**”). The DOE shall verify the determination of the emissions reductions utilizing the procedures described in the methodologies above. If the DOE is unable to verify the daily production data of tons of nitric acid or caprolactam then the DOE shall not certify the Post-Auction Date ERs Amount. Determinations made by the DOE with respect to the Post Auction Date ERs Amount will be reflected in Schedule 2 to the Redemption Notice and are final and binding on the Bank, the Verification Agent and the Noteholders; and

(f) in respect of each Carbon Credit Lot identified in a Redemption Notice of which it is a part, be generated by a single Project, in respect of the same Monitoring Period in respect of CERs or Vintage Period in respect of VCUs.

2. Methodologies

- (a) CDM

AM0028, AM0034, AM0051, ACM0019.

For the avoidance of doubt, methodology AM0021 is excluded.

- (b) VCS

The CDM methodologies identified above being AM0028, AM0034, AM0051, ACM0019.

3. Host Countries

Afghanistan	Egypt	Malawi	Serbia
Albania	El Salvador	Malaysia	Seychelles
Algeria	Equatorial Guinea	Maldives	Sierra Leone
Angola	Eritrea	Mali	Solomon Islands
Antigua and Barbuda	Ethiopia	Marshall Islands	Somalia
Argentina	Fiji	Mauritania	South Africa
Armenia	Gabon	Mauritius	South Sudan
Azerbaijan	Gambia, The	Mexico	Sri Lanka
Bangladesh	Georgia	Micronesia	Sudan
Belize	Ghana	Moldova	Suriname
Benin	Grenada	Mongolia	Swaziland
Bhutan	Guatemala	Montenegro	Syria
Bolivia	Guinea	Morocco	Tajikistan
Bosnia and Herzegovina	Guinea-Bissau	Mozambique	Tanzania
Botswana	Guyana	Myanmar	Thailand
Brazil	Haiti	Namibia	Timor-Leste
Burkina Faso	Honduras	Nepal	Togo
Burundi	India	Nicaragua	Tonga
Cambodia	Indonesia	Niger	Trinidad and Tobago
Cameroon	Iran	Nigeria	Tunisia
Cape Verde	Iraq	Pakistan	Turkmenistan
Central African Republic	Jamaica	Palau	Tuvalu
Chad	Jordan	Panama	Uganda
Chile	Kazakhstan	Papua New Guinea	Uruguay
Colombia	Kenya	Paraguay	Uzbekistan
Comoros	Kiribati	Peru	Vanuatu
Congo, Dem Rep of	Kyrgyzstan	Philippines	Venezuela
Congo, Rep of	Laos	Rwanda	Vietnam
Costa Rica	Lebanon	Saint Kitts and Nevis	Yemen
Côte d'Ivoire	Lesotho	Saint Lucia	Zambia
Djibouti	Liberia	Saint Vincent and the Grenadines	Zimbabwe
Dominica	Libya	Samoa	
Dominican Republic	Macedonia	São Tomé and Príncipe	
Ecuador	Madagascar	Senegal	

4. EHS Criteria

Projects at Existing³ Chemicals and Fertilizer Manufacturing Facilities with Nitric Acid Production: E&S criteria

PS 1: Assessment & Management of Environmental and Social Risks and Impacts

- The manufacturing facilities (the “Facilities”) and the project possess the required necessary environmental, health & safety, and social (EHS) permits and are in compliance with EHS permit conditions, based on monitoring and reporting documentation and representations made by the operator of the Facilities.
- No social unrest or negative campaign by affected communities⁴ or NGOs involving either the plant site or the project in relation to the lives or health & safety of workers and affected communities and the integrity of the local environment in the past 12 months, based on an electronic media review, outcomes of a meeting with directly affected communities, and operator representations.

PS 2: Labour & Working Conditions

- *No child labour (i.e., hazardous or potentially harmful work involving persons under the age of 15 years, or 18 years for hazardous work) or forced labour (where work is not undertaken voluntarily, or is undertaken under threat of penalty) employed in or in connection with the Facilities or Project.*
- Effective measures in place to protect workers at the Facilities and Project from key safety risks,⁵ including provision of personal protective equipment appropriate to working in proximity to ammonia and nitric acid and other hazardous chemicals and substances present at the Facilities. Safety measures to include proper ventilation of confined spaces used by workers and gas leak monitoring during start-up.
- Hazard Operability Study (HAZOP), Hazard Identification Study (HAZID) or equivalent has been conducted for potentially dangerous components of the Facilities and Project to identify safety mitigation measures.

PS 3: Resource Efficiency and Pollution Prevention

- Effluent is being managed in such a way as to minimize or eliminate excess total Nitrogen from entering surface and sub-surface water sources through deployment of treatment systems, storm water management, and regular monitoring and testing programs.
- Ammonia emissions from the Facilities and Project, including uncontrolled releases and fugitive emissions, are being continuously monitored and controlled through the installation and operation of appropriate leak detection and scrubber systems.

PS 4: Community Health, Safety and Security

- Quantitative Risk Assessment (QRA) or equivalent was conducted for ammonia storage arrangements and any nearby communities are (a) out of the immediate high threat area and (b) aware of any emergency response measures necessary to keep them safe in the event of a significant incident.
- Measures in place⁶ to minimize and control hazards to nearby communities arising from management, storage and shipping of hazardous chemicals with potential for uncontrolled releases of toxic and flammable gases (e.g. ammonia, nitric acid, ammonium nitrate), and from disposal of hazardous wastes.

PS 5: Land Acquisition & Involuntary Resettlement

- No notable reputational risk associated with legacy (historic) impacts of the Facilities or Project on land acquisition or involuntary resettlement of people, based on an electronic media review, outcomes of a meeting with directly affected communities, and operator representations.

³ The host site must have been built and/or operational prior to the Auction Date.

⁴ Groups of people within affected communities with sustained and active grievances (not individual claims or protests)

⁵ Chemical hazards, work in confined spaces or poorly ventilated areas, exposure to toxic gases such as ammonia, explosion risk, exposure to nitric acid.

⁶ Such as use of gas leak detection systems; fire and explosion control management systems; availability and dissemination of emergency response procedures to communities, and availability of emergency response arrangements for road/rail spills.

PS 6: Biodiversity Conservation & Sustainable Management of Living Natural Resources

- *No ongoing adverse impacts from the Facilities or Project on recognized protected (conservation) areas, sensitive habitats or vulnerable or endangered species, based on the project EIA, third party EHS audit(s), environmental permitting documentation or similar; outcomes of a meeting with directly affected communities; and operator representations.*
- No notable reputational risk associated with legacy impacts of the plant or sites on recognized protected (conservation) areas, sensitive habitats or vulnerable / endangered species, based on an electronic media review, outcomes of a meeting with directly affected communities, and operator representations.

PS 7: Indigenous Peoples

- *No ongoing adverse impacts from the Facilities or Project on recognized communities of Indigenous Peoples⁷ (IPs, if any are present) or IP customary lands, based on outcomes of a meeting with directly affected communities and review of Project documentation, project EIA, third party EHS audit(s) and environmental permitting documentation.*
- No notable reputational risk associated with legacy impacts of the Facilities and/or the real estate they occupy on recognized communities of IPs or IP customary lands, based on an electronic media review, outcomes of a meeting with directly affected communities and operator representations.

PS 8: Cultural Heritage

- *No ongoing adverse impacts from the plant or project on key cultural heritage features as identified in the Project or Facility EIA, third party EHS audit(s), environmental permitting documentation, outcomes of a meeting with directly affected communities, and operator representations.*
- No notable reputational risk associated with legacy impacts of the Facilities and/or Project on key cultural heritage features, based on an electronic media review, outcomes of a meeting with directly affected communities and operator representations.

PS 9: Integrity Criteria

- Project Participant does not appear on either the Consolidated United Nations Security Council Sanctions List or The World Bank Listing of Ineligible Firms & Individuals as of the date of the independent inspection report.
- Project owner's operations are not related to the production of weapons or munitions.

⁷ As defined in IFC Performance Standard 7.

Defined Terms

Any defined term within this Exhibit 3 to Annex A to the Final Terms dated February 16, 2017 (the “**EHS Criteria**”) shall have the same meaning as set out in such Final Terms, unless otherwise defined herein.

“**Auction Date**” means January 10, 2017.

“**EHS Audit Report**” means the report undertaken by an accredited DOE to assess a Project’s satisfaction of the EHS Criteria the form of which can be viewed on the IBRD website here:

https://www.pilotauctionfacility.org/sites/paf/files/PAF_EHS_Requirements_Third_Auction%20vfinal.pdf

“**EHS Law**” means all applicable laws to the extent that the same are in force concerning (i) the pollution or protection of, or compensation of damage or harm to, the environment; (ii) occupational or public health and safety or process safety; (iii) environmental or health and safety compliance matters including without limitations with regard to the placing on the market of hazardous substances or produces containing such substances, (iv) emissions, discharges or releases into, or the presence in, the environment of hazardous substances and (v) the use, treatment, storage, disposal, transportation or handling of hazardous substances.

“**EHS Permit**” means any licence, approval, authorisation, permission, notification, waiver, order or exemption which is issued, granted or required under EHS law or social laws for the operation of the host site or the Project.

“**EIA**” means an Environmental Impact Assessment.

“**Operator**” means any operator of the host site of a Project.

“**Project**” means any CDM Project or VCS Project.

“**Related Entities**” means in relation to the relevant site or Project, an affiliate or shareholder of an Operator, lender or other finance provider in respect of the Project.

“**VCS**” means Verified Carbon Standard.

“**VCSA**” means the Verified Carbon Standard Association.

“**VCS Project Database**” means the central project database that records all projects and programs (listed and registered) and VCUs issued.

“**VCS Rules**” means the rules and requirements of the greenhouse gas programme operated by the VCSA which establishes rules and requirements that operationalize the VCSA to enable the validation of greenhouse gas projects and programs, and the verification of greenhouse gas emission reductions and removals, as such rules and requirements may be updated from time to time.

Exhibit 4 to Annex A
to the Final Terms dated February 16, 2017
Form of Redemption Notice

International Bank for Reconstruction and Development
U.S.\$12,978,000
PAFERNs due 2020
issued under its Global Debt Issuance Facility

To: Citibank, N.A., London Branch as Global Agent

With copies by email to: the Verification Agent, the Bank and the Registrar

From: *[insert nominee name]*

Date: _____

Redemption Date:⁸ _____

By delivering by email this duly completed Redemption Notice in electronic format for the above Notes (the “**Notes**”) to the Global Agent (with a copy by email to the Verification Agent, the Bank and the Registrar) together with a copy of the definitive registered Certificate in electronic format representing the Notes to which it relates, in accordance with the procedures set out herein and in the Notes, the undersigned Noteholder of such of the Notes referred to below irrevocably exercises its right to have such Notes redeemed on the date (the “**Redemption Date**”) specified above; it being understood that, by the Deadline, the undersigned Noteholder shall deliver by courier to the Registrar the original of this Redemption Notice and the original of the definitive registered Certificate representing the Notes to which this Redemption Notice relates. Capitalized terms used in this Redemption Notice and not otherwise defined herein or therein have the respective meanings ascribed thereto in the Final Terms (the “**Final Terms**”) dated February 16, 2017 applicable to the Notes.

Notes and corresponding Carbon Credits

This Redemption Notice relates to Notes in the aggregate principal amount of U.S.\$[●] corresponding to (a) [●]⁹ integral multiples of Carbon Credit Lots and (b) [●]¹⁰ Notes each of the Specified Denomination.

Unique Identification Number: *[Registered Holder Name/Carbon Credit serial number]*

The Carbon Credits to which this Redemption Notice relates are identified by Carbon Credit Lots in Schedule 1 to this Redemption Notice.

Each Project in respect of which the Carbon Credits set out in Schedule 1 have been issued has also received an EHS Audit Report confirming satisfaction of the criteria listed under “EHS Criteria” in Exhibit 3 to Annex A to the Final Terms with the following Version No. *[insert Version No.]* on *[insert date of*

⁸ Insert one of November 29, 2017, November 29, 2018, November 27, 2019 or November 30, 2020 as the applicable Redemption Date to which this Redemption Notice relates.

⁹ Insert here the number of integral multiples of Carbon Credit Lots to which this Redemption Notice pertains. Please bear in mind that each Carbon Credit Lot corresponds to 2,500 Carbon Credits. As an example, if a Noteholder intends to submit for redemption 12,500 Carbon Credits, this would correspond in this particular example to 5 integral multiples of Carbon Credit Lots (each of those 5 Carbon Credit Lots consisting of 2,500 Carbon Credits).

¹⁰ Insert here the number of Notes to which this Redemption Notice pertains. Please bear in mind that for one Note of the Specified Denomination to be successfully redeemed, a corresponding Carbon Credit Lot must be submitted for redemption (each Carbon Credit Lot corresponds to 2,500 Carbon Credits). As an example, if a Noteholder, intends to redeem 12,500 Carbon Credits, this would correspond in this particular example to 5 integral multiples of Carbon Credit Lots and thus to 5 Notes each of the Specified Denomination.

report issuance] by [*insert DOE name*]. **Such EHS Audit Report(s) is/are being separately delivered to the Verification Agent at the postal and e-mail addresses set out below both in hard copy by courier and in electronic format by e-mail and the Noteholder hereby acknowledges that the delivery of such EHS Audit Report is a Condition to Redemption.**

Payment Instructions

Subject to satisfaction of the Conditions to Redemption set out in the Final Terms, the Redemption Amount applicable to the Notes will be paid on the Redemption Date in accordance with the following payment instructions:

Please make payment in respect of the above-mentioned Notes to which this Redemption Notice relates to the account of the Noteholder recorded in the Register maintained by the Registrar.

Delivery Instructions

If the nominal amount of Notes indicated in this Redemption Notice is less than the nominal amount of Notes submitted along with this Redemption Notice, the balance of the Notes not redeemed will be recorded in the Register maintained by the Registrar and a definitive registered Certificate for such balance will be sent to the undersigned Noteholder (at the risk and expense of such Noteholder) at its address on the Register.

Disclosure of Information

In order to facilitate the exercise of the Redemption Right and payment of the Redemption Amount to the undersigned Noteholder on the Redemption Date:

(a) such Noteholder by submission of its Redemption Notice to the Global Agent authorizes the Global Agent to disclose to the Bank, the Registrar, the Paying Agent and the Verification Agent and their respective legal advisers, the name of such Noteholder and to disclose the amount of the Notes it holds in respect of such exercise of the Redemption Right and payment of the Redemption Amount on the Redemption Date; and

(b) such Noteholder is required (in addition to delivering by the Deadline to the Registrar by courier the original of this Redemption Notice and the original of the definitive registered Certificate representing the Notes to which this Redemption Notice relates) to deliver by email to the Global Agent, the Verification Agent, the Registrar and the Bank by the Deadline a copy in electronic format of (x) this completed Redemption Notice in respect of its Notes, and (y) the definitive registered Certificate to which such Redemption Notice relates.

Acknowledgements, representations, warranties and undertakings

By delivering, or arranging for the delivery of, a Redemption Notice to the Global Agent (with a copy to the Verification Agent, the Bank and the Registrar), the undersigned Noteholder shall be deemed to make the acknowledgements, representations, warranties and undertakings set forth below to the Bank, the Paying Agent, the Global Agent and the Verification Agent at the Deadline and on the Redemption Date. If the Noteholder is unable to give such representations, warranties and undertakings, such Noteholder should contact the Global Agent immediately.

The undersigned Noteholder hereby acknowledges, represents, warrants and undertakes at the Deadline and on the Redemption Date as follows:

(a) The individual signing this Redemption Notice is an authorized officer of the Noteholder, authorized to make or undertake, as applicable, the acknowledgements, representations, warranties and undertakings set out herein in connection with the delivery of this Redemption Notice.

(b) It consents to the Global Agent providing details concerning its identity and the amount of Notes it holds to the Bank and the Verification Agent, and their respective legal advisers.

(c) It has legal title and beneficial ownership to the Carbon Credits identified in this Redemption Notice and has not sold, transferred, delivered, assigned, licensed, disposed of, granted or pledged such Carbon Credits to any third party.

(d) It has full power and authority to exercise the Redemption Right with respect to the Notes and the corresponding Carbon Credits identified in this Redemption Notice, which Carbon Credits it hereby undertakes to transfer together with all rights attached to such Carbon Credits to, or to the order of, the Verification Agent with full title free from all liens, charges and encumbrances and free from any adverse claim, as at the date hereof as well as at the time of such transfer.

(e) It will, upon request, execute and deliver any additional documents and/or do such other things deemed by the Bank, the Global Agent or the Registrar (as the case may be) to be necessary or desirable to complete the transfer and cancellation of such Notes and/or the corresponding Carbon Credits or to evidence such power and authority.

(f) It holds and will hold, until the time of redemption or expiration of the Notes on the Redemption Date, the Notes and it acknowledges that the Notes the subject of this Redemption Notice cannot be transferred on or after the date 60 Business Days prior to the Redemption Date.

(g) Upon receipt of the Redemption Amount (if any) to which it is entitled, it renounces all right, title and interest in and to all Notes referenced in this Redemption Notice and it waives and releases any rights or claims it may have against the Bank with respect to any such Notes.

Additional terms of the exercise of the Redemption Right

The undersigned Noteholder hereby agrees to indemnify the Bank, the Paying Agent, the Registrar, the Global Agent and the Verification Agent and any of their respective affiliates, directors or employees against all and any losses, costs, fees, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any of the terms of, or any of the representations, warranties and/or undertakings given pursuant to, this Redemption Notice by such Noteholder.

Further Information

For the purpose of email copies or inquiries, including all questions and requests for information regarding the procedure for exercising the Redemption Right and this Redemption Notice, please use the following contact details: to the **Bank**: Email: capitalmarketops@worldbank.org, Telephone: + 1 202 458 8990; to the **Global Agent**: Email: both corporateaction.enquiry@citi.com and corporateaction.instruction@citi.com; to the **Registrar**: Email: frankfurt.agencyandtrust@citi.com; or to the **Verification Agent**: Email: PAF_Verification@kommunalkredit.at.

The Bank:

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
1818 H Street, NW
Washington, DC 20433

Global Agent:

CITIBANK, N.A., LONDON BRANCH
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB
England

Verification Agent:

KOMMUNALKREDIT PUBLIC CONSULTING GMBH
Türkenstrasse 9
1092 Vienna
Austria

Registrar and Transfer Agent:

CITIGROUP GLOBAL MARKETS DEUTSCHLAND AG
Reuterweg 16
60323 Frankfurt am Main
Germany

Signature

Signature:.....
Duly Authorized Officer

Name:

Title:

Email:

On:

With a copy to the Verification Agent and the Bank

Schedule 1: Identification of Carbon Credits for the First Check

Each separate table below may, but is not required to, identify Carbon Credit Lots relating to a different single Project in respect of the same Monitoring Period in respect of CERs or Vintage Period in respect of VCUs, provided that within each table only a range of at least one integral multiple of Carbon Credit Lots generated by a single Project in respect of the same Monitoring Period in respect of CERs or Vintage Period in respect of VCUs may be identified.

Please ensure that any Carbon Credits in the ranges identified below will represent integral multiples of Carbon Credit Lots upon delivery to the Verification Agent following any withholding of payments for Adaptation Share of Proceeds (as defined in the CDM Rulebook), Registration Fees (as defined in the CDM Rulebook) or any other type of fees by the Carbon Credit registries, disregarding any Carbon Credits which apply to periods before the Auction Date.

Carbon Credit Serial Numbers (range of Carbon **For CERs:**
Credit Lots¹¹):

Block start: XX-X-XXXXXXX-X-X-XXXX

Block end: XX-X-XXXXXXX-X-X-XXXX

For VCUs:

Block start: XXXX-XXXXXXXX-XXXXXXXX-
XXX-XXX-XXX-XX-X-XX-XXXXXXXX-
XXXXXXXX-X

Block End: XXXX-XXXXXXXX-XXXXXXXX-
VCU-XXX-XXX-XX-X-XX-XXXXXXXX-
XXXXXXXX-X

Project Title: _____

UNFCCC/VCU Project Reference Number _____

Carbon Credit Issuance Date: _____

For CERs: Monitoring Period: [*Specify start and end date*]: _____

For VCUs: _____

Vintage Period: [*Specify start and end date*]: _____

Carbon Credit Serial Number (range of Carbon **For CERs:**
Credit Lots¹²):

Block start: XX-X-XXXXXXX-X-X-XXXX

Block end: XX-X-XXXXXXX-X-X-XXXX

For VCUs:

Block start: XXXX-XXXXXXXX-XXXXXXXX-

¹¹ Each Carbon Credit has a unique serial number composed of several identifiers, including the Party-of-origin identifier and the project identifier. If the Monitoring Period or Vintage Period commences before and ends after the Auction Date, all Carbon Credits for the Project and the entire Monitoring Period or Vintage Period, as applicable, must be identified here.

¹² Each Carbon Credit has a unique serial number composed of several identifiers, including the Party-of-origin identifier and the project identifier. If the Monitoring Period or Vintage Period commences before and ends after the Auction Date, all Carbon Credits for the Project and the entire Monitoring Period or Vintage Period, as applicable, must be identified here.

XXX-XXX-XXX-XX-X-XX-XXXXXXXXX-
XXXXXXXXX-X

Block End: XXXX-XXXXXXXX-XXXXXXXX-
VCU-XXX-XXX-XX-X-XX-XXXXXXXX-
XXXXXXXXX-X

UNFCCC/VCU Project Reference Number: _____

Carbon Credit Issuance Date: _____

For CERs: Monitoring Period: [*Specify start and end date*]: _____

For VCUs: Vintage Period: [*Specify start and end date*]: _____

Carbon Credit Serial Number (range of Carbon Credit Lots¹³):

For CERs:

Block start: XX-X-XXXXXX-X-X-XXXX

Block end: XX-X-XXXXXX-X-X-XXXX

For VCUs:

Block start: XXXX-XXXXXXXX-XXXXXXXX-
XXX-XXX-XXX-XX-X-XX-XXXXXXXX-
XXXXXXXXX-X

Block End: XXXX-XXXXXXXX-XXXXXXXX-
XXX-XXX-XXX-XX-X-XX-XXXXXXXX-
XXXXXXXXX-X

UNFCCC/VCU Project Reference Number: _____

Carbon Credit Issuance Date: _____

For CERs: Monitoring Period: [*Specify start and end date*]: _____

For VCUs: Vintage Period: [*Specify start and end date*]: _____

[Repeat table above as necessary for each Carbon Credit Lot being identified in this Redemption Notice.]

¹³ Each Carbon Credit has a unique serial number composed of several identifiers, including the Party-of-origin identifier and the project identifier. If the Monitoring Period or Vintage Period commences before and ends after the Auction Date, all Carbon Credits for the Project and the entire Monitoring Period or Vintage Period, as applicable, must be identified here.

Schedule 2: Certification by a Designated Operational Entity (“DOE”) in connection with CERs and/or VCUs Generated during a Monitoring or Vintage Period that Commenced Prior to the Auction Date¹⁴

For the purpose of determining the amount of CERs and/or VCUs that have been generated from the production of nitric acid or caprolactam produced on or after the Auction Date of each of the Project(s) identified in this Redemption Notice, as described in Subsection (e) of the Eligibility Criteria included in Exhibit 3 to Annex A of the Final Terms, the undersigned Designated Operational Entity hereby represents that it has examined the relevant data necessary to form a reasonable judgement with respect to the Post-Auction Date ERs Amount for each of the Project(s) identified in this Redemption Notice.

As a consequence, the DOE hereby certifies to the Verification Agent without recourse or liability that the amount of emission reductions that were generated on or after the Auction Date of the Project(s) identified in this Redemption Notice are as follows:

Project Title:	Post-Auction Date ERs Amount:
[Insert Project Title]	[●]
[Insert Project Title]	[●]
[Insert Project Title]	[●]
[Insert Project Title]	[●]
[Insert Project Title]	[●]

Signature

Without recourse or liability

Name of Designated Operational Entity: *[insert name of Designated Operational Entity]*

Signature:

Duly Authorized Officer

Name:

Title:

Email:

On:

¹⁴ This certification is only required in the event that the relevant CERs and/or VCUs have not been generated during a Monitoring Period (in respect of CERs), as evidenced to the satisfaction of the Verification Agent including from publicly available information on the website of the UNFCCC or a Vintage Period (in respect of VCUs), as each is defined in the applicable Approved Carbon Standard, that commenced on or after the Auction Date.

Exhibit 5 to Annex A
to the Final Terms dated February 16, 2017
Procedures for Delivery of Qualifying Carbon Credits

Noteholders who need assistance with respect to the procedures for delivering their Carbon Credits as set out in this section should contact the Verification Agent, the contact details for which are on the last page of these Final Terms.

Delivery and Verification of Qualifying Carbon Credits

1. The Verification Agent shall notify a Noteholder by email no later than 30 Business Days prior to the Redemption Date of whether the Carbon Credits identified in a Redemption Notice have passed the First Check and are determined to be Qualifying Carbon Credits.
2. As soon as possible after receipt of notice from the Verification Agent that the Carbon Credits identified in a Redemption Notice have passed the First Check, and in any event no later than 15 Business Days prior to the Redemption Date, the Noteholder shall deliver those Carbon Credits from an Eligible Account to the Verification Agent's Carbon Credit Account by electronic transfer in accordance with the customary practices for delivery of Carbon Credits.
3. The Noteholder shall convey and properly transfer to the Verification Agent with full title guarantee, all legal and beneficial right, interest and title in each Carbon Credit delivered to the Verification Agent, free and clear of all liens, security interests, claims and encumbrances or any interest in or to them by any person.
4. If any Carbon Credit delivered to the Verification Agent's Carbon Credit Account by the Noteholder is not a Carbon Credit described in the Redemption Notice, the Verification Agent shall use reasonable endeavours to return each Carbon Credit Lot containing such Carbon Credit to the Noteholder's account from which they were originally delivered, the Redemption Amount shall not become payable and (a) if the Redemption Notice is in respect of an Optional Redemption Date, a new definitive registered Certificate shall be delivered by the Registrar to the Noteholder for the affected Notes and, as the case may be, any other remaining Notes held by such Noteholder for which a Redemption Notice was not submitted at this Optional Redemption Date or (b) if the Redemption Notice is in respect of the Maturity Date, the affected Notes shall expire worthless and the definitive registered Certificate(s) submitted with the Redemption Notice shall be destroyed. The Issuer shall have no liability to the Noteholder for the return of those Carbon Credits other than as set out in these Final Terms.
5. In the event that the Verification Agent does not receive the Carbon Credit Lots containing 100% Qualifying Carbon Credits at least 15 Business Days prior to an Optional Redemption Date, for any reason, including Force Majeure, the Redemption Amount shall not become payable and a new definitive registered Certificate shall be delivered by the Registrar to the Noteholder for the affected Notes and, as the case may be, any other remaining Notes held by such Noteholder for which a Redemption Notice was not submitted at this Optional Redemption Date. If the Verification Agent receives fewer Carbon Credit Lots containing 100% Qualifying Carbon Credits than the nominal amount of Notes to which a Redemption Notice in respect of an Optional Redemption Date relates, the Redemption Amount shall only become payable with respect to the Notes for which the Verification Agent has received Carbon Credit Lots containing 100% Qualifying Carbon Credits and the balance of the Notes not redeemed will be recorded in the Register maintained by the Registrar and a new definitive registered Certificate for (a) such balance and, as the case may be, (b) any other remaining Notes held by such Noteholder for which a Redemption Notice was not submitted at this Optional Redemption Date, will be sent to the undersigned Noteholder (at the risk and expense of such Noteholder) at its address on the Register. In the event that the Verification Agent does not receive the Carbon Credit Lots containing 100% Qualifying Carbon Credits at least 15 Business Days

prior to the Maturity Date, for any reason, including Force Majeure, the affected Notes shall expire worthless and the definitive registered Certificate(s) submitted with the Redemption Notice shall be destroyed.

6. Any Carbon Credits delivered to the Verification Agent that do not constitute integral multiples of a Carbon Credit Lot will be rejected. Upon rejection, the Verification Agent shall only be obligated to use reasonable endeavours to return those Carbon Credits rejected that do not constitute an integral multiple of a Carbon Credit Lot to the Noteholders. Such rejection shall only pertain to the Carbon Credits that did not constitute an integral multiple of a Carbon Credit Lot and shall have no bearing on the remainder of the Carbon Credits identified in the same Redemption Notice that constitute at least one integral multiple of a Carbon Credit Lot. The Issuer shall have no liability to the Noteholder for the return of those Carbon Credits other than as set out in these Final Terms.

For these purposes:

“Force Majeure” means any unexpected and unpreventable act beyond the control of the Noteholder or Bank which makes delivery to the Verification Agent impossible, including, but not limited to, an act of God, peril of the sea, war, riot, insurrection, civil commotion, martial law, flood, earthquake, epidemic, quarantine and a Registry Failure.

“Registry Failure” means a failure of the central CDM or VCS registry systems or processes established under generally accepted international rules.

“Verification Agent’s Carbon Credit Account” means:

In respect of CERs: Account Number: CH-100-2115-0; Account Name: KPC, or such other account notified in writing to the Noteholders by the Bank no later than 45 Business Days prior to the Redemption Date.

In respect of VCU: Account Number: 103000000011580; Account Name: Kommunalkredit Public Consulting GmbH – PAF, or such other account notified in writing to the Noteholders by the Bank no later than 45 Business Days prior to the Redemption Date.

Exhibit 6 to Annex A
to the Final Terms dated February 16, 2017
Procedures for Transfers of Registered Notes

The following is a summary of Condition 2 of the Notes and of the applicable provisions of the Global Agency Agreement relating to transfers of Registered Notes.

1. *Transfer of Registered Notes:* Subject as provided below, a Registered Note may be transferred in whole or in part in a Specified Denomination upon the surrender of the definitive registered Certificate representing such Registered Note to be transferred, together with the form of transfer endorsed on such definitive registered Certificate or accompanied by a written instrument of transfer in form satisfactory to the Bank and the Registrar or its duly appointed sub-agent or any Transfer Agent, as the case may be, duly completed and executed by the holder thereof or such holder's attorney-in-fact duly authorized in writing, at the specified office of the Registrar or its duly appointed agent or at the office of any other Transfer Agent that may be appointed by the Bank. Upon satisfaction of "know-your-counterparty" and compliance checks and procedures of the Registrar, the relevant Transfer Agent or the Global Agent, as the case may be, in exchange for any Registered Notes represented by definitive Certificates properly presented for transfer, the Registrar shall effect the necessary changes to entries in the Register and the Registrar shall promptly authenticate and deliver or cause to be authenticated and delivered at the office of the Registrar or its duly appointed agent or at the office of any Transfer Agent, as the case may be, to the transferee or send to the transferee a new definitive Certificate registered in the name of such transferee, in any denomination, representing the same aggregate nominal amount as shall have been transferred.

In the case of a transfer of only part of such a Registered Note represented by one definitive registered Certificate, a new definitive registered Certificate shall be issued to the transferee in respect of the part transferred and a further new definitive registered Certificate shall be issued to the transferor in respect of the balance not transferred.

2. *Delivery of New Definitive Registered Certificates:* New definitive registered Certificate(s) issued upon any transfer shall be mailed by uninsured post at the risk of the holder entitled to the new definitive registered Certificate to such address as may be so specified in the request for transfer, or (if no address is so specified) as appears in the Register, or otherwise in accordance with the customary procedures of the relevant Transfer Agent, the Registrar or the Global Agent, as the case may be, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify.
3. *Closed Periods:* No transfers of Notes for which a Redemption Notice has been submitted in respect of a Redemption Date can be effected at any time on or after 60 Business Days prior to and until and including such Redemption Date. No Redemption Notice in respect of a Redemption Date may be submitted in respect of Notes which have been transferred at any time on or after 60 Business Days prior to and until and including such Redemption Date.
4. *Provisions Concerning Transfers:* All transfers of Registered Notes and entries in the Register will be made in accordance with the relevant procedures of the Registrar. A copy of the relevant procedures will be made available by the Registrar to any holder of a Registered Note upon request.

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H Street, NW
Washington, DC 20433

**GLOBAL AGENT, PAYING AGENT, TRANSFER AGENT
AND CALCULATION AGENT**

Citibank, N.A., London Branch
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB
England

REGISTRAR AND TRANSFER AGENT

Citigroup Global Markets Deutschland AG
Reuterweg 16
60323 Frankfurt am Main
Germany

VERIFICATION AGENT

Kommunalkredit Public Consulting GmbH
Türkenstrasse 9
1092 Vienna
Austria

LEGAL ADVISERS TO THE BANK

As to English law

Linklaters LLP
1345 Avenue of the Americas
New York, NY 10105