



Republic of Argentina

Second-Party Opinion – Sustainability Framework

Excellent Good Aligned Not Aligned

Pillar	Alignment	Key Drivers
Use of Proceeds	Excellent	<ul style="list-style-type: none"> The use of proceeds (UoP) of the Republic of Argentina (Argentina) considers 14 categories that contribute to the country's environmental and social objectives, detailed in various national development plans. The seven social categories clearly define their target populations, focusing mainly on vulnerable populations and including the general population in categories linked to universal rights. The defined social projects and programmes are aligned with the ICMA Social Bond Principles categories. The seven green categories align with the eligible categories established by the ICMA Green Bond Principles, defining technical, science-based, internationally recognised criteria based on national regulatory frameworks.
Use of Proceeds – Other Information	Good	<ul style="list-style-type: none"> Argentina's framework sets a 25% refinancing limit, ensuring that eligible expenditures are channelled to new programmes and projects, expanding the scope of impact. At the same time, it establishes good practices, such as continuous monitoring of projects and the possibility of substitution, in case any of the projects lose eligibility.
Evaluation and Selection	Excellent	<ul style="list-style-type: none"> The selection and evaluation processes of the Ministry of Economy of Argentina (MECON) have transparent and multidimensional processes, and integrate managers with sustainability experience to carry out the activities of selection, review and monitoring of eligible projects.
Management of Proceeds	Good	<ul style="list-style-type: none"> The framework defines that the management of funds will be carried out through the operating account of the national treasury. Sustainable Fitch believes this will allow the traceability of funds and good transparency.
Reporting and Transparency	Excellent	<ul style="list-style-type: none"> Argentina commits to carry out an annual report, by emissions and by project, which will allow a detailed follow-up. The defined indicators are robust and transparently measure the UoP's impact.

Framework Type	Sustainability
Alignment	<ul style="list-style-type: none"> ✓ Green Bond Principles 2021 (ICMA) ✓ Social Bond Principles 2023 (ICMA) ✓ Sustainability Bond Guidelines 2021 (ICMA) ✓ Green Loan Principles 2023 (LMA/LSTA/APLMA) ✓ Social Loan Principles 2023 (LMA/LSTA/APLMA)
Date assigned	24 October 2023
See Appendix B for definitions.	

Relevant UN Sustainable Development Goals

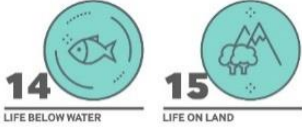
1 NO POVERTY, 2 ZERO HUNGER, 3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 5 GENDER EQUALITY, 6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION

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Use of Proceeds Summary

Green	<ul style="list-style-type: none"> Renewable energy Energy efficiency Sustainable management of natural resources Conservation of terrestrial and aquatic biodiversity Clean transport Sustainable water management Adaptation to climate change
Social	<ul style="list-style-type: none"> Affordable basic infrastructure Affordable housing Access to essential services Employment generation and programmes designed to prevent and/or alleviate unemployment Food security and sustainable food systems Socioeconomic advancement and empowerment

Source: ICMA Green Bond Principles, ICMA Social Bond Principles, Argentina sustainable finance framework

Framework Highlights

We consider, as of 24 October 2023, Argentina’s sustainable finance framework to be aligned with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines published by the ICMA, in addition to the Green Loan Principles and Social Loan Principles published by the Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and the Asia Pacific Loan Market Association (APLMA). Our second-party opinion (SPO) is that the alignment level is 'Excellent'.

The framework is based on the four relevant pillars set out in the ICMA principles and lending partnerships: the UoP, the project selection and evaluation process, fund management and reporting. The framework will serve for multiple social, green and/or sustainable issuances and loans of the Argentine sovereign.¹

As part of the documentation received to provide this SPO, MECON made a portfolio of eligible projects and programmes available to us. This portfolio was built under the framework of sustainable bonds or loans developed by MECON in collaboration with the Inter-American Development Bank, through the technical assistance of the consulting firm HPL LLC. Having this document provided transparency and traceability of the characteristics of the transactions that will be carried out under the framework.

The framework is aligned with different development plans of the country, such as the Territorial Strategic Plan (PET) and the National Plan for Adaptation and Mitigation to Climate Change (PNAMCC), which seek to achieve the short-term and medium-term objectives (2030) established by Argentina in line with the UN Sustainable Development Goals (SDGs), and the Paris Agreement supporting the nationally determined contributions (NDC). Together, these objectives seek to promote sustainable development and environmental protection, ensuring economic development and social inclusion.

We consider it positive that all UoP categories contribute directly to the SDGs, which are detailed in each of the eligible categories.

Source: Sustainable Fitch, Argentina sustainable finance framework

¹ The Spanish version of this document is considered the original version; documents in other languages are considered a translation of this version.

Entity Highlights

Argentina is the third-largest economy in Latin America, with a population of 46 million people. The GDP reached USD610 billion and presented a growth of 5.2% in 2022. Argentina's main economic sectors are manufacturing, commerce, transport, telecommunications, real estate and agriculture, which contribute 66% of the total GDP.

The country has faced inflation problems since the economic crisis in 2018, reaching 94.8% of accumulated annual variation in December 2022, according to the National Institute of Statistics and Censuses of Argentina (INDEC). There are several factors contributing to the high inflation levels, such as international price pressures, currency devaluation against the US dollar, as well as heat waves and droughts that have affected the country's main export sectors.

The UN Human Development Index (HDI) for Argentina, 0.842, is considered high and places the country in second place in Latin America. The HDI measures the level of human development through the variables of health, education and decent life. The country has a universal public health system and a literacy level of 98% of the population, according to figures from the report "The Map of Human Development in Argentina" published by the UN Development Programme.

The World Bank considers Argentina to be an "upper middle income" country, with an average income per capita of USD26,030. However, in 2022, around 40% of the population was below the poverty line, reflecting the inequality gap affecting the country.

The country has several social development plans that focus on reducing poverty levels, improving basic infrastructure, promoting access to affordable housing, improving health and education conditions, supporting the generation and promotion of employment, ensuring food security and promoting gender equality.

In environmental matters, Argentina is a country that contributes 0.85% of global GHG emissions. The energy and land use sectors (forestry, agriculture, livestock and land use change) are responsible for 51% and 39% of the GHG emissions generated by the country, respectively, according to Argentina's National Inventory as of 2021.

The main effects of climate change in the country are droughts and floods, which directly affect the agriculture sector and the well-being of the vulnerable population. According to the World Bank Press Release "Argentina loses about US\$1 billion annually due to floods" in 2021, 0.14% of Argentina's population falls into poverty due to floods every year.

The country signed the Paris Agreement and developed a regulatory framework for compliance with its NDCs, protected by Law 27.270 that ratifies its participation. In 2021, Argentina updated its NDCs, considering a more ambitious goal than the one initially established, seeking to reduce its total emissions by 19% by 2030, compared to its base year of 2007. The objective is not to exceed net emissions of 349 million tonnes of CO₂e. In November 2022, the country committed to work to reach GHG emissions neutrality by 2050.

Argentina established an objective to achieve a just transition within its climate plans and actions, so that social issues, mentioned in development plans, are reflected across its adaptation and mitigation plans to climate change.

Source: Sustainable Fitch, Argentina sustainable finance framework

Use of Proceeds – Eligible Projects

Alignment: Excellent

Company Material

Sustainable Fitch's View

Access, quality, permanence and termination in the education system

- Programmes aimed at guaranteeing access, permanence and improvement of the quality of the offer of public education and zero-quota education, reducing the dropout rate and reducing educational and digital gaps in the compulsory levels of the education system.
- Programmes aimed at guaranteeing access to and quality of public higher education for people in situations of socioeconomic vulnerability.

- This category is aligned with the list of eligible social projects of the ICMA, LMA, LSTA and APLMA.
- This UoP aims to expand access to education, which is considered an essential service. It focuses on the general population, given that access to education is a universal right in Argentina; however, some of the programmes are aimed at the vulnerable population. Argentina's education system is public and compulsory from initial education to secondary education.
- The framework defines the vulnerable population as individuals and households below the poverty line, people who are unemployed, people who are underemployed, small taxpayers, and domestic or care workers.
- Some examples of projects and programmes defined in this category seek to improve the infrastructure of schools, especially in technological equipment to reduce the digital gap. Likewise, economic support programmes are considered to encourage permanence in higher education.
- According to the National Report of Educational Indicators published by the Ministry of Education of Argentina and the National Voluntary Report of Argentina (IVNA), in 2022, 97% of students completed primary education. However, there is still a gap for the middle school level, whose completion percentage drops to 54%. The enrolment rate of the population studying a degree level is considered low, at 42.3%. The framework contemplates granting of student scholarships for socioeconomic vulnerable population, as it may encourage a higher level of permanence in middle school and higher education levels.
- The reduction of the digital gap is also an important factor in the country's education, as according to the IVNA, in 2022, 58% of schools had computers for pedagogical purposes and only 50% with internet service. Currently, the "Juana Manso/Connect Equality" programme seeks to reduce these digital gaps. The framework highlights the provision of computers for public schools; this could positively affect students and reduce the digital gap.
- Investment in programmes that help reduce gaps in secondary and higher education, and promote the retention of the population in school has a positive social impact. This category contributes directly to SDG 4 (quality education), as it promotes equitable, inclusive and quality education.



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QUALITY EDUCATION

Access to affordable housing and basic infrastructure

- Programmes aimed at guaranteeing decent housing and access to affordable basic services and infrastructure for people residing in vulnerable territories and/or neighbourhoods.
- Programmes that facilitate access to purchasing a house for people residing in vulnerable territories and/or neighbourhoods.

- This category is aligned with the list of eligible social projects of ICMA, LMA, LSTA and APLMA, given that this UoP contributes to the development of basic infrastructure and affordable housing for a vulnerable population.
- The framework clearly defines the target population, which includes people who reside in vulnerable territories and/or neighbourhoods.
- As an example, eligible projects in this category contribute to Argentina's Urban Infrastructure Plan, which focuses on the country's most vulnerable neighbourhoods, integrating about 9% of the country's population, according to INDEC. This plan seeks to improve the quality of life and public space through basic infrastructure, housing improvement and construction of innovation and opportunity development




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SUSTAINABLE CITIES AND COMMUNITIES



	<p>centres. The category is also aligned with the government's objective for sustainable human development.</p> <ul style="list-style-type: none"> • According to figures from INDEC's Permanent Household Survey on living conditions in households (EPH), 4.1% of the population is in crowded housing conditions. In addition, 9.9% of households do not have access to piped water, 31.5% do not have piped gas and 26.7% do not have sewers. • The framework highlights several examples of directly related eligible programmes and expenditures aimed at providing decent housing for vulnerable populations. Examples include the construction of housing for relocations due to environmental or physical risk; financing for access to own housing for vulnerable population; and projects to extend water, sanitation, gas and electricity networks. • This UoP has a positive social impact and contributes directly to SDG 11 (sustainable cities and communities), since it seeks to guarantee access to housing and basic services.
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<p>Access to a comprehensive and quality health system</p> <ul style="list-style-type: none"> • Programmes aimed at guaranteeing free public access to comprehensive and quality health services through adequate care, supply of essential medicines, vaccines against communicable and immuno-preventable diseases, and specialised studies, among others, with special focus on vulnerable populations. • Free public access to programmes aimed at the prevention, control and response to human immunodeficiency virus (HIV) and sexually transmitted diseases and infections (STDs) through comprehensive sex education, provision of supplies, diagnostic tests and treatment. • Free public access to programmes related to the containment, care and accompaniment of people with mental health problems and problematic consumption. • Free public access to programmes to increase the coverage of the public health system, as well as the expansion, improvement, renovation, construction and equipment of health centres and public hospitals. 	<ul style="list-style-type: none"> • This category is aligned with the list of eligible social projects of the ICMA, LMA, LSTA and APLMA. • Programmes eligible under this category target the general population and vulnerable population, as Argentina considers health a universal right. We consider an exclusive approach to the vulnerable or underserved population by the health system to have a higher social impact, since it provides health services to those who most need or lack them. • Argentina's health system is composed of three subsectors: public, which is universal; social security, which provides coverage for workers; and private. Health coverage in Argentina is high. Of the population, 43% have exclusive public coverage and 45% have coverage through social security. Also, 14% of the population has a prepaid medicine plan. • The framework highlights examples of eligible programmes and projects that will improve access to free health services in the country. This is fundamental for the health sector in general, given that health demands increase in volume and complexity, requiring continuous investments. • According to the 2023 IVNA, the under-5 mortality rate per 1,000 live births has been on a downward trend since 2014, from 12.2 to 9.6 in 2021. The national target for 2030 is 8.5. Preventative health programmes, such as vaccination, are essential for mortality rate reduction, which is why we consider integrated programmes within this category positive. • Programmes with a focus on access and accompaniment for people with mental health problems are relevant to the country and we consider it to have a positive social impact on social well-being. Since 2013, Argentina has had a national mental health plan. This was updated in 2021 due to the high impact that the Covid-19 pandemic had on people's mental health. This category contributes to the plan seeking to strengthen mental health and social inclusion services. • We believe STD prevention and response programmes that help decrease the mortality rate and the rate of new diagnoses have a positive social impact. According to the IVNA, Argentina has decreased the number of new diagnoses of HIV from 16.7 per 100,000 people in 2013 to 8.9 per 100,000 people in 2020. Likewise, mortality from this disease decreased from 3.4 per 100,000 people in 2014 to 2.5 per 100,000 people in 2020 and it aims to reduce the indicator to 1.5 per 100,000 by 2030. 	 <p>3 GOOD HEALTH AND WELL-BEING</p>
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- This category has a positive social impact and contributes directly to SDG 3 (good health and well-being), considering various sub-targets within this SDG.

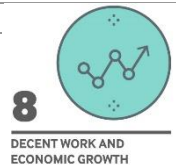
Socioeconomic advancement and empowerment of vulnerable and minority groups

- Programmes aimed at promoting the integral development and socioeconomic growth of people in situations of socioeconomic vulnerability.
- Programmes, actions and measures to promote protection, psychosocial accompaniment, prevention of violence, abuse and ill-treatment of children and teenagers. This includes non-reimbursable monetary contributions to ensure the care and comprehensive development of children and teenagers.
- Protection of human rights programmes for persons with disabilities, which guarantee full and equal access to procedures and services, as well as expenditures aimed at promoting the application of universal design to eliminate barriers that prevent access to public goods and services.
- Advice and promotion programmes for public policies to achieve the full social inclusion of people with disabilities in the educational and work environment.
- This category is aligned with the list of eligible social projects of the ICMA, LMA, LSTA and APLMA.
- This category has a high positive social impact, given that it seeks to serve populations defined as vulnerable, such as the following groups:
 - Population in a situation of socioeconomic vulnerability, whose income is below the poverty line. According to INDEC, in 2022, around 40% of the country's population was below the poverty line, making visible the urgency of promoting the reduction of inequality gaps in the population.
 - Children and teenagers with socioeconomic vulnerability, who have been victims of violence or who are without parental care. According to UNICEF and the Ministry of Justice and Human Rights of Argentina, 48% of victims registered in consultations for violence are children and/or teenagers. Funding programmes that seek to eradicate violence against children could have a significant positive social impact, since exposure to violence can lead to mental health problems or high-risk behaviours.
 - People with disabilities. In Argentina, around 10% of the population has some type of limitation, according to the INDEC "National Study on the Profile of Persons with Disabilities 2018". The financing of inclusive, physical and structural access promotes the inclusion of people with disabilities to achieve an independent way of life, as well as to be an active part of the community.
- For us, the granting of economic support for these vulnerable groups and awareness or guidance programmes can contribute positively to improve the quality of life and social conditions in which this population finds itself, supporting SDGs 1 (no poverty), 10 (reduced inequalities) and 11.



Generation and promotion of employment and development of regional economies

- Programmes that seek to guarantee access to decent work and boost the employability and productivity of workers; micro-, small- and medium-sized enterprises (MSMEs); and small rural producers (family farming).
- This category is aligned with the list of eligible social projects of the ICMA, LMA, LSTA and APLMA.
- This UoP promotes empowerment and socioeconomic development through microfinance, contributing to SDGs 8 (decent work and economic growth), 9 (industry, innovation and infrastructure) and 10.
- Th framework focuses on vulnerable populations, such as rural, unemployed, disabled and/or low-income populations.
- According to INDEC, the unemployment rate in the country was 6.9% for the first half of 2023, while that of underemployment was 9.4%.
- MSMEs represent 99.4% of all companies in the country and generate 64% of formal jobs. The focus on these companies is positive, since it could have a positive effect on the reduction of unemployment and underemployment in the country.
- Small rural producers are also a fundamental part of the economic sector in Argentina. Access to credit is expected to generate better conditions that guarantee the permanence of jobs and the economic resilience of producers.
- We view this category of UoP and eligible programmes as positively contributing to reducing the income gap, reducing the population that is below the poverty line, fostering





economic growth and improving the life quality of these populations.

Promoting gender equality and diversity

- Programmes aimed at promoting gender equality and cultural, ethnic, gender, sexual and capacity diversity; preventing, eradicating and punishing gender-based violence; guaranteeing equal opportunities and non-discrimination in access to rights; protecting and supporting women and girls who are victims of gender-based violence; protecting and supporting LGBTQ+ people who have been victims of gender-based discrimination, exclusion and violence; and training public servants on gender and violence against women.

- This category is aligned with the list of eligible social projects of the ICMA, LMA, LSTA and APLMA.
- This UoP has a positive social impact and focuses on populations that have suffered discrimination based on gender, cultural and ethnic diversity, or the LGBTQ+ community. It is aligned with the National Plan for Equality in Diversity (PNID) and the National Plan of Action against Gender-based Violence.
- Women and people from the LGBTQ+ community face discrimination in various areas, such as work, health, education and housing, which become barriers to access opportunities or become situations of violence. Argentina still has a gender gap in various areas.
- In labour matters, according to the figures presented in the PNID, the country shows a significant gender gap that can be seen in the participation of the labour force; In this regard, 45% of women are employed, compared to 66% of men. In addition, women have an 18% lower employment rate than men, and there is a high percentage of women in the informal sector in jobs related to domestic and care services, so they cannot access rights such as retirement and social security. According to EPH 2022 figures, women spend 1.78x more of their time on unpaid work, while in the formal sector there is a gender income gap of 26%. This category seeks to implement training and awareness programmes to promote gender equality and inclusion.
- In matters of gender-based violence, this UoP includes psychological support and counselling programmes for victims of gender-based violence. This seeks to prevent and mitigate the impact of this problem. Some figures linked to gender violence is the number of femicides in Argentina. According to the IVNA, it was 226 in 2022, a figure that has remained without significant variations since 2017. In addition, according to the UN, Argentina is the only country that keeps an account of transfemicides or transvesticides. In 2020, six transfemicides or transvesticides and 152 crimes motivated by discrimination based on sexual orientation were registered, according to data from the National Observatory of LGBT+ Hate Crimes in Argentina.
- We consider the eligible projects and actions to contribute to SDG 5 (gender equality), as it promotes gender equality and empowerment for all women and girls.



5 GENDER EQUALITY

Sustainable food security

- Programmes that seek to provide adequate, sufficient and consistent food to the socioeconomically vulnerable population, children and young people in the public education system.

- This category is aligned with the list of eligible social projects of the ICMA, LMA, LSTA and APLMA.
- According to the UN Food and Agriculture Organization, in the "Regional overview of food and nutritional security in Latin America and the Caribbean" report, 37% of Argentina's total population is moderately or severely food insecure.
- The food security programmes included in this UoP contribute directly to SDG 2 (zero hunger) and support the implementation of the Food Security and Sovereignty Policy and its different programmes, such as the "Argentina Against Hunger" plan and the "Prohuerta" programme.
- This category considers the preservation and expansion of the aforementioned programmes. In 2021, the "Argentina Against Hunger" plan benefited around 9% of the country's population, according to IVNA, in line with the percentage of the most vulnerable people. Family garden programmes



2 ZERO HUNGER



ensure access to healthy food and also contribute to the sustainability of food production systems, since they avoid the use of agrochemicals and do not deteriorate soils. We believe this has a positive social impact. According to IVNA figures, in 2021, Argentina had 618,567 family gardens in operation and seeks to increase this by 17% by 2030.

- In Argentina, 41% of children between 5 and 17 years have an overweight and obesity problem, according to data from the Ministry of Health of Argentina, so the implementation of food programmes that promote healthy eating in schools influence eating habits and can improve children's health. While children and youth in the public education system are not considered a vulnerable population, the strategy includes this segment of the population to improve nutrition as well as to improve child health.

Sustainable use and management of water resources

- Investments and/or expenditures for the development of sustainable infrastructure for the provision of clean and/or potable water through a reduction of water losses, increased efficiency and/or energy savings, wastewater treatment that guarantees the reduction of pollution, sustainable urban drainage systems and river catchment, and other forms of flood mitigation.
- For aqueduct systems, one of the following two options must be met:
 - Option 1: The water supply system (start to finish) has a high degree of energy efficiency characterised by an average system energy consumption (including collection, treatment and distribution) of 0.5kWh per cubic metre of billed or non-billed water supply or less.
 - Option 2: The energy efficiency of the water supply system (from start to finish) is substantially increased by decreasing the average energy consumption of the system by at least 20% (including extraction, treatment and distribution); measured in kWh per cubic metre of authorised billed or non-invoiced water supply; or closing the gap between the actual leakage from the water supply network and a given target value by at least 20%.
- For the construction or extension of centralised wastewater systems, including sewerage and treatment, it should be ensured that new wastewater treatment replaces more GHG-intensive wastewater treatment systems (such as pit latrines, septic tanks, anaerobic lagoons, etc.).

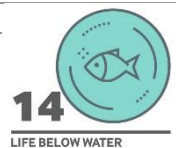
- This category is aligned with the list of eligible green projects of the ICMA, LMA, LSTA and APLMA.
- This UoP supports SDG 6 (clean water and sanitation), which seeks to ensure the availability and sustainable management of water and sanitation for all, contributing to the reduction of gaps in access to water and sanitation.
- Of the country's households, 9% do not have access to drinking water. Various national plans, such as the PET, the National Water Plan and the National Urban Policy consider water management, and their objectives linked to the SDGs at the national level reflect this. The goal for 2030 of all these plans is that 100% of households have access to water through the public network. The framework includes investment in infrastructure projects to improve the distribution network and reduce water losses.
- Rainwater harvesting and water harvesting systems have a positive environmental impact, since they are considered an important measure of adaptation to climate change. The framework defines technical criteria for water collection and distribution projects, which consider high energy efficiency and are aligned with international taxonomies. This category also contributes to the mitigation of climate change, thanks to the reduction of GHG emissions generation.
- Regarding wastewater treatment, the country's coverage increased considerably in coverage in recent years. By 2022, 73% of households in Argentina had sewage services, according to INDEC data. The goal for 2030 in this area is that 75% of households have wastewater treatment service.
- Positively, in the case of wastewater systems, the framework defines eligible projects that ensure that more GHG-intensive wastewater treatments are being replaced. Greater visibility in the types of treatments considered would give greater transparency in the mitigation of GHG emissions.
- We consider the eligible projects of this UoP to have a positive environmental impact, due to the focus on improving infrastructure for energy efficiency and GHG mitigation. In addition, they contribute to the prevention of pollution through water and wastewater treatment.




Conservation of ecological systems and biodiversity


- Investments and/or expenses that seek to protect and conserve the ecosystems and biodiversity of the country and its coastal and marine areas. This includes expenses related to the management, administration, protection and expansion of Argentina's protected natural areas, research activities and monitoring and strengthening of institutions for biodiversity conservation.


- This category is aligned with the list of eligible green projects of the ICMA, LMA, LSTA and APLMA, as they support the country in protecting its biodiversity, restoring hydrological resources and managing forests and coastal and marine areas in a sustainable way.
- This UoP contributes to SDGs 14 (life below water) and 15 (life on land) on the conservation and sustainable use of land





	<p>and marine resources, and supports the National Biodiversity Strategy and Action Plan (2016–2020).</p> <ul style="list-style-type: none"> • According to the IVNA, in 2023, 16% of the territorial surface of Argentina, considering only land areas, is protected, and it strives to reach 20% by 2030. We consider it positive that there is a goal of increasing protected natural areas, given that ecosystems are threatened by the increase in demand for natural resources, driven by population and economic growth, both in Argentina and globally. • Argentina has seven different categories of protected natural areas: the most restrictive for modification are the natural monument, the strict nature reserve, the wild nature reserve and the marine protected areas. The other categories, such as national parks, educational nature reserves and nature reserves may have modifications necessary for visitor care and environmental control. Protected areas are defined by law through the Federal System of Protected Areas, and the information corresponding to the inventory of protected natural areas is public. • It is relevant that Argentina details the type of protected natural area integrated in the eligible projects, given that these determine the level of restrictions for their modification, considering that a longer period without modifications generates a greater climate benefit and biodiversity conservation. • Positively, this UoP contributes to the mitigation of climate change, since it supports the capture of carbon and, therefore, the reduction of GHGs in the environment. 	 <p>15 LIFE ON LAND</p>
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<p>Energy efficiency</p> <ul style="list-style-type: none"> • Investments and/or expenses whose objective is to strengthen the transmission and distribution of the national electricity system. This should ensure a decrease in energy losses, increase in the resilience of the system and/or reduction of GHG emissions. • Investments and/or expenses that contribute to the improvement in energy efficiency of buildings and public facilities with energy savings of more than 20% and installation of LED luminaire in provinces and municipalities. 	<ul style="list-style-type: none"> • This category is aligned with the list of eligible green projects of the ICMA, LMA, LSTA and APLMA. • The improvement in the electricity transmission and distribution system considers actions such as the improvement of infrastructure through the incorporation of new transmission lines and transformer stations, and a greater capacity for wind and solar energy generation. The latter contributes to climate change mitigation. More technical information on new transformer stations would help clarify the extent to which they contribute to the mitigation of GHG emissions, as well as the reduction of energy losses or consumption. • This UoP will be allocated, in part, to improving the energy efficiency of public buildings, seeking energy savings of more than 20%, through the improvement in the thermal insulation of buildings and replacement of obsolete equipment. It will also be used for LED technology for lighting provinces and municipalities. The reduction of energy consumption is positive and contributes to the mitigation of climate change through the reduction of GHG emissions. • There are more ambitious savings percentages, such as those established in the European taxonomy or those considered by the Climate Bonds Initiative, based on the energy performance certificates established by the EU, considering energy savings of 55% for equipment and 30% of existing buildings. 	 <p>7 AFFORDABLE AND CLEAN ENERGY</p>
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<p>Renewable energies</p> <ul style="list-style-type: none"> • Investments and/or expenses in programmes for the generation, distribution or access to energy from renewable sources, which meet the following requirements according to the type of energy source. <ul style="list-style-type: none"> – Solar: facilities will have no more than 15% of electricity generated from non-renewable sources. 	<ul style="list-style-type: none"> • This category is aligned with the list of eligible green projects of the ICMA, LMA, LSTA and APLMA. • The generation, distribution or access to energy from renewable sources contribute to SDG 7 (affordable and clean energy). This UoP contributes to compliance with Law 27.191 on the promotion of renewable energy, which aims 	 <p>7 AFFORDABLE AND CLEAN ENERGY</p>
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<ul style="list-style-type: none"> – Wind: no requirements specified. – Small hydraulic use: emissions of electricity generated less than 100gCO₂e/kWh, capacity less than 50MW and an environmental and social risk analysis is carried out following the market best practices. 	<ul style="list-style-type: none"> • for 20% of electricity consumption to be generated through renewable sources by 2025. • Within Argentina's Climate Change Adaptation and Mitigation Plan and the Strategy for Resilient Development with Long-Term Low Emissions to 2050, the energy sector is considered a strategic line, with the aim of achieving a reduction in GHG emissions through a cleaner and more efficient energy matrix. • The development of wind and solar energy sources contributes directly to the mitigation of climate change, aligning with the objectives of internationally recognised environmental taxonomies. • Positively, hydropower is a renewable energy, so we consider it to contribute directly to climate change mitigation. The framework defined clear thresholds, considering that life-cycle emissions are less than 100gCO₂e/kWh and that plants have a minimum capacity of 50W/sqm. This aligns with international best practices and taxonomies.
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Sustainable forest management

<ul style="list-style-type: none"> • Investments and/or expenditures on programs related to sustainable forest management, including afforestation, reforestation and forest rehabilitation. Forests must be FSC or CERFOAR (PEFC) certified. • Investments and/or expenditures in programs related to the development and restoration of forest watersheds, in order to monitor, protect and manage the national area of native trees, under Law 26.331 (Forest Law). 	<ul style="list-style-type: none"> • This category is aligned with the list of eligible green projects of the ICMA, LMA, LSTA and APLMA. • This category contributes to SDG 15 on sustainable forest management, as well as compliance with the Law on Minimum Budgets for Environmental Protection of Native Forests (Law 26.331). • The UoP can fund both forest watershed programmes, linked to high-value native forests and sustainable forest management. Both types of projects have a positive environmental impact, since they seek to preserve biodiversity and increase carbon sequestration from forests. • Argentina's technical criteria for sustainable forest management adhere to national legislation. Positively, this includes forest management plans longer than 10 years, and a guarantee of the long-term preservation of native forests. • According to data from the implementation status report of Law 26.331, the total national native forest area is 53.18 million hectares, where 21% is considered of high conservation value, without allowing deforestation or land use change, while 60% is of medium conservation value. Therefore, sustainable use activities can be carried out under a sustainable management plan for native forests. Positively, these forests must have certifications such as FSC and PEFC, which verify that there is sustainable forest management.
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Sustainable mobility

<ul style="list-style-type: none"> • Investments and/or expenses in programmes related to the acquisition and replacement of passenger and cargo transport vehicles, public or private electric, or vehicles operated with hydrogen. • Investments and/or expenditures in programmes related to the construction, expansion and improvement of electric and/or hydrogen public transport systems (including charging stations). • Investments and/or expenses in programmes related to the construction, expansion and improvement of roads to promote non-motorised mobility. 	<ul style="list-style-type: none"> • This category is aligned with the list of eligible green projects of the ICMA, LMA, LSTA and APLMA. • In Argentina, almost all transport units consume fossil fuel, with this sector being responsible for 14% of the country's GHG emissions. The country's electric transport system is still at an early stage; in 2019, it represented less than 1% of the vehicle fleet. • The framework defines electric light vehicles, bicycles, motorcycles and public transport as eligible, which aligns with best practices, contributes positively to climate change mitigation and is considered relevant to the transition to a low-carbon transport system. Other benefits, such as reduced air and noise pollution, and reduced traffic are also observed in these types of vehicles. • This UoP contributes to SDG 11 and Argentina's national sustainable transport plan that set electric mobility goals and
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encourages new technologies for cargo and passenger vehicles.

Sustainable agricultural production

- Investments and/or expenditures on programmes that promote the implementation of sustainable land practices, such as certified organic or sustainable agriculture or the allocation of certified agricultural areas reserved for biodiversity conservation.
- Investments and/or expenditures in programmes for the practice of efficient irrigation, such as drip or sprinkler irrigation.
- Management of agricultural risk due to natural disasters.

- This category is aligned with the list of eligible green projects of the ICMA, LMA, LSTA and APLMA.
- This category contributes to SDG 2 by boosting sustainable, organic and local agriculture practices, and to SDG 13 (climate action) by establishing adaptation measures for the sector.
- The agricultural sector contributes to a high percentage of GHG emissions in the country and, in turn, this activity is linked to biodiversity loss, soil degradation and water use.
- In Argentina, about 80% of water consumption is destined to agriculture and livestock activities, according to figures from the Ministry of Health. Therefore, we consider investment to promote water efficient practices and reduce water use for this sector positive.
- Certified organic or sustainable agriculture practices are considered positive, since they reduce the use of agrochemicals and GMOs, which have negative impacts on both the environment and health.
- We consider the management of agricultural risk due to natural disasters a measure of adaptation to climate change, being a positive factor environmentally. This subcategory includes actions or investments such as support for land restoration or water management projects due to droughts or floods.



Source: Argentina sustainable finance framework

Source: Sustainable Fitch

Use of Proceeds – Other Information

Alignment: Good

Company Material

Sustainable Fitch's View

- The net proceeds from green, social and/or sustainable bonds or loans of the government of Argentina will be used for the following purposes: finance, in whole or in part, new or existing programmes that correspond to one of the eligible environmental and/or social categories; or refinance, in whole or in part, programmes that correspond to one of the eligible environmental and/or social categories and have had disbursements in the last 12 months prior to the date of issuance of the labelled instrument. In case of refinancing, at the time of the issuance of the instrument, investors will be informed of the percentage that is being refinanced, establishing in all cases a maximum of 25% of the issue.
- Any programme, project, asset or expenditure that involves in any way the following activities will be excluded from eligible green expenditures and eligible social expenditures: exploration, production and distribution of fossil fuels; power generation based solely on the burning of fossil fuels; production and/or commercialisation of any product or activity considered illegal under national laws or regulations, as well as international conventions and agreements to which Argentina is a party; deforestation or forest degradation; alcohol (with the exception of wine and beer), arms, tobacco and gambling industries; activities in protected areas or activities that violate Indigenous rights; and child labour or forced labour.
- Taking into account the above, in the event of any material change or controversy related to environmental or social issues with any of the projects included in the sustainable financing instruments, the evaluation and selection committee (ESC) will meet and replace it with an eligible programme within a maximum period of three months.

- The framework transparently establishes the maximum percentage that can be allocated to refinancing, 25%, aligned with the principles of the ICMA, LMA, LSTA and APLMA. We consider it positive that the majority of the financing will go to new projects or new beneficiaries, since this allows it to expand the positive impact of the financing.
- The framework established a lookback period of up to 12 months prior to the issuance of the instrument for the expenses assigned to the refinancing. This is considered best practice, as it ensures that funds will be allocated to expenditures that drive projects or programmes that generate additional impact.
- The exclusion list of eligible expenditures, included in the debt framework, is transparent and comprehensive. This aligns with best practice by ensuring that funds will not be allocated to projects that may have a negative ESG impact.
- It is considered positive that the framework provides for regular verification of compliance with the eligibility criteria of funded projects. In addition, it is established that the replacement of the project will be determined within a period not exceeding three months, in case it does not meet the eligibility criteria.
- For us, the UoPs defined, specifically in the environmental categories, contribute to achieving the established climate commitments and are aligned with the decarbonisation plan that includes Law 27.270, the Pnamcc for 2030, and the resilient development strategy with low emissions in the long term for 2050.

Source: Argentina sustainable finance framework

Source: Sustainable Fitch



Evaluation and Selection

Company Material

- The evaluation and selection process of projects eligible for labelled financing instruments will be carried out by the ESC. The committee is composed of representatives of the Secretariat of International Economic and Financial Affairs (SAEyFI), the Secretariat of Finance (SF) and the Ministry of Finance (SH).
- The selection of programmes and/or projects shall take into account the sustainability objectives of the Government of Argentina; the eligibility criteria described in section 2.1 UoP of the framework; the process of analysis and management of socio-environmental risk and governance that are determined to be applicable to each programme; the exclusion criteria described in section 2.2.1 Exclusion List; and Law 24.156 on Financial Administration, Law 27.612 on Strengthening the Sustainability of Public Debt and the Budget Laws corresponding to each fiscal year and any regulations with force of law that modify or refer to them.
- The ESC shall meet at least once a quarter to verify and validate that eligible green programmes and eligible social programmes are in line with the commitments set out in this framework.

Source: Argentina sustainable finance framework

Alignment: Excellent

Sustainable Fitch's View

- The project selection and evaluation process align with the guidelines of the ICMA, LMA, LSTA and APLMA.
- The project evaluation and selection process is clearly described in the framework. This defines the ESC as responsible, composed of representatives of the SAEyFI, the SF and the SH.
- Although the committee is made up of financial areas, it considers the various ministries in charge of the different programmes and/or development plans within the process, so the process integrates a multidisciplinary team and defined internal controls, providing greater transparency on decision making.
- The committee is made up of people with a technical profile of sustainability who are also part of the Technical Board of Sustainable Finance of Argentina. We consider this positive, since including a team specialised in sustainability (or equivalent) can help avoid the risk of greenwashing and ensures the correct allocation of the UoP.
- Positively, all eligible projects go through an environmental or social analysis that seeks to determine whether they comply with national, provincial and municipal legal frameworks. In addition, part of the eligibility criteria considers that the project contributes to the sustainability objectives of the government of Argentina. This aligns with the recommendations set by the ICMA.

Source: Sustainable Fitch

Management of Proceeds

Company Material

- MECON will be in charge of the monitoring of the resources of the labelled instrument, guaranteeing the financing of new or existing eligible environmental and/or social projects.
- The net proceeds of the issues or obtaining of loans contemplated shall be transferred to the Operational Account of the National Treasury. Pending the total allocation of the income of the labelled instrument, the MECON will administer the income in accordance with Law 24.156 on Financial Administration, as amended and supplemented.
- MECON will monitor the use of resources and periodically update the balance of funds allocated to eligible environmental and/or social projects until the maturity of the instrument. The allocation of funds will be verified by an external auditor annually until the total allocation of the instrument and will be reported in the annual report.
- In order to give traceability to the expenses, they will be budgeted within the programmatic categories of lower level of detail (activity or work), adding to the denomination the identification of the debt instrument. This methodology implies that the implementation of the funds allocated to each programme through the issuance of sustainable debt instruments will be recorded and updated on a daily basis for public consultation on the MECON "Open Budget" website.
- The ESC shall meet at least once a quarter to verify and validate that the portfolio of eligible green expenditures and eligible social expenditures that can be financed from a financial instrument is greater than the net amount of the instrument issued; supervise that the amount associated with eligible green expenditures and eligible social expenditures is equivalent to the net amount of the issuance, where minutes will be taken at every meeting to ensure the traceability of the decisions taken; update, if necessary, the sustainable sovereign finance framework; and consolidate allocation and impact reports.

Alignment: Good

Sustainable Fitch's View

- The fund management process aligns with the guidelines of the ICMA, LMA, LSTA and APLMA.
- The framework defines that funds raised through financial instruments labelled as green, social or sustainable will be allocated and managed in the operating account of the national treasury, and the funds will be segregated through a code for each of the bonds or loans, at the time of issuance or borrowing. Information regarding the tagged instruments will be public and accessible through the government's budget portal. This is positive and provides transparency to the investor.
- We believe depositing funds into a fully segregated bank account is best practice. Examples of such practices for sovereign issuances include the creation of trusts for the exclusive use of funds linked to labelled instruments. However, we understand that sovereign issuers face barriers to opening segregated accounts to deposit financial resources raised through bonds or loans.
- Unallocated funds will remain invested in low-risk assets as liquid assets or cash. Investment in assets that support projects related to the framework, or other projects that contribute to the country's sustainable development, would ensure a greater positive impact.
- Argentina has an important barrier to this best practice, because the national market for labelled or sustainable instruments is in the early stages, so this framework is an important pillar for the development of this market in the country. In addition, by regulation, the Decree 668/2019 establishes that the surpluses of the National Public Sector, applicable to MECON, and in this case the unallocated assets collected by the labelled instruments, must be invested exclusively in public securities and/or treasury bills.
- The tracking mechanism for funds related to labelled bonds and their allocation to eligible expenses is robust.



- As defined in the framework, the allocation of funds will be verified by an independent third party on an annual basis. This aligns with best practices and ensures the effectiveness of the allocation.

Source: Argentina sustainable finance framework

Source: Sustainable Fitch

Reporting and Transparency

Alignment: Excellent

Company Material

Sustainable Fitch's View

- For each labelled bond issuance, MECON will produce two reports: a funding allocation report and an impact report to show the environmental and social benefits of eligible funded or refinanced programmes. Both will be published annually on its website once the issuance of the debt instrument under the reference framework is made, and until the full allocation of the resources of each instrument in the first case, and until the complete maturation of the instrument in the second.
- The first annual report of each bond issued under this framework shall be submitted no later than 15 months after receipt of the funds. The following reports will be submitted every 12 months after the publication of the first report.
- The funds allocation report will be prepared by the ESC, headed by the SAEyFI, in consultation and collaboration with the relevant Ministries and Secretariats, and will contain a list of eligible funded or refunded programmes, including a brief description, aligned with each of the eligible categories and their eligibility criteria; the amount allocated with the resources of the instrument, in whole or in part, for each eligible category; the progress of remittances corresponding to the programmes financed; the percentage of financing and refinancing; the percentage of co-financing; and the net balance of funds pending allocation.
- The impact report will be prepared by the CES, headed by SAEyFI. The relevant Ministries and Secretariats will provide an impact report that will be used as a basis for the preparation of the final report, and will contain a quantitative section detailing the positive impact of eligible programmes through the indicators, where in the report, these indicators will be specified by bonus category and by project, mentioning their calculation methodology; a qualitative section that will include a description of the environmental or social impact of the programmes, taking at least one case of an eligible category as an example; if there are relevant ESG facts or controversies, these will be specified in a relevant events section of the annual report; and taking into consideration that the projects and programmes financed integrate a broader universe of public policies that seek to improve the social and environmental conditions of the country, the impact of each of the programmes financed with the resources obtained from the financing will be reported.

- The reporting and verification process align with the ICMA, LMA, LSTA and APLMA.
- The funds allocation report will be published annually until the full allocation of funds. In addition, it is positive that the expenditures related to the labelled instruments are public and are continuously updated in the open government portal, which details the management of the government's budget.
- Funding allocation and impact reports will be published on the official portal of the Argentine state, in the economics area, sustainable bonds section.
- The framework established the annual reporting of quantifiable impact indicators for each of its categories of eligible expenditures. We consider the indicators defined in the framework to be robust and clearly measure the progress of the projects and the benefit obtained as a result of the implementation of the programmes, such as the reduction of access gaps, or relevant growth or reduction rates. The impact report will be published annually until the instrument is fully matured. This aligns with best practices.
- Verification by an independent third party considers funds allocation reports. We consider the information in the impact reporting process transparent, given that it comes from official and public sources. This is aligned with best practices, generating transparency and credibility to the published impact indicators.
- In a positive way, the allocation and impact reports consider the information for each of the issues and loans that are made individually, considering the information by project. This is positive, since it gives visibility to the environmental and/or social impact of each of the issues and loans. This aligns with best practices.

Source: Argentina sustainable finance framework

Source: Sustainable Fitch

UoP – Examples of Projects

Access, quality, permanence and completion in the education system	The portfolio of projects eligible for this category considers 11 projects focused on new schools and the improvement of the school's infrastructure and early childhood care spaces; technical training for early childhood education professionals; student scholarships for socioeconomic vulnerable populations; and provision of educational material and digital equipment, such as computers and internet for public and private school students with zero fees. These programmes align with the eligibility criteria defined in the framework and are focused on filling higher education and early childhood education gaps.
Access to affordable housing and basic infrastructure	The portfolio of projects eligible for this category includes works to increase the coverage of water, sanitation, gas and electricity networks; construction of housing for the population that must be relocated, due to environmental or physical risks; and financing for people in economic vulnerability. We consider the eligible projects to have a positive social impact, given that they seek to reduce the gaps in basic services for the population and are aligned with the criteria defined in the framework.
Access to a comprehensive and quality health system	The portfolio of projects eligible for this category is aligned with the eligibility criteria established in the framework, seeking to provide greater health coverage to the population, preventive medicine programmes, such as vaccination campaigns, nutrition, child health, sex education, among others. The portfolio is made up of programmes that have a focus on the vulnerable population. This approach was identified in seven of the 18 projects. This has a high positive social impact, since, in addition to contributing to an SDG positively, it manages to reach the population that most needs access to basic services, such as health.
Socio-economic advancement and empowerment of vulnerable and minority groups	The portfolio of projects eligible for this category is aligned with the eligibility criteria set out in the framework. This includes economic support, awareness and training programmes for the inclusion of people with special abilities and to promote economic development.
Generation and promotion of employment and development of regional economies	The portfolio of projects eligible for this category is aligned with the eligibility criteria set out in the framework. The programmes consider economic support and/or financing to promote the development of MSMEs. Positively, the programme is not limited to the provision of financial support, but also includes technical and inclusion training. These projects are mostly aimed at socioeconomically vulnerable populations, rural or women and members of the LGBTQ+ community.
Promoting gender equality and diversity	The portfolio of projects eligible for this category is aligned with the eligibility criteria set out in the framework. The programmes focus on economic, psychological and counselling support for people who have suffered gender-based violence and on training and awareness-raising for all public officials.
Sustainable food security	The portfolio of projects eligible for this category aligns with the eligibility criteria established in the framework and includes financial assistance programmes for people in economic vulnerability for the purchase of food products, financial assistance for public school canteens, food assistance for people with celiac disease in economic vulnerability, as well as delivery of seeds and technical training for the formation of vegetable gardens.
Sustainable use and management of water resources	The portfolio of projects eligible for this category is aligned with the criteria established in the framework. Examples of projects are the Minor Sanitation Works Program (PROMES), the Federal Sanitation Program (PROFESA), the Assistance Program in Areas with Sanitary Risk (PROARSA), as well as hydraulic infrastructure works.
Conservation of ecological systems and biodiversity	The portfolio of projects eligible for this category considers two programmes as examples. The programme of Conservation and Administration of Natural Protected Areas that currently manages the 52 protected natural areas destined to the conservation of parks, reserves and national natural monuments. This aligns with the eligibility criteria set out in the framework and has a positive environmental impact.
Energy efficiency	The portfolio of projects eligible for this category includes two programmes. The first is focused on efficient use of energy, through replacement of public lighting with LED luminaires, estimating 50% energy savings. In our opinion, it is important to know the LED generation to verify the percentage savings. The second project focuses on the financing of municipal solar parks and the use of LED lighting technology for the social housing sector. Both programmes are aligned with the framework and have a positive environmental impact, as they improve energy efficiency and expand the resilience of the electricity system.
Renewable energies	The portfolio of projects eligible for this category considers the "RenovAr" programme, which seeks to increase power generation capacity through renewable sources through power purchase agreements. This drives the market for the investment of projects for renewable generation, since it ensures constant and predictable costs, which reduce investment risks. This has a positive environmental impact and aligns with the eligibility criteria.
Sustainable forest management	The portfolio of projects eligible for this category considers programmes under the environmental policy in Natural Resources II, which seek the conservation of native forests. This has a positive environmental impact and aligns with the eligibility criteria.



Sustainable mobility	The portfolio of projects eligible for this category considers projects related to the development of bicycle lanes and road and rail restructuring. This aligns with the framework and has a positive environmental impact.
Sustainable agricultural production	The "Policies for Agricultural Risk Management", for example, seek to provide financial assistance to agricultural producers through the National System for the Prevention and Mitigation of Agricultural Emergencies and Disasters, in addition to generating nature-based solutions to mitigate the negative impacts of climate change. This is positive as it brings resilience to the agriculture sector.








Source: Sustainable Fitch, Argentina sustainable portfolio of eligible projects

Relevant UN Sustainable Development Goals

<ul style="list-style-type: none"> 1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions. 1.3: Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable. 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance. 	 <p>1 NO POVERTY</p>
<ul style="list-style-type: none"> 2.1: By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round. 2.2: By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons. 2.4: By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality. 	 <p>2 ZERO HUNGER</p>
<ul style="list-style-type: none"> 3.2: By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births. 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being. 3.5: Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol. 3.7: By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes. 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all. 3.d: Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks. 	 <p>3 GOOD HEALTH AND WELL-BEING</p>
<ul style="list-style-type: none"> 4.1: By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes. 4.2: By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education. 4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university. 4.5: By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations. 4.a: Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all. 4.b: By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries. 4.c: By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing states. 	 <p>4 QUALITY EDUCATION</p>
<ul style="list-style-type: none"> 5.1: End all forms of discrimination against all women and girls everywhere. 5.2: Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation. 5.c: Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels. 	 <p>5 GENDER EQUALITY</p>
<ul style="list-style-type: none"> 6.1: By 2030, achieve universal and equitable access to safe and affordable drinking water for all. 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity. 	 <p>6 CLEAN WATER AND SANITATION</p>



Relevant UN Sustainable Development Goals

<ul style="list-style-type: none"> 7.1: By 2030, ensure universal access to affordable, reliable and modern energy services. 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix. 7.3: By 2030, double the global rate of improvement in energy efficiency. 	 7 AFFORDABLE AND CLEAN ENERGY
<ul style="list-style-type: none"> 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services. 	 8 DECENT WORK AND ECONOMIC GROWTH
<ul style="list-style-type: none"> 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets. 	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
<ul style="list-style-type: none"> 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. 	 10 REDUCED INEQUALITIES
<ul style="list-style-type: none"> 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums. 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons. 11.3: By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries. 	 11 SUSTAINABLE CITIES AND COMMUNITIES
<ul style="list-style-type: none"> 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. 	 13 CLIMATE ACTION
<ul style="list-style-type: none"> 14.5: By 2020, conserve at least 10 per cent of coastal and marine areas, consistent with national and international law and based on the best available scientific information. 	 14 LIFE BELOW WATER
<ul style="list-style-type: none"> 15.1: By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements. 15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally. 15.a: Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems. 	 15 LIFE ON LAND

Source: Sustainable Fitch, UN

Appendix A: Principles and Guidelines

Type of Instrument: Sustainability

Four Pillars	
1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes
Independent External Review Provider	
Second-party opinion	Yes
Verification	Yes
Certification	No
Scoring/Rating	No
Other	n.a.
1) Use of Proceeds (UoP)	
UoP as per Green Bond Principles (GBP) and the Green Loan Principles (GLP)	
Renewable energy	Yes
Energy efficiency	Yes
Pollution prevention and control	No
Environmentally sustainable management of living natural resources and land use	Yes
Terrestrial and aquatic biodiversity conservation	Yes
Clean transportation	Yes
Sustainable water and wastewater management	Yes
Climate change adaptation	Yes
Certified eco-efficient and/or circular economy adapted products, production technologies and processes	No
Green buildings	No
Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	No
Other	n.a.
Use of Funds under the Social Bond Principles and the Social Loan Principles	
Affordable basic infrastructure	Yes
Access to essential services	Yes
Affordable Housing	Yes
Employment generation (through financing for SMEs and microfinance)	Yes
Food safety	Yes
Socio-economic advancement and empowerment	Yes
Unknown at the time of issuance, but currently expected to meet the categories of Social Bond Principles, Social Loan Principles or other eligible areas not yet established.	No
Other	n.a.
Target Populations	
Living below the poverty line	Yes
Excluded and/or marginalised populations and/or communities	Yes
People with disabilities	Yes
Migrants and/or displaced persons	No
Under-educated	Yes
Underserved, due to lack of quality access to essential goods and services	Yes
Unemployed	Yes
Women and/or sexual and gender minorities	Yes
Population ageing and vulnerable youth	Yes

Other vulnerable groups, including as a result of natural disasters	No
Other	n.a.

2) Project Evaluation and Selection

Evaluation and Selection

Credentials on the issuer's social and green objectives	Yes
Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for sustainability bond proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	Yes
Summary criteria for project evaluation and selection publicly available	Yes
Other	n.a.

Evaluation and Selection, Responsibility and Accountability

Evaluation and selection criteria subject to external advice or verification	No
In-house assessment	Yes
Other	n.a.

3) Management of Proceeds

Tracking of Proceeds

Sustainability bond proceeds segregated or tracked by the issuer in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	Yes
Other	n.a.

Additional Disclosure

Allocations to future investments only	No
Allocations to both existing and future investments	Yes
Allocation to individual disbursements	Yes
Allocation to a portfolio of disbursements	Yes
Disclosure of portfolio balance of unallocated proceeds	Yes
Other	n.a.

4) Reporting

UoP Reporting

Project-by-project	Yes
On a project portfolio basis	Yes
Linkage to individual bond(s)	Yes
Other	n.a.

UoP Reporting/Information Reported

Allocated amounts	Yes
Sustainability bond-financed share of total investment	Yes
Other	n.a.

UoP Reporting/Frequency

Annual	Yes
Semi-annual	No
Other	n.a.

Impact Reporting

Project-by-project	Yes
On a project portfolio basis	Yes



Linkage to individual bond(s)	Yes
Other	n.a.

Impact Reporting/Information Reported (exp. ex-post)

GHG emissions/savings	Yes
Energy savings	Yes
Decrease in water use	Yes
Number of beneficiaries	Yes
Target populations	Yes
Other ESG indicators	Yes

Impact Reporting/Frequency

Annual	Yes
Semi-annual	No
Other	n.a.

Means of Disclosure

Information published in financial report	No
Information published in ad hoc documents	Yes
Information published in sustainability report	No
Reporting reviewed	Yes
Other	n.a.

Note: n.a. – not applicable.

Source: Sustainable Fitch, ICMA, LMA, LSTA, APLMA

Appendix B: Definitions

Term	Definition
Debt types	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability-linked Bond Principles or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.
Standards	
ICMA	International Capital Market Association. In the Second-Party Opinion we refer to alignment with ICMA's Bond Principles: a series of principles and guidelines for green, social, sustainability and sustainability-linked bonds.
LMA, LSTA and APLMA	Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA). In the Second-Party Opinion we refer to alignment with Sustainable Finance Loan Principles: a series of principles and guidelines for green, social and sustainability-linked loans.
EU Green Bond Standard	A set of voluntary standards created by the EU to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".

Source: Sustainable Fitch, ICMA, UN, EU Technical Expert Group

Appendix C: Second-Party Opinion Methodology

Second-Party Opinion

Second-Party Opinions (SPO) are a way for issuers to obtain an independent external review on their green, social, sustainability and sustainability-linked instruments.

As per the ICMA Guidelines for External Reviewers, an SPO entails an assessment of the alignment of the issuer’s green, social, sustainability or sustainability-linked bond or loan issuance, framework or programme with the relevant principles. For these purposes, “alignment” should refer to all core components of the relevant principles.

Sustainable Fitch analysts vary the analysis based on the type of instruments, to consider whether there are defined uses of proceeds or KPIs and sustainability performance targets. The analysis is done on a standalone basis, separate to the entity.

Analytical Process

The analysis considers all available relevant information (ESG and financial). The reports transparently display the sources of information analysed for each section and provide a line-by-line commentary on the sub-factors analysed. The ESG analysts working on an SPO will also engage directly with the issuer to acquire any additional relevant information not already in the public domain or in instrument-related documentation.

An important part of the analysis is the assessment of the E and S aspects of the use of proceeds. In addition to the alignment with ICMA Principle and Guidelines, the analysis may also refer to major taxonomies (e.g. the EU taxonomy for E aspects, and the UN Sustainable Development Goals for S aspects).

Once the analyst has completed the analysis, with commentary for the related SPO, it is submitted to the approval committee, which reviews it for accuracy and consistency. Based on issuer preference and mandate, an SPO can be monitored (annually or more frequently, if new information becomes available) or on a point-in-time basis.

Scale and Definitions

ESG Framework	
Excellent	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet excellent levels of rigour and transparency in all respects and are well in excess of the standards commonly followed by the market.
Good	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet good levels of rigour and transparency; in some instances, they go beyond the standards commonly followed by the market.
Aligned	Sustainable finance framework and/or debt instrument structure is aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet the minimum standards in terms of rigour and transparency commonly followed by the market.
Not Aligned	Sustainable finance framework and/or debt instrument structure is not aligned to relevant core international principles and guidelines. Practices inherent to the structure fall short of common market practice.

Source: Sustainable Fitch

SOLICITATION STATUS

The Second Party Opinion was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.

A Sustainable Fitch ESG Analytical Product (ESG Product) provides an assessment of the Environmental, Social and/or Governance ("E", "S" and "G") qualities of an issuer and/or its securities. ESG Products provided by Sustainable Fitch include an ESG Entity Rating, ESG Framework Rating, ESG Instrument Rating, ESG Scores and ESG Second-Party Opinion, among other ESG analytical products. An ESG Product is not a credit rating. ESG Products are provided by Sustainable Fitch, a Fitch Solutions company, and an affiliate of Fitch Ratings. Sustainable Fitch has established certain policies and procedures intended to avoid creating conflicts of interest and compromising the independence or integrity of Fitch Ratings' credit rating activities and Sustainable Fitch's ESG Product generation activities. For a description of the methodology, limitations and disclaimers relating to Sustainable Fitch's ESG Products, please use this link: www.sustainablefitch.com.

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