



BYMA
GO GREEN

SOCIAL, GREEN AND SUSTAINABILITY BONDS GUIDELINES ON BYMA TRADING PANEL



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INTRODUCTION

Bolsas and Mercados Argentinos S.A (hereinafter “BYMA”) has drafted these Guidelines in line with the regulations of the National Securities Commission (hereinafter “CNV”) General Resolution No. 788/2019, to promote the creation of a Social, Green and Sustainability Bond market (hereinafter “SGS Bonds” or “Thematic Bonds”) in the Argentine Capital Market.

This initiative aims to provide the market with a new financing method, which enables issuers, investors and stakeholders taking part directly in environmental objectives such as greenhouse-gas-emissions mitigation, as stated by the international treaties of Kyoto Protocol and Paris Agreement and raising social and environmental awareness as established by the United Nations Global Compact.

BYMA sustainable development strategy is in line with the above mentioned treaties and the Exchange has already implemented different related-initiatives, such as becoming a member of the Sustainable Stock Exchanges Initiative (SSE), the creation of the Corporate Governance Panel and launching BYMA Sustainability Index.

In order to be able to develop a thematic Bond market, all market participants must be aware of these securities-related requirements. These SGS Bonds Guidelines include information on the regulatory framework, definitions, principles and best practices, as well as the listing process to be followed by SGS Bonds issuers.

It is worth mentioning that said listing process is similar to other securities listing processes in force, the main difference being the way the proceeds will be applied, which shall be stated in the Bond Prospectus.

BYMA will increase SGS Bonds visibility as they trade on a dedicated segment or Panel, which will be available for the same systems the market provides for trading different types of securities.

SGS Bonds will be governed by BYMA Listing Rules, issued in compliance with the powers granted by the Argentine Capital Market Law and any relevant laws and Regulations in force, as well as any other statutory provisions set forth specifically for BYMA SGS Trading Panel.



SECTION 1

What are SGS Bonds?

1. DEFINITIONS

1.1 Social Bonds

Social Bond Principles (hereinafter “SBP”) created by the ICMA, are defined as any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing **eligible Social Projects** aligned with the four core components of the SBP, as defined herein below.

Social Projects aims are to address or mitigate a specific social issue and/or to particularly achieve positive social outcomes, not exclusively, for target populations.

1.2 Green Bonds

The Green Bond Principles (hereinafter “GBP”) created by the International Capital Market Association (hereinafter “ICMA”), define Green Bonds as any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the GBP as defined herein below.

The Climate Bonds Initiative (hereinafter “CBI”) defines green bonds as bonds which proceeds are applied to finance new or existing projects providing for environmental benefits. The Climate Bonds Standard (hereinafter “CBS”) seeks to develop mechanisms and tools for government and investors to mitigate the effects of dangerous climate change. This Standard sets bonds pre and post-issuance requirements and includes a List of Nominated Projects.

The Climate Bonds Standard is aligned with the GBP and therefore provide for enhancing trust and transparency among investors.

International initiatives state there is no difference between issuers of green bonds, whether they are companies entirely focused on “Green” activities or solutions (known as “pureplay”) or companies which are not part of that group. All issuers, regardless of their economic situation, have the possibility and the responsibility to manage and/or finance projects contributing to environmental objectives. This is particularly important since this type of securities are absolutely related to the use of proceeds arising therefrom.

1.3 Sustainability Bonds

The Sustainability Bond Guidelines (hereinafter “SBG”) issued by ICMA are bonds where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing Green and Social Projects aligned with the four core components of the GBP and SBP. That is to say, Sustainability Bonds include both Social and Green Bonds characteristics.

2. BYMA ALIGNMENT WITH PRINCIPLES AND STANDARDS

This section outlines the main standards applied by Exchanges with dedicated segments or trading panels for this type of bonds. The National Securities Commission (CNV) and BYMA also align with these standards for SGS Bonds listing.

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Notwithstanding the foregoing, and in case new international standards are issued in reference thereto, or in case the standards mentioned below are amended, BYMA will adhere to the ones it deems convenient.

2.1 Social, Green and Sustainability Bonds Principles (SBP, GBP and SBG)

Green Bond and Social Bond Principles (hereinafter the “Principles”) aim to promote market integrity through relevant guidance providing for transparency, disclosure and reporting. Their aim is to provide for the exchange of information needed to enhance projects funding. Focused on the use of proceeds, the Principles aim is to support issuers in their business model transition to an enhanced sustainability model through specific projects.

Bonds issuance in line with the Principles should provide for investment opportunities including transparent social and environmental credentials. By recommending investors to disclose the use of proceeds arising from the pertinent bond issuance, the Principles promote a step change in transparency, that facilitates the tracking of funds while simultaneously aiming to improve insight into their estimated impact.

The Principles are collaborative and consultative in nature. They are updated typically once a year in order to reflect the development and growth of the global Social Bond and Green Bond market.

The SBP and the GBP are framed by four core components: use of proceeds, process for project evaluation and selection, management of proceeds and reporting, as well as recommendations for the use of External Reviews to assess the alignment of a bond program with the core components mentioned above.

Sustainability Bonds are also aligned with those core components. It is understood that certain social projects may have environmental co-benefits, as well as certain green projects may have social co-benefits. The classification of a use of proceeds bond as a SGS Bond should be determined by the issuer based on its primary objectives for the underlying projects.

ICMA recommends issuers to be as clear as possible so as to let investors, banks, account holders, underwriters and other market participants use that information to understand the characteristics of any SGS Bond issued.

There follows a brief description of each of the four components on which the Principles are based:

a) Use of Proceeds

The cornerstone of SGS Bonds is the utilization of the proceeds of the bond for Social, Green and sustainability projects with social benefits and/or clear environmental. Therefore, said projects must be appropriately described in the documentation for the security and in the report issued by the External Reviewer.

In the event that all or a proportion of the proceeds are or may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify the expected look-back period for refinanced Projects.

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The GBP explicitly recognize several categories of eligibility for green projects which contribute to environmental objectives such as: climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation and pollution prevention and control.

Social projects directly aim to address or mitigate a specific social issue and/or seek to achieve certain positive social outcomes, not exclusively, for target populations. To prevent misunderstandings, it is acknowledged that the definition of target population can vary depending on local contexts and that, in some cases, such target population(s) may also be served by addressing the general public.

The list of green and social project categories captures the most commonly used types of projects supported by or expected to be supported by the Thematic Bonds market (Please refer to Annexes I and II).

b) Process for project evaluation and selection

The issuer of a SGS Bond must clearly communicate to investors:

- i. The social and/or environmental objectives by means of a report.
- ii. The processes by which the issuer determines how the projects fit within the eligible projects categories.
- iii. The related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage potentially material social and environmental risks associated with the projects.

Issuers are encouraged to position this information within the context of the issuer's overarching objectives and strategies. Issuers are also encouraged to disclose any standards, regulations or certifications referenced in the project selection.

The GBP and SBP encourage a high level of transparency and recommend that an issuer's process for project evaluation and selection be supplemented by an External Review.

c) Management of proceeds

For the purposes of ensuring the use of proceeds is managed in line with the principles set forth originally by the issuer, the bond-related net proceeds should be credited to a specific sub-account, or otherwise tracked by the issuer in an appropriate manner, therefore ensuring transparency in the use of said proceeds.

Therefore, the issuer must have a formal internal process in place to track the balance of the net proceeds until full allocation, clearly differentiating match allocations to eligible projects to unallocated proceeds. The issuer should also make known to investors the intended types of temporary placement for the balance of unallocated net proceeds.

The Principles encourage a high level of transparency and recommend that an issuer's management of proceeds be supplemented by the use of an auditor, or other third party, to verify the internal tracking method and the allocation of funds from SGS Bonds proceeds.



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d) Reporting

Issuers should make and keep readily available up to date information on the use of proceeds, to be renewed annually until full allocation, and on a timely basis in the case of material facts. This annual report should include a list of the projects to which SGS Bonds proceeds have been allocated, as well as a brief description of the projects and the amounts allocated, and their expected impact.

Transparency is of particular value in communicating the expected impact of projects. The GBP and SBP recommend the use of qualitative performance indicators and, where feasible, quantitative performance measures (e.g. renewable energy capacity, renewable energy generation, greenhouse gas emissions reduced/avoided, number of people benefited by renewable energy, reduction of water consumption, vehicle efficiency, number of people benefited especially from target populations, etc.)

Issuers with the ability to monitor achieved impacts are encouraged to include those in their regular reporting. Voluntary guidelines¹ aiming at a harmonized framework for impact reporting exist for projects.

The Voluntary Guidelines for Green Bonds include a harmonized framework for impact reporting, specifically for energy efficiency, renewable energy, water and wastewater projects, and waste management projects. There follow some of the main recommendations for issuers:

- i.** Define and disclose the period and process for including projects in their report.
- ii.** Indicate the approved and legally committed amount of financing and the amount of proceeds allocated to eligible green projects.
- iii.** Provide a list of projects to which green bond proceeds have been allocated.
- iv.** The impact report should illustrate the expected environmental impact made possible as a result of projects to which bond proceeds have been allocated.
- v.** Report the estimated lifetime results and/or project economic life (in years) to communicate a basis for understanding the impact of the project over its lifetime.
- vi.** To report projects results linked to energy efficiency (EE) and renewable energy (RE), four main performance indicators are recommended:

- (1) Annual energy savings (EE),
- (2) GHG emissions reduced/ avoided (EE and RE),
- (3) annual renewable energy generation (RE), and
- (4) capacity of renewable energy plant(s) constructed or rehabilitated (RE).

In this sense, the Voluntary Guidelines for Social Bonds incorporated impact reporting templates including quantitative and qualitative metrics for issuers to use and adapt to their own circumstances. There follow some of the main recommendations for issuers:

- i.** Identify the population(s) for which they seek to achieve positive socioeconomic outcomes, encouraging issuers to provide further information on the reason why they have chosen that target population.
- ii.** Provide information on the expected social impact of projects to which social bond proceeds have been allocated.
- iii.** Performance Indicators: the use of both qualitative and quantitative metrics is recommended.

1. <https://www.icmagroup.org/green-social-and-sustainability-bonds/resource-centre/>



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What are SGS Bonds?

EXTERNAL REVIEWS

ICMA suggests issuers to obtain, upon SGS Bonds Issuances or programs, outside input to their Social, Green or Sustainability Bond process or program by an external reviewer who may assess and provide evidence on the Bond or program alignment with the four core components of the GBP and/or SBP, as defined herein above.

There are several levels and types of review that can be provided to the market. Independent External Reviews may vary in their scope and may address a Thematic Bonds framework, an individual SGS Bonds issue and/or a SGS Bond program. They are broadly grouped into the following types, with some providers offering more than one type of service, either separately or combined:

1. **Second Opinion:** An institution with social/environmental/sustainability expertise that is independent from the issuer may provide a Second Opinion. A Second Opinion normally entails an assessment of the alignment with the Principles. It can also include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social and/or environmental sustainability and an evaluation of the social and/or environmental features of the type of Projects intended for the Use of Proceeds.
2. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or social and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer.
3. **Certification:** An issuer can have its Social, Green and Sustainability Bond framework or internal assessment method certified against a recognized external social/green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
4. **SGS Bond Scoring/Rating:** An issuer can have its SGS Bond, associated SGS Bond framework or internal assessment method evaluated or assessed by qualified third parties, according to an established scoring/rating methodology. The output may include a focus on social and/or environmental performance data, the process relative to the Principles, or another benchmark.

An external review may be partial, covering only certain aspects of an issuer's SGS Bond or associated framework or may be full, assessing alignment with all four core components of the Principles.

The Principles recommend the publication of external reviews, and the use of the external review mapping template, which is available in ICMA Resource Center.

GBP and SBP encourage external reviewers to provide information on their credentials, and experience on this matter, and clearly indicate the scope of work for the review being provided. Voluntary Guidelines for External Reviewers have been developed by the GBP and SBP to promote best practices.

2.2 International Climate Bonds Standard (CBS)

CBS are criteria and standards intended to develop mechanisms to better align the interests of investors and governments to contribute to addressing climate change.



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¿Qué son los Bonos SVS?

This Standard sets debt instruments pre-issuance and post-issuance requirements and includes a list of nominated projects (Annex III).

It is worth mentioning that the CBS ² is aligned with the GBP and therefore, they promote confidence and transparency among investors.

Pre-Issuance Requirements:

These requirements are linked to the selection process of eligible projects and assets which will be financed by bonds proceeds, which shall be credited by the issuer in a sub-account, or moved to a sub-portfolio or otherwise be permanently tracked by the issuer. Additionally, the issuer must put in place internal processes and monitoring policies to manage said proceeds, and must inform how they will be invested, the personal data of any qualified third party verifier who will act during both phases of the bond issuance, the pre and the post-issuance phase.

Post-Issuance Requirements:

These requirements state the issuer's obligation of maintaining the above mentioned selection process of eligible projects and assets to be financed by bonds proceeds, and of allocating funds to eligible projects and assets in force within 24 months of issuance of a Green Bond. In case funds have not been allocated in full within said term, the issuer must inform in the following reporting period the estimated timeline to perform such allocation in full.

Added to this, net proceeds must be properly and permanently identified by the issuer in writing. The Issuer must provide to bond holders and to the Climate Bonds Standard Secretariat at least annually a report containing the list of nominated projects & assets to which proceeds of the bond have been allocated (or reallocated), a brief description of the projects and the amounts disbursed, as well as the expected impact of said projects. Both the GBP and the CBS recommend issuers to use qualitative performance indicators and, where feasible, quantitative performance measures of the expected impact of the projects.

2.3 CNV Guidelines on Issuing Social, Green and Sustainability Bonds in Argentina

The National Securities Commission (CNV) has issued Guidelines on Issuing Social, Green and Sustainability Bonds in Argentina (hereinafter the "CNV Guidelines"). These Guidelines are based on international best practices as established by ICMA Principles: GBP, SBP and SBC and the CBS issued by the CBI.

CNV Guidelines seek to offer the market best practices guidelines on Issuing Social, Green and/or Sustainability Debt Securities (hereinafter referred to as "SGS Debt Securities"). Each of the categories of SGS Debt Securities are defined based on the benefits arising from their underlying project or activity. Therefore, "Green" debt securities are mainly focused on projects or activities providing for environmental benefits, "Social" debt securities on projects or activities providing for social benefits, and "Sustainability" debt securities on projects and activities providing for a combination of both benefits.

SGS Debt Securities are similar to traditional securities, with similar characteristics in terms of rankings and financial structuring, therefore they may be collateralized by

². <https://www.climatebonds.net/standard>



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institutions specialized in assessing transparency in this type of projects.

Pursuant to the Argentine legislation, there follow a list of the different types of financial structures available for issuing SGS Debt Securities:

- Corporate Bonds: the proceeds of the Bond issuance are destined to thematic activities or projects (social, green or sustainability) supported by the issuer's Balance Sheet. Additionally, these Corporate Bonds may be secured by floating charges, special or regular, pursuant to section 3 of Argentine Law No. 23,576.
- SME Bonds: these debt securities are issued by small and medium-sized enterprises, categorized as such pursuant to the legislation in force.
- Guaranteed SME Bonds: these bonds are similar to the ones stated in the paragraph above; however, they are bonds collateralized in full by a Mutual Guarantee Company listed in the CNV.
- Project Bonds: the proceeds of these bonds are destined to financing single or multiple projects, whether public or private ones, and they are structured by companies incorporated to such effect, except for bonds issuances falling under the scope of Argentine Law No. 26,831, section 83 as amended, pursuant to CNV General Resolution No. 747/2018.
- Mutual Investment Funds: Proceeds arising from the issuance of mutual funds units structured pursuant to Argentine Law No. 24,083 as amended, are destined to thematic projects.
- Financial Trust: proceeds arising from Financial Trusts are destined to thematic projects.

Since SGS Debt Securities are structured the same as other traditional debt securities, issuance requirements will be the same as the ones applicable to the above mentioned securities (Corporate Bonds, Mutual Investment Funds, Financial Trusts) under the CNV Regulations (Restated Text 2013 as amended).

Upon issuance of SGS Debt Securities, the following warning shall be added in writing and in a big font on the first page of all Prospectus and/or Prospectus Complements:

"The National Securities Commission has not issued any opinion on the Social, Green or Sustainability aspect of this debt security issuance. Therefore, the administrative body hereby represents to have followed the "Guidelines on Issuing Social, Green and Sustainability Debt Securities in Argentina" as stated in Annex III, Chapter I, Title VI of the CNV REGULATIONS (Restated Text 2013 as amended.)"

The CNV acknowledges that Exchanges may set up securities dedicated segments falling under their scope of trade, creating specialized Social, Green or Sustainability Bonds Segments and/or Trading Panels provided they issue the pertinent regulations to be complied with.

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SGS BONDS ISSUANCE PROCESS

1. ISSUANCE PROCESS

SGS Debt Securities Listing process is the same as the one currently in force for listing Corporate Bonds, Mutual Investment Funds and Financial Trusts. Consequently, applicable public offering requirements are the ones stated for such Debt Securities under the CNV Regulations (Restated text 2013, as amended) and BYMA Rules.

Additionally, the issuer must follow these steps in order to apply for listing SGS bonds on BYMA SGS Bond Panel:

- i. Submit a listing application expressly stating its willingness of being incorporated to such panel.
- ii. State the content required by item 2 below in the Bond Prospectus.
- iii. Submit the pertinent External Reviewer Report – Second Opinion or Certification – as required by item 3 below.

The issuer is encouraged to submit reports in Spanish and in English, including less than 2000 characters, on the projects to be financed and/or refinanced with the Bond proceeds in order to include such information on BYMA's website for disclosing purposes. (Annex V).

2. BOND PROSPECTUS

It is advisable that the issuer's commitments within the SGS Bond framework are consistent with its social and/or environmental awareness profile.

The issuer must provide the following information in the Bond Prospectus:

- i. The projects to be financed or refinanced with the SGS Bond proceeds, whether in part or in full. Allocations may be to individual projects or to a project portfolio including a framework defining the selection criteria of eligible projects.
- ii. The share of proceeds to be used for financing vs. refinancing, identifying the projects or project portfolios on each case, and where appropriate, the expected look-back period for refinanced projects.

It is worth mentioning that the proceeds may be applied to financing or refinancing projects. In the former case, proceeds are exclusively used in the project or in pre-determined project categories. In the latter case, proceeds must be allocated to an existing portfolio of projects; i.e. the issuer has a set of eligible assets and will replace any funds it has already used in these projects by SGS Bond proceeds. Therefore, in case SGS Bonds proceeds are used for refinancing purposes, they will not be restricted. However, the issuer must constantly guarantee the existence of a portfolio including eligible projects corresponding at least to the amount issued.

- iii. The alignment of Social and/or Green projects with the categories stated by the GBP, SBP and CBS. Annexes I, II and III include lists of Project types usually supported or expected to be supported by the market, which are also accepted as valid by BYMA.



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iv. The alignment of Green and/or Social projects with the four core components set by ICMA: use of proceeds, process for project evaluation and selection, management of proceeds and reporting, as detailed under Section 1, item 2.1.

It is recommended that the issuer submit with BYMA the “Information Template” available on ICMA website ³.

v. The expected impact description and its estimate, as applicable.

vi. The estimated timeframe for the full allocation of the proceeds. Projects requiring more than twenty-four (24) months after the bond issuance must include an estimated schedule or timeline for full allocation (Item 5.b.)

Details on the methods to be used to guarantee the use of proceeds tracking performance and on the monitoring procedures in place to monitor such proceeds until they are fully allocated.

Reporting frequency of the Report on the use of proceeds (item 6.i), which should be at least annual.

vii. Details on the procedures in place to track the performance of social and/or environmental benefits, stating the reporting frequency of such information (item 6.ii), as applicable.

viii. Identification of the independent third party drafting the External Review and its professional background (item 3.ii and iii).

ix. Description of the consequences resulting from issuer’s breach of the commitments undertaken under the issuance conditions and/or the ongoing reporting obligations described under item 6 herein.

It is worth mentioning that public marketable securities do not require public offering. In this case, the information described in the preceding paragraphs must be submitted with BYMA in any suitable format for listing purposes.

3. EXTERNAL REVIEW

An External Review issued by a third party on the alignment of the SGS projects to the core components is mandatory based on the following grounds:

- It provides credibility and certainty to investors on the project(s) social and/or environmental impact.
- It protects the issuer’s reputation against potential Greenwashing claims, particularly in case of non-performance of expected impacts.

The External Review must:

- i.** Be conducted by an Independent External Reviewer.
- ii.** The Independent Reviewer may be one of those approved by CBI⁴ or be selected among other local or international Reviewers to be created in the future.
- iii.** Eiii. In the latter case, such reviewer should have experience in the analysis

³. <https://www.icmagroup.org/green-social-and-sustainability-bonds/resource-centre/>

⁴. <https://www.climatebonds.net/certification/certified-bonds>



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of the technical characteristics and tracking performance of projects with green and/or social benefits. Reviewers credentials must be made available to investors on the issuer's website and must be informed upon filing any application on debt security issuance.

iv. The External Reviewer must draft the Report, either a Second Opinion or Certification, stating a clear assessment on granting the green and/or social category to the bond. This normally entails an assessment of the alignment with ICMA four core components (Section 1, item 2.1). Best international practices recommend to incorporate, as an Annex, the "External Review Form" developed by ICMA ⁵.

In the event that the official version of such report is in English, the issuer should also send a Spanish version to BYMA.

The provider of this second opinion or certification, as applicable, may also assess the issuer's social and environmental awareness profile and may incorporate that information to the bond issuance evaluation process.

4. INFORMATION TEMPLATE - ICMA

Once the listing of the SGS Bond on BYMA SGS Trading Panel has been approved, the issuer is recommended to submit the "Information Template" form directly with ICMA to incorporate the pertinent bond issuance information to ICMA's database.

This allows ICMA to monitor market development on this matter at local and international levels, and grants international visibility to the pertinent bond issuance.

5. MANAGEMENT OF PROCEEDS

Bonds issuance proceeds must be allocated to specific accounts, or other reliable mechanisms that guarantee traceability and transparency for the purpose of assuring the use of proceeds according to the stipulations of SGS Projects.

The issuer must have a formal internal process in place to track the balance of the net proceeds until full allocation, clearly differentiating match allocations to eligible projects to unallocated proceeds.

In this sense, management of proceeds must also contemplate that:

- a)** Proceeds must be allocated to a specific sub-account, or other reliable mechanisms that guarantee traceability.
- b)** Allocation of proceeds must be performed within twenty-four (24) months after issuance, and in case of projects requiring a longer term, issuers must also submit an estimated schedule or timeframe for the full allocation of the proceeds.
- c)** Unallocated proceeds linked to specific projects may be kept in temporary investment instruments which are not contrary to the Bond issuance sustainability objectives.

6. ONGOING REPORTING

Any company issuing a SGS Bond with public offering and afterwards applying to get said Bond listed on BYMA shall be subject to all the requirements to be met by

⁵. <https://www.icmagroup.org/green-social-and-sustainability-bonds/resource-centre/>



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Traditional Debt Securities (Corporate Bonds, Mutual Investment Funds, Financial Trusts) under the CNV Regulations and BYMA Rules. In addition:

i. The issuer must submit the Report on the Use of Proceeds jointly with its Annual Financial Statements, or within 70 calendar days following the closing of the fiscal year, whichever occurs first, and until the full allocation of the proceeds. Said report must include:

- a) The projects being financed or refinanced.
- b) A brief description of those Projects.
- c) Up to date information on allocation of funds on each of the projects, the remaining balance, and if applicable, any temporary investments made with unallocated proceeds.

It is recommended that the information included in this Report is reviewed by an independent third party.

ii. If possible, draft a Report on Social and/or Environmental benefits, and as far as SGS Bonds have not been fully amortized, the issuer must proceed to its submission.

- a) Such report will provide information on the benefits or impacts achieved by the projects and will be written in plain language to be easily understood.
- b) It is recommended that issuers use qualitative performance indicators and, where feasible, quantitative performance indicators, including any assumptions and calculation methodologies used. Such indicators should be comparable over time.

It is suggested that issuer's expected and disclosed social and/or environmental impacts are Reviewed by an Independent Third Party.

To comply with ongoing reporting requirements of both Reports, the issuer must follow a timeframe to meet its disclosure obligations (on a quarterly, half-yearly or at least annual basis) which must be informed to the Exchange during the Bond issuance process (item 2.vii).

Where confidentiality agreements, competitive considerations, or any other reasons limit the amount of detail that can be made available, such information may be presented in generic terms.

7. RELEVANT INFORMATION

Like any other issuer, a SGS Bond issuer must publicly disclose any piece of information or event that the issuer deems relevant, as prescribed by applicable legal and regulatory provisions.

Within the context of SGS Bonds, the following enumeration is illustrative on issuer's obligation to promptly inform investors on the following events, provided however that it has no obligation to disclose any other event or situation not included herein:

- Any delay in the use of proceeds according to the schedule submitted in the issuance documentation.
- Significant changes or variations between expected and observed impacts of financed projects.



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- Changes in external reviews issued within the frame of the Bond issuance.
- Any event or circumstances that may have an impact on the performance of social and/or environmental financed projects, or on the feasibility of eligible projects to be financed.
- Any changes in the commitments undertaken by the issuer upon the pertinent SGS Bond issuance. Some of these changes may only be performed following Bond holders explicit approval.
- Completion of SGS Projects.

8. VISIBILITY

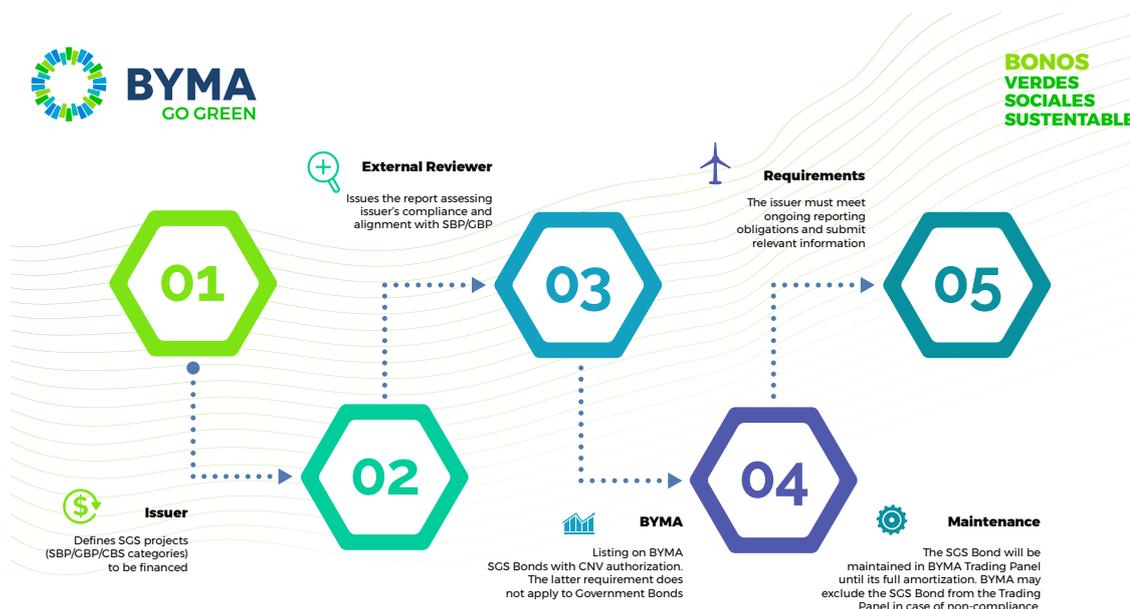
SGS Debt Securities will be traded in currently available trading systems for the pertinent security.

BYMA will provide for visibility in its website, mainly by including information on the bond issuance, the categories of the projects to be financed and the report issued by the External Reviewer prior to the Bond issuance, and any other subsequent reporting.



SECTION 3

Operative Flow



PRE-ISSUANCE PHASE

1. The issuer will define which projects will be financed and/or refinanced with the proceeds of the SGS Bond issuance. These projects must be aligned with the categories stated by the GBP, CBS or SBP and which are also approved by BYMA, under the categories of “green projects”, “social projects” or “sustainability projects”, as applicable. In this stage, the framework of selection of eligible projects is defined, which is aligned with the abovementioned principles.
2. The issuer will contact an External Reviewer (Section 2, item 3), who will track project compliance in line with the GBP and/or SBP, as applicable, and will finally issue a report, either a Second Opinion or Certification, stating the External Reviewer opinion on granting the green and/or social category to the Bond, after assessing alignment with ICMA four core components.

In addition, the issuer may attach a brief report in Spanish and in English, in less than 2000 characters, on the projects to be financed and/or refinanced with the proceeds of the green and/or social bond issuance, as well as stating the categories and/or sub-categories linked to such projects, as specified under the GBP, SBP and/or CBS pursuant to Annex V, so as to incorporate such information in the Spanish and English versions of BYMA website and with the purpose of disclosing and gaining visibility of the Bond issuance.

3. The issuer must comply with the requirements in force for the public offering of

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marketable securities under CNV regulations (Restated text 2013, as amended) and BYMA Rules in order to List the Bonds on BYMA SGS Bonds Trading Panel. Furthermore, the issuer must submit with BYMA the information stated in Section 2, item 1 of the BYMA Guidelines.

The issuer must provide information in the Bond Prospectus on the nine items established in BYMA Guidelines (Section 2, item 2).

It is worth mentioning that public marketable securities do not require public offering. In this case, the information described in the preceding paragraphs must be submitted with BYMA in any suitable format for listing purposes.

BOND LIFE CYCLE

4. The issuer must periodically send BYMA the Report on the use of proceeds (Section 2, item 6.i) and when feasible, a Report on social and/or environmental benefits (Section 2, item 6.ii). To comply with ongoing reporting requirements of both Reports, the issuer must follow a timeframe to meet its disclosure obligations (on a quarterly, half-yearly or at least annual basis) which must be informed to the Exchange.

Likewise, the issuer must inform any relevant event or situation in accordance with applicable legal and regulatory provisions (Section 2, item 7).

5. SGS Bonds will remain listed in the dedicated Trading Panel until full amortization. In case of non-compliance, BYMA reserves the right to exclude the Bond from said Trading Panel, as stated in the provisions of the pertinent Rules.





ANNEXES

ANNEX I:

GREEN PROJECTS CATEGORIES DEFINED IN THE GREEN BOND PRINCIPLES.

The following list includes, without limitation, project types accepted by the GBP. In this regard, it does not exclude other categories or project types that may arise following these Guidelines.

- Renewable energy (including production, transmission, appliances and products).
- Energy efficiency (such as in new and refurbished buildings, energy storage, district heating, smart grids, appliances and products).
- Pollution prevention and control (including waste-water treatment, reduction of air emissions, greenhouse gas control, soil remediation, waste prevention and reduction, waste recycling and efficient waste conversion to energy, value added products from waste and remanufacturing and associated environmental follow-up).
- Sustainable management of natural resources and land use (including sustainable agriculture, sustainable animal husbandry, climate smart farm inputs such as biological crop protection or drip-irrigation, fishery and aquaculture; sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural landscapes).
- Terrestrial and aquatic biodiversity conservation (including the protection of coastal, marine and watershed environments).
- Clean transportation (such as electric, hybrid, public, rail, non-motorized, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions).
- Sustainable water and wastewater management (including sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation).
- Climate change adaptation (including information support systems, such as climate observation and early warning systems).
- Eco-efficient and/or circular economy adapted products, production technologies and processes (such as development and introduction of environmentally sustainable products, with an eco-label or environmental certification, resource-efficient packaging and distribution).
- Green buildings which meet regional, national or internationally recognized standards or certifications.

**ANNEX II:****SOCIAL PROJECT CATEGORIES DEFINED IN THE SOCIAL BOND PRINCIPLES**

The following list includes, without limitation, project types accepted by the SBP, which seek to achieve positive socioeconomic results for a certain target population. In this regard, it does not exclude other categories or project types that may arise following these Guidelines.

- Basic Infrastructure (e.g. clean drinking water, sewers, sanitation, transport).
- Access to Basic Services (e.g. health, education and professional training, healthcare, financing and financial services).
- Affordable Housing.
- Job Creation including through the potential effect of SME financing.
- Food Security.
- Socioeconomic strengthening and empowerment

Examples of target populations include, but are not limited to, those that are:

- Living below the poverty line.
- Excluded and/or marginalized populations and /or communities.
- Vulnerable groups, including as a result of natural disasters.
- People with disabilities.
- Migrants and /or displaced persons.
- Undereducated.
- Underserved.
- Unemployed.



ANNEX III:

“GREEN PROJECTS” CATEGORIES DEFINED IN THE CLIMATE BOND STANDARDS:

Climate Bonds Taxonomy								Climate Bonds INITIATIVE
ENERGY	TRANSPORT	WATER	BUILDINGS	LAND USE & MARINE RESOURCES	INDUSTRY	WASTE	ICT	
Solar	Private transport	Water monitoring	Residential	Agriculture	Cement production	Preparation	Broadband networks	
Wind	Public passenger transport	Water storage	Commercial	Commercial Forestry	Steel, iron & aluminium production	Reuse	Telecommuting software and service	
Geothermal	Freight rail	Water treatment	Products & systems for efficiency	Ecosystem conservation & restoration	Glass production	Recycling	Data hubs	
Bioenergy	Aviation	Water distribution	Urban development	Fisheries & aquaculture	Chemical production	Biological treatment	Power management	
Hydropower	Water-borne	Flood defence		Supply chain management	Fuel production	Waste to energy		
Marine Renewables		Nature-based solutions				Landfill		
Transmission & distribution						Radioactive waste management		
Storage								
Nuclear								

Certification Criteria approved

 Criteria under development

 Due to commence



ANNEX IV: ICMA FORMS

- The GBP and SBP recommend a template for issuers to inform the market about the alignment of projects with the Principles. This allows for the public confirmation of the relevant alignment.
- They also recommend the public disclosure of external reviews, either in summary format through the recommended template and/or the full report. This contributes to market transparency and clarifies the alignment of issuers with the Principles.
- They are available in the following link:
<https://www.icmagroup.org/green-social-and-sustainability-bonds/resource-centre/>

ANNEX V: BRIEF REPORT TEMPLATE

As stated in Section 2. item 1 .iv, issuers must submit BYMA a brief report in Spanish and in English, in less than 2000 characters, on the Projects to be financed and/or refinanced with the proceeds of the SGS Bond, as well as stating the categories and/or sub-categories linked to such projects, as specified under the GBP, SBP and/or CBS, so as to incorporate such information in the Spanish and English versions of BYMA website and with the purpose of further disclosing the Bond issuance.

Regarding the above, the following format for the submission of said information should be used:

CATEGORIES	FINANCED OR REFINANCED PROJECTS	GENERAL DESCRIPTION



FREQUENTLY ASKED QUESTIONS

1. Who may issue SGS Bonds?

Any company, government or organization may issue SGS Bonds as long as it complies with the legal and regulatory requirements in force for listing securities.

2. Who is the issuance of a SGS Bond aimed at?

A SGS Bond is aimed at any investor who is willing to obtain profitability and contribute to providing social and/or environmental solutions.

There is a growing trend towards institutional investors requiring the total or partial investment of their funds in securities that generate social and/or environmental benefits, especially those from member countries of the Organization for Economic Cooperation and Development (OECD). Likewise, both issuing and investing in this type of instruments will provide reputational benefits, which is expected to increase the demand for this type of instruments, too.

3. Is issuance restricted for Brown industry companies?

The specific use of proceeds of individual Bonds is considered, whereas the issuer's broader commercial activities are not. Issuers are not excluded based on their line of business, since any line of business may contribute to fostering a more sustainable economy. All issuers, regardless of their economic situation, have the possibility and the responsibility to manage and/or finance projects contributing to environmental or social objectives.

4. What are the advantages of issuing a SGS Bond?

Issuing SGS Bond gives issuers the possibility of addressing social and/or environmental problems, by financing projects with clear benefits in those areas. They can also achieve greater diversification of their investor portfolios, therefore resulting in a potential increase in demand and related benefits. It is important to highlight that subsidies, regulatory and/or fiscal incentives may also be available in certain jurisdictions.

5. What are the benefits for SGS Bond holders?

Holding SGS Bonds grants investors financial returns similar to conventional bonds, in addition to contributing to social and/or environmental improvements, such as climate change adaptation, food security, public health services, energy supply, among others.

It also helps to meet Environmental, Social and Governance requirements linked to their investments. It allows for direct investment to perform greenings in the so-called brown industry and activities with social impact.

Additionally, it increases transparency and accountability on the use of proceeds.

6. May an issuer issue a SGS Bond where funds are not allocated in full to green and/or social projects?

No. SGS Bonds must allocate 100% of their funds to green and/or social projects. As projects require execution time, unallocated proceeds may be temporarily invested. Issuers must explicitly state how unallocated proceeds will be temporarily invested.



7. May the so-called pureplay companies issue green bonds? Are all bonds issued by said companies automatically deemed as green bonds?

Bonds issued by companies whose business activities focus exclusively on the green economy (pureplay) are only deemed as Green Bonds in case they are aligned with the GBP. However, the GBP acknowledges there is a broader universe of Climate Bonds and/or thematic environmental bonds of which pureplay bonds (not explicitly aligned with the GBP) may be considered a part.

8. May an issuer with low Environmental Social Governance ratings, exposure to controversial issues or controversial sectors/technologies (such as fossil fuels or nuclear energy) issue a SGS Bond?

SGS Bonds focus on the eligible projects rather than on the issuer itself. However, it must be considered that the GBP/SBP/SBC recommend that issuers clearly communicate to investors their overall environmental sustainability objectives and how they will identify and manage potential social and/or environmental risks linked to the selected projects.

Many investors consider the issuer's profile and take into account the quality of the issuer's general profile and performance regarding environmental sustainability. In the presence of controversial issues, such as fossil fuel, extraction or nuclear-based activities, or limited global sustainability credentials, investors, stock exchanges, indices suppliers and other market participants may also require issuer's additional transparency, particularly regarding the strategic importance of business sustainability, demonstration of the issuer's transition and/or sustainability benefits of the underlying projects that go beyond established sectoral rules and business as usual.

9. How may issuers be transparent regarding the refinanced projects seniority?

The GBP and/or SBP recommend that issuers clarify which Projects will be refinanced and disclose, as far as relevant, the expected review period (that is, the number of years prior to which the issuer will consult again) for these refinanced Projects.

10. Is it necessary that all SGS Bond proceeds are used to finance new projects?

The issuance of a SGS Bond can be planned either to finance a portfolio of future projects or to refinance an existing portfolio of projects the issuer might already be engaged in. In the second case, the issuer supports the issuance with those projects and undertakes to keep the portfolio size at least equal to the issued amount, without commitments made on the proceeds allocation or use. The portfolio of projects subject to refinancing must be clearly identified and carefully monitored.

11. How much time does an issuer have to allocate proceeds to projects and how are proceeds used in the meantime?

It is understood that disbursement of funds for projects in some cases may take time. It is recommended that SGS Bond proceeds are applied to green and/or social projects as soon as possible (the standard term accepted is 24 months, but it is recognized that in certain cases more time may be required, which should be informed).

In general, investors track proceeds allocation performance when they get annual

FREQUENTLY ASKED QUESTIONS

reports on use of proceeds. They may decide to divest if they believe progress made is disappointing. In case Bond proceeds are temporarily invested prior to their allocation, issuers have noticed that investors strongly prefer temporary liquid investments to be made while waiting for the allocation of the proceeds to the eligible projects. In addition, some investors strongly prefer that temporary liquid investments are made on SGS / Green products to the greatest extent possible.

12. **May a conventional Bond be re-categorized as a SGS Bond?**

Yes. An outstanding conventional bond may be labeled as SGS Bond if it complies with the provisions of these Guidelines (alignment with ICMA four core components and the External Review required to be granted the category of SGS Bond, among others).

13. **How are the metrics to report environmental impact or project efficiency chosen? Who is responsible for choosing them?**

To help harmonized metrics among Green Bond issuers, the Green Bond Principles Impact Reporting Working Group (“IRWG”) has offered suggestions on best practices regarding impact reporting metrics for certain eligible categories of the Green Bond Project. The IRWG’s wide membership, which includes international financial institutions, environmental NGOs, investors and green bond issuers, has contributed to the suggested metrics. The IRWG will work steadily towards the proposed metrics for Project impact reports in the other eligible Green Project categories. However, the proposed metrics are only suggestions that issuers can adopt, adapt or ignore in favor of alternative metrics, as they deem appropriate.

