

Sustainable debt market in Argentina

Report 2022

CNV Comisión Nacional
de Valores



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Purpose of the report

The purpose of this document is to provide detailed information on regulatory advances and the dissemination carried out by the Securities and Exchange Commission (CNV, by its acronym in spanish) in terms of sustainable finance.

Likewise, an analysis is presented on the status and growth of the sustainable debt market in Argentina and in the region. The sustainable debt market is composed of financial instruments issued classified as social, green, sustainable and linked to sustainability.

The report constitutes an additional tool in the promotion of responsible investment at the local level, and its content will be updated as new developments arise.



SECTION 1

Sustainable Finance and the Securities and Exchange Commission

Regulatory and distribution initiatives

GENESIS

Sustainability is a central axis of the CNV's strategy, to develop its role as regulator of the Argentine capital market and fulfill its mission of **"promoting the development of a transparent, inclusive and sustainable capital market, that contributes to the economic and social progress of the country"**.

Within this framework, the CNV identified the

challenges to be addressed for the promotion of a sustainable debt market:

- 1) Little understanding about sustainable financing.
- 2) Little understanding about the application of responsible investment strategies.

Under these challenges, the main goal of the CNV focused on the creation of **educational and regulatory documents**, which allow, on the one hand, to generate technical skills in those regulated parties, and on the other hand, to establish rules for the development of sustainable instruments in the local market.

Below are the several initiatives carried out by the CNV, individually and with relevant stakeholders.

General Resolution

General Resolution 788/2019 Guidelines for the issuance of Social, Green and Sustainable Negotiable Securities in Argentina (Guidelines)

Constitute the conceptual framework for the issuance of specific financial instruments that generate positive social and/or environmental impact through the capital market, and contain standards developed in accordance with international best practices: the Green Bond Principles, the Social Bond Principles and the Sustainable Bond Guide of the International Capital Markets Association (ICMA) and the Climate Bond Standard of the Climate Bond Initiative (CBI).

Under the Guidelines, it was established that the financial vehicles available for environmental and/or social impact issues may be corporate bonds (in all their variants) and sustainable collective investment products; as long as they comply with the applicable regulations for their issuance.

General Resolution 885/2021 Special regime for sustainable collective investment products

Aims to encourage responsible investment, and contemplates the creation of open-end and close-end mutual funds and financial trusts that invest in sustainable assets including social, green and sustainable negotiable securities.

In the particular case of open-end mutual funds, they may invest in negotiable securities that have an environmental, social and governance (ESG) impact, debt securities and/or certificates of participation of Solidarity Financial Trusts, debt securities and/or certificates of participation of financial trusts intended for the financing of SMEs, and/or negotiable securities issued by SMEs CNV, provided that they do not carry out activities that are on the exclusion list prepared and updated by the Inter-American Development Bank. The regulation also contemplates the creation of closed-end mutual funds and financial trusts, whose funds are used directly or indirectly for the financing or refinancing (in part in its entirety) of new or existing projects or activities with environmental and/or social impact.

It should be noted that, in September 2022, the agency

issued Interpretative Ruling No. 82, which establishes that bonds linked to sustainability may be computed within the minimum eligible assets required for ESG's open-end mutual funds established under the terms of General Resolution 885/2021.

General Resolution 896/2021 Sustainable Guides

Three guides of a guiding, advisory and educational nature were approved on the different aspects covered by sustainable finance, with the aim of developing a theoretical framework and a common language to provide clarity to the subject in the local capital market.

Guide for Socially Responsible Investment in the Argentine Capital Market

Its purpose is to show the scope, objectives and advantages of socially responsible investment, promoting the integration of environmental, social and governance factors in financial and corporate decision-making. In this way, the document constitutes an additional tool in the promotion of investment in sustainable assets and in Socially Responsible Investment strategies.

Guide for the issuance of Social, Green and Sustainable Bonds

Follows the Guidelines and aims to further encourage the offer of this type of assets. The information is presented in a summarized and didactic way, with the purpose of reaching all the public that wants to know the requirements to issue a social, green or sustainable bond.

Guide for External Evaluators of Social, Green and Sustainable Bonds

Its purpose is to promote the growth of the market of local external reviewers, who grant credibility to the social, green or sustainable labels of such instruments, and offer their services at costs consistent with the amount of issues in Argentina. It compiles best practices for external reviewers and for the preparation of external evaluations of social, green and sustainable bonds.

General Resolution 940/2022 Simplified and guaranteed regime for issuance of corporate bonds with social impact

Its purpose is to promote access to financing for actors of the socio-productive economy; as long as they have a social assessment and a guarantee, granted by subjects regulated by the CNV. The simplification of information proposed by this regime equalizes the conditions offered to SMEs, for potential issuers that do not fit into said category, such as civil associations and larger-scale cooperatives

Distribution documents

- Sustainable Finance Program

Its objective is to raise awareness among local capital market players about the relevance of incorporating into investments decisions, the analysis of the impact on society, environment and good corporate governance, as complementary elements to the traditional risk/return analysis. It also seeks to advance in a coordinated manner with said actors and jointly build regulatory and financial education material.

- Sustainable Finance Ecosystem Report in Argentina

Is the previous version of the Sustainable Debt Market Report in Argentina. It summarizes the initiatives carried out by the CNV in terms of sustainable finance and provides detailed information on the issuances SVS bond carried out in the local market.



- Update of the sustainability section on the CNV's website

it was done as part of the CNV's Sustainability Strategy. The new section includes material on topics that underlie the broad concept of sustainability, such as Corporate Governance, Sustainable Finance and Open Government. You can access regulations, reports, guidelines, financial instruments launched, among others. On the other hand, a "News" section was included, in which relevant news or events related to sustainability are shared. In addition, a space was allocated to define sustainable finance and ESG factors, and briefly mention the CNV's actions in this matter.

Work with relevant stakeholders

The CNV advances with its work agenda on sustainable finance, with different types of actors from international organizations and the national public sector.

- **Sustainable Finance Technical Rountable (MTFS, by its acronym in spanish)**

It is an initiative of the National Ministry of Economy, and represents a permanent instance for the exchange of information, discussion, coordination and evaluation of actions, strategies and activities, with the general objective of developing the Sustainable Finance in Argentina. The CNV, as a member of the MTFS, signed with the National Superintendence of Insurance and the Central Bank of the Argentina the Joint Declaration of the Regulatory Entities of the Banking, Insurance and Capital Market Sectors in Relation to the Development of Finance Sustainable in argentina.

- **Memorandum of Understanding with the United Nations Development Program (UNDP)**

Its main objective is to articulate a working table that brings together the actors and manages the necessary actions to facilitate access to credit and the progressive inclusion of new participants in the capital market.

If you have any questions or queries about the Memorandum of Understanding, contact: mesaimpactocnvpnud@cnv.gov.ar.

- **IDB technical assistance consultancies**

Sustainability Strategy and Roadmap

Its objective was to establish the CNV's ambition in the short, medium and long term and objectives in subject of sustainability, as well as the strategic lines of action, activities and resources required to achieve said objectives.

As part of the recommendations contained therein,

the creation of a permanent **Sustainable Finance Technical Group** was approved, within the CNV, which will allow professionals from various areas to gather together, in order to train them with the necessary knowledge to begin implementing the objectives, in their areas of work according to their functions, among other issues.

Update of the Guidelines for the issuance of Social, Green and Sustainable Negotiable Securities in Argentina

Its objective will be to incorporate the new trends in the matter of thematic bonds to provide the market and issuers with other sustainable financing alternatives.

Guide for the reporting and voluntary disclosure of Environmental, Social and Governance factors

It is currently in private consultation and its main objective is to provide tools to encourage companies to report non-financial information.



We firmly believe that an **investment is successful** when it is a **productive project that includes more people.**



SECTION 2

Evolution of the sustainable debt market in Argentina

Analysis of the evolution of the sustainable debt market in Argentina

The sustainable debt market in Argentina is in the initial phase of its development. Its opening took place in 2019 with the approval of the Guidelines, whose objective is to offer (both to the markets and to potential issuers) a guide to good practices and parameters to channel the development of the issuance of social, green and social negotiable securities. / or sustainable, through the standardization of criteria.

a) Panels or special trading segments created by markets

In July 2019, "Bolsas y Mercados Argentinos S.A." (BYMA, by its acronym in Spanish) launched the **Panel for Social, Green and Sustainable Bonds** (Panel de Bonos SVS, in Spanish) with its respective regulations, so that corporate bonds, government bonds, closed-end mutual funds¹ and financial trusts that were issued according to the Guidelines, they can be listed and individualized.

It should be noted that, in September 2020, BYMA and Mercado Abierto Electrónico S.A. (market focused mainly on the negotiation of government bonds and corporate bonds), signed a mutual collaboration agreement for the primary placement of SVS bonds, through which it is established that expressions of interest may be made through both markets².

In February 2022, BYMA presented the **Panel of Bonds Linked to Sustainability** (Panel de Bonos VS, in Spanish) with its respective regulations, in order to list those instruments whose financial and/or structural characteristics vary depending on the achievement and not on certain objectives of sustainability by the issuer, and within a predefined term.

¹ The closed-ended mutual funds are those funds that must be established with a maximum term of duration (which may be modified) and with a maximum fixed number of shares. In closed ended mutual funds, shares can only be subscribed at the time of the initial offer. After that, and throughout the life of the closed ended mutual funds, the investing public may only acquire or sell shares in the stock markets.

² Published in the AIF under ID #2669251 (BYMA) and #2669306 (MAE).

b) General evolution of the sustainable debt market

As can be seen in the graph below, the total volume of the sustainable debt market in Argentina amounts to forty-seven (47) thematic issues¹, which obtained financing of USD 993.3 million² from the opening of the market in 2019 until December 2022. Of this total, forty-one (41) **issues** are listed in the special market panels mentioned above,



Today, the sustainable debt market is experiencing more than significant growth and has ample room for expansion. At the national level, the cumulative issued amount at the end of 2022 reaches **USD 993.3 million**, which means double the value at the end of the previous year and 5 times the value at the end of 2020.



The company **“Plaza Logística S.R.L.”** pioneered the use of this type of financing by putting into circulation the first relabeled green bond, a fact that would attract other companies to the market.

Indeed, in December 2019 the first green bond for USD 27 million was listed, whose destination was the construction of Triple “A” logistics warehouses with high sustainability standards.

MONTO ACUMULADO EMITIDO SVS - ARGENTINA

Millones de USD - 2019 a 2022



EMISIONES TEMÁTICAS - ARGENTINA

2019 a 2022

<div>Emisiones Temáticas</div> <div>47</div> <div>Monto emitido instrumentos temáticos</div> <div>USD 993,3M</div>	<div>OBLIGACIONES NEGOCIABLES</div> <div>43</div> <div>USD 884,7M</div>
	<div>FIDEICOMISOS FINANCIEROS</div> <div>3</div> <div>USD 88,3M</div>
	<div>FONDOS COMUNES DE INVERSION CERRADOS*</div> <div>1</div> <div>USD 20,3M</div>

1The total number of bonds issued is made up of all corporate bonds, financial trusts, closed- ended mutual funds, government bonds that have an external evaluation that certifies their green, social, sustainable or sustainability-related quality.

2For the purposes of preparing this report, for those issuances made in currencies other than USD, the Reference Exchange Rate Communication "A" 3500 (Wholesale) was considered at the time of issuance. Likewise, it is made known that those issues made as an exchange of previous issues were included in the number of thematic issues, but not in the amount issued.

c) Thematic issues according to type of bond

The graph below shows the distribution of financing obtained through issuances according to the label granted from the start of the market in 2019 to December 2022.

Green bonds are those instruments whose funds must be applied to projects that generate a positive environmental impact. This type of bond obtained 63.5% of the total financing of the thematic market, and were the companies **Luz de Tres Picos S.A.** and **Genneia S.A.** those that obtained the largest volume of financing.

Regarding **social bonds**, the specific destination must be to finance projects that generate positive social impact. This category of bonds obtained 13.4% of the total financing in the market, and the companies that received the largest volume of financing were **Bank of the Autonomous City of Buenos Aires**, which issued a bond for USD 50.6 million in order to grant loans to alleviate and prevent the impacts of COVID-19, and “**Empresa Distribuidora y Comercializadora Norte S.A.**”, which placed a bond for USD 52.7 million to provide safe electricity to neighborhoods with low purchasing power.

Although it is a 2022 report, it is necessary to make a special mention of the first issuance of a gender bond in the Argentine capital market, in February 2023, within the new simplified and guaranteed regime of issuances with social impact. The person responsible for the issuance has been “**Pro Mujer Servicios Financieros S.A.**”, who will allocate all the funds raised to grant loans to 1,700 mostly low-income women, between the ages of 18 and 75, and owners of micro and small businesses.



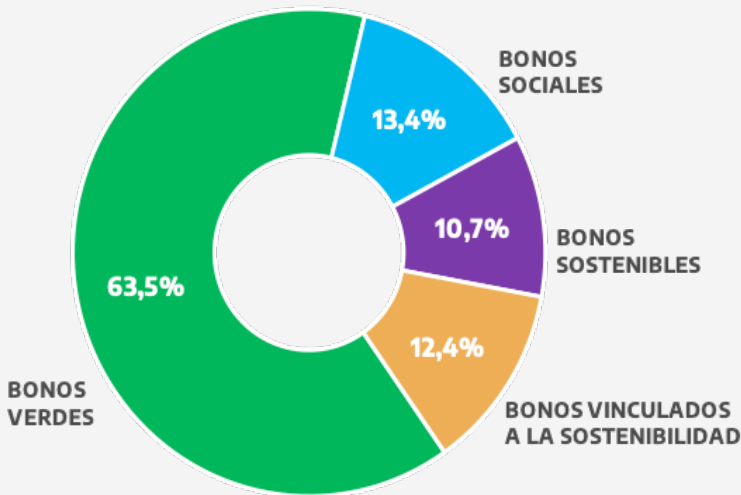
For their part, sustainable bonds are those intended to finance a combination of green and social projects. This type of bonds reached 10.7% of the total financing, highlighting the issuance of **Laboratorios Richmond S.A.**, which obtained financing for USD 85 million through a financial trust for the acquisition, installation and start-up of a plant for the production of vaccines, among which are those established against the coronavirus, as

well as other biotechnological products. Finally, the **sustainability-linked bond** category includes instruments which financial and/or structural characteristics may vary depending on whether or not the issuer achieves certain predetermined sustainability targets within a predefined time frame. This category obtained **12.4%** of the financing, being the company “**S.A. San Miguel A.G.I.C.I.F.**” the one that

obtained the largest amount of funds through the issuance of a bond for USD 50 million, aimed at reaching a minimum of 66% of renewable energy in the electric power supply at the **Famaillá Industrial Complex** within 12 months.

EMISIONES TEMÁTICAS POR TIPO DE BONO

Porcentaje s/monto emitido 2019 a 2022



EMISIONES TEMÁTICAS POR TIPO DE BONO

2019 a 2022

	BONOS VERDES	27	USD 630,9M	<div>TOTAL DIC-22</div> <div>47</div> <div>USD 993,3M</div>
	BONOS SOCIALES	11	USD 133,2M	
	BONOS SOSTENIBLES	5	USD 106,4M	
	BONOS V. SOSTENIBILIDAD	4	USD 122,8M	










d) Thematic issues by project destination

Regarding the sectorial distribution according to the types of projects to which the thematic bond financing has been allocated, the energy sector leads the list with 73.5% of the amount issued. Within this sector, the company **Luz de Tres Picos S.A.** leads the issuance market with four (4) bonds placed for a total of USD 187.5 million for the construction of Wind Farms. On the other hand, the company Genneia S.A holds the second place in issuance, having placed seven (7) bonds for a total of USD 182.7 million. The latter being intended for the construction, acquisition and maintenance of wind, solar, biomass, small-scale hydroelectric and green hydrogen power generation projects.

Within the industrial sector, we can highlight the closed-end mutual fund issued by **“Pellegrini S.A.”** Mutual Funds Manager Company in June 2021, through which it obtained financing for USD 20.3 million, aimed at investing in real estate assets, in order to promote the development of housing construction for middle and low-income populations.

EMISIONES TEMÁTICAS - POR TIPO DE PROYECTO

Millones de USD - 2019 a 2022

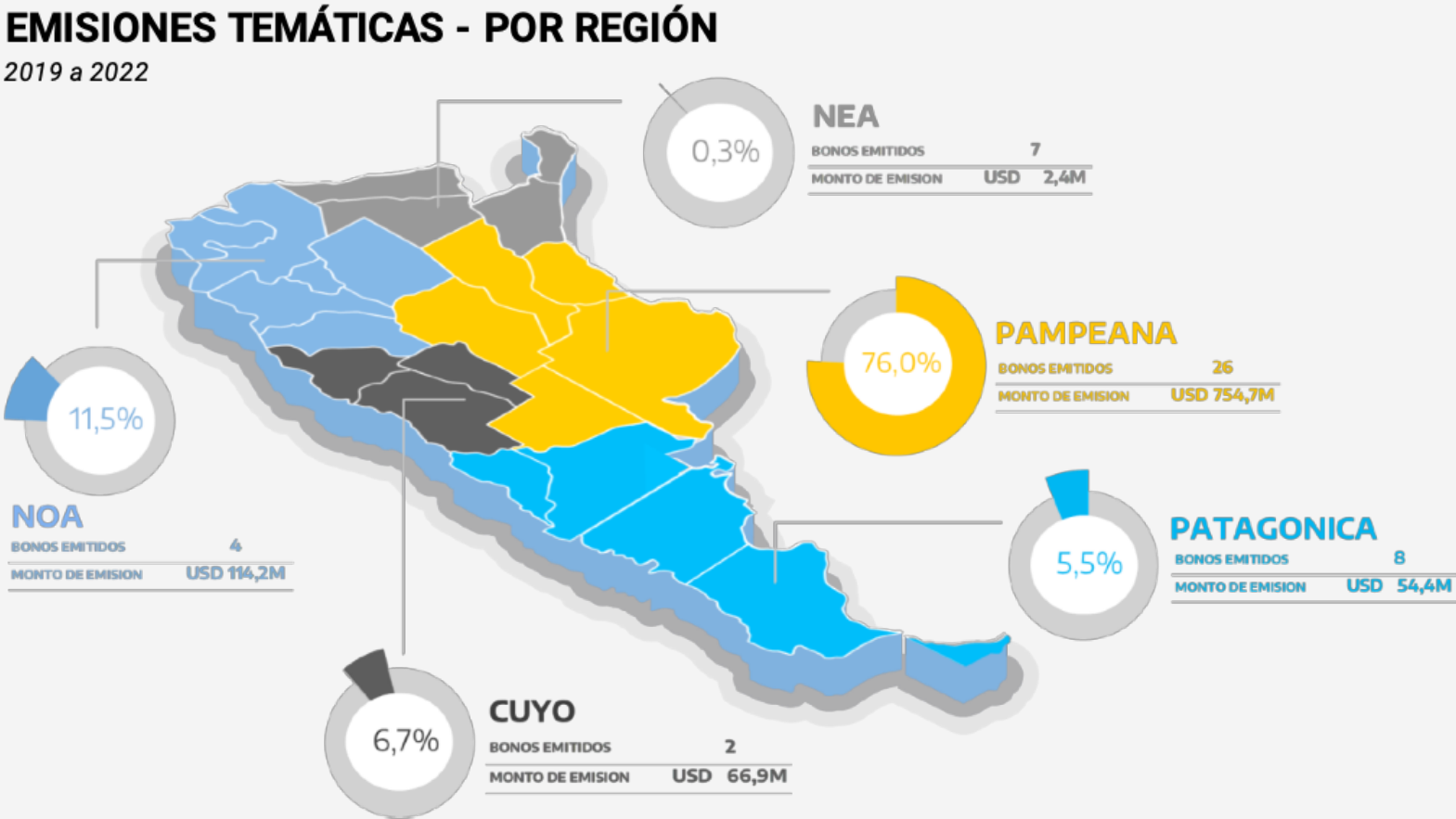
Destino de proyectos	Emisiones	Monto USD	% s/monto emitido total	
 Energía	26	USD 730,3M	<div></div>	73,5%
 Industria	4	USD 86,9M	<div></div>	8,8%
 Financiero	6	USD 52,1M	<div></div>	5,2%
 Transporte	2	USD 47,3M	<div></div>	4,8%
 Agro	3	USD 38,0M	<div></div>	3,8%
 Construcción	2	USD 32,7M	<div></div>	3,3%
 Telecomunicaciones	4	USD 6,0M	<div></div>	0,6%



e) Thematic issues according to project location

Thematic bonds allow the financing of companies and projects that contribute to the sustainable development of the economy throughout the national territory. These bonds, function as a tool that generates synergy between the different financial actors in the public and private sectors throughout the country.

As can be seen in the graph below, the Pampas Region received most of the financing obtained through thematic instruments, reaching for 76% of the total amount issued.



For its part, the CNV is carrying out a **Capital Market Federalization Plan**, initiated with the creation of the entity of “Regional Representative Entities” (ERR, by its acronym in Spanish) by means of General Resolution 889/2021. Said Resolution constituted a starting point to build institutional links in all productive activities that channel savings to the real regional economy and develop the capital market, including the promotion of thematic bonds among regional issuers. Within the framework of this Plan, several training sessions on traditional and sustainable financing in the capital market were held in the provinces of Entre Ríos, Chaco and Mendoza.

Issuers: who are the issuers of thematic issues?

The sustainable debt market is led by 26 issuers, most of which are large companies under the general takeover bid regime, but **29.8%** are SMEs under the SME CNV¹ (4 issues) and SME Guaranteed² (10 issues) regimes.

The tables on the right show the ranking of issuers and the financing they obtained through the issuance of thematic bonds. To date, 26 issuers have obtained financing for thematic projects. Details of each issuance can be consulted in the SVS Bond Panel and the BYMA VS Bond Panel.

The company **Sion S.A.**, was the only company under the SME CNV regime that issued corporate bonds, and obtained financing for USD 6.1 million through four (4) issuances. Civil associations also had the opportunity to obtain financing through the capital market, largely due to the work carried out by the CNV-UNDP Laboratory.

One example is the Civil Association “**Sumatoria para una Nueva Economía**”, which obtained financing for more than USD 1.5 million through five (5) issuances under the guaranteed corporate bonds regime. The funds obtained were used to finance activities carried out by companies and organizations linked to the following strategic sectors: inclusive finance and gender equity, agro-ecology, organic, healthy and sustainable food, social economy, circular economy and inclusive recycling and projects with impact. In addition, the Civil Association “**Un Techo Para Argentina**” obtained financing for more than USD 180,000 through one (1) secured corporate bond for the construction of a social factory.

¹The PyME CNV regime, are debt issues of companies classified as SMEs according to the CNV regulations, which have a special information regime that is more flexible than the general regime.
²The Guaranteed SME regime has the same characteristics as the CNV SME regime, but the issues must be fully guaranteed by a Guarantee Entity registered with the CNV.

EMISIONES TEMÁTICAS - OBLIGACIONES NEGOCIABLES 2019 a 2022



EMISIONES TEMÁTICAS - Ranking Período 2019 a 2022

Empresa	Monto emitido USD millones	Cantidad	Tipo Régimen	% s/ monto emitido
Luz de Tres Picos S.A.	USD 187,5	4	R.G.	18,9%
Genneia S.A.	USD 182,7	7	R.G.	18,4%
S.A. San Miguel A.G.I.C.I.F.	USD 87,8	2	R.G.	8,8%
Laboratorios Richmond S.A.	USD 85,0	1	F.F.	8,6%
YPF Energía Eléctrica S.A.	USD 63,9	1	R.G.	6,4%
EDENOR	USD 52,7	1	R.G.	5,3%
Banco Ciudad de Buenos Aires	USD 50,6	1	R.G.	5,1%
CP Manque S.A.U. y CP Los Olivos S.A.U.	USD 50,1	2	R.G.	5,0%
AES Argentina Generación S.A.	USD 48,4	3	R.G.	4,9%
Red Surcos S.A.	USD 35,0	2	R.G.	3,5%
Pampa Energía S.A.	USD 30,0	1	R.G.	3,0%
Plaza Logística S.R.L.	USD 27,1	1	R.G.	2,7%
Pellegrini S.A. Gerente de FCI	USD 20,3	1	F.C.I.	2,0%
Plaza Logística S.R.L.	USD 20,2	1	R.G.	2,0%
360 Energy Solar S.A.	USD 20,0	1	R.G.	2,0%
Municipalidad de la Ciudad de Córdoba	USD 12,4	1	R.G.	1,2%
Citrusvil S.A.	USD 6,4	1	Pyme Garantizada	0,6%
Sion S.A.	USD 6,0	4	Pyme CNV	0,6%
Fecovita	USD 3,0	1	F.F.	0,3%
A.C. Sumatoria para una Nueva Economía	USD 1,5	5	Pyme Garantizada	0,1%
Zuamar S.A.	USD 1,1	1	Pyme Garantizada	0,1%
Madeco Argentina S.A.	USD 0,6	1	Pyme Garantizada	0,1%
Termoeléctrica S.A.	USD 0,5	1	Pyme Garantizada	0,0%
Ricardo Venturino S.A.	USD 0,3	1	F.F.	0,0%
A.C. Un Techo Para Argentina	USD 0,2	1	Pyme Garantizada	0,0%
Petroquímica Comodoro Rivadavia S.A.	USD 0,0	1	R.G.	0,0%
TOTAL	USD 993,3	47		

Thematic issues 2022: rates and maturities

The CNV’s work in promoting sustainable finance has contributed to the increase the number of thematic bond issues registered year after year in the local market.

During 2022, the most used instruments were USD Linked bonds¹, whose weighted average fixed rate for the year was 2.6% and the issue term was 69 months²

Since its opening, the thematic bond market has aroused the interest of investors, which is verified by the oversupply of these instruments. So much so that, in the last two years, the level of oversupply remained above 50% of the amounts issued.

In 2022, thematic issues had an oversupply of 52% over the amount issued. In that same year, fifteen (15) of the twenty-two (22) thematic bonds issued received offers above the amount placed.

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Moneda	Instrumento	Cantidad	MONTO EMITIDO millones USD	Tipo de tasa	Tasa / Margen promedio *	Plazo promedio (MESES) *
USD	ON - REGIMEN GENERAL	4	USD 141,3	Tasa fija	4,6%	34
	ON PYME GARANTIZADAS	1	USD 0,04	Tasa fija	40,0%	15
\$	ON - REGIMEN GENERAL	2	USD 42,3	BADLAR + Margen	1,4%	23
	ON PYME CNV	2	USD 4,0	BADLAR + Margen	4,6%	45
	ON PYME GARANTIZADAS	3	USD 1,8	BADLAR + Margen	0,7%	22
	FIDEICOMISO	1	USD 0,3	TIR de Corte	82,5%	60
USD linked	ON - REGIMEN GENERAL	8	USD 326,4	Tasa fija	2,6%	69
	ON PYME GARANTIZADAS	1	USD 6,4	Tasa fija	0,0%	30
TOTAL		22	USD 522,5			

1 Instruments issued under the USD Linked modality are denominated in US dollars and subscribed and paid in pesos at the initial exchange rate, and payable in pesos at the exchange rate applicable on the payment date.

2 For the purposes of calculating rates and terms, weighted averages were made with respect to the issued amount.

Sustainable debt market in the region

Most market regulators in the region have advanced in line with Argentina in terms of adapting regulatory frameworks that facilitate the development of thematic instruments.

The following table shows a comparison of thematic issuances in the region for the year 2022.

EMISIONES TEMÁTICAS EN LA REGIÓN

Período 2022

	 ARGENTINA	 CHILE	 COLOMBIA	 PERU	 PARAGUAY	 BRASIL
Normativa ASG	Sí	Sí	Sí	Sí	Sí	No
Año 1ra. Emisión	2019	2018	2016	2018	-	-
Bonos SVS - 2022	22	4	4	0	0	-
Monto emitido 2022	USD 522,5M	USD 375,0M	USD 155,2M	0	-	-

CHILE as Argentina, has a thematic bonds panel published by the Santiago de Chile Stock Exchange. Said panel includes bonds traded in the local secondary market in the sustainable bonds segment, and does not include green bonds issued abroad by the Ministry of Finance of Chile, neither sustainable bond issues made by Chilean corporate issuers abroad.

PARAGUAY has incorporated into its regulatory framework thematic bonds related to environmental, social and governance (ESG) aspects, called ODS Bonds (green, social and sustainable). However, no such bond issuance has materialized to date.

COLOMBIA has been pioneer in the region in achieving thematic issuances. The first were carried out by Bank of Colombia in 2016. To date, there have been thirty-nine (39) issues of

thematic bonds issued since the opening of the market.

PERÚ has not had thematic emissions in the year. However, it has adapted its ESG regulatory framework and since its launch four (4) bonds have been issued for more than USD 187 million between 2018 and 2021.

BRASIL does not yet have a taxonomy focused on sustainable finance, so any classification in this regard is at the discretion of the issuer itself.



SECTION 3

Socially Responsible Investment



Environmental, Social and Governance (ESG) Open-end Mutual Funds

The acquisition of shares of mutual funds that apply responsible investment strategies is one of the alternatives that investors have to address the subject.

Fund managers are collective investment institutions that select the assets that make up their portfolios based on ESG criteria. The elements that make up a socially responsible investment fund are the same as those that make up a traditional one, but non-financial elements are added to its management.

As previously indicated, General Resolution 885/2021 established the special regime for sustainable collective investment products, which contemplates the creation of open-end mutual funds whose special investment object is made up of negotiable securities with ESG impact.

The regime provides that at least 75% of the assets of these funds must be invested in accordance with the following guidelines:

a) At least 45% of the assets of these funds must be invested in:

i. Negotiable securities listed in segments and/or social, green and/or sustainable trading panels in markets authorized by the CNV.

ii. Negotiable securities whose issuers are listed on market panels authorized by the CNV that highlight the application of good ESG governance practices, and/or that are part of sustainability indices that include ESG variables in their analysis.

iii. Negotiable securities that have been

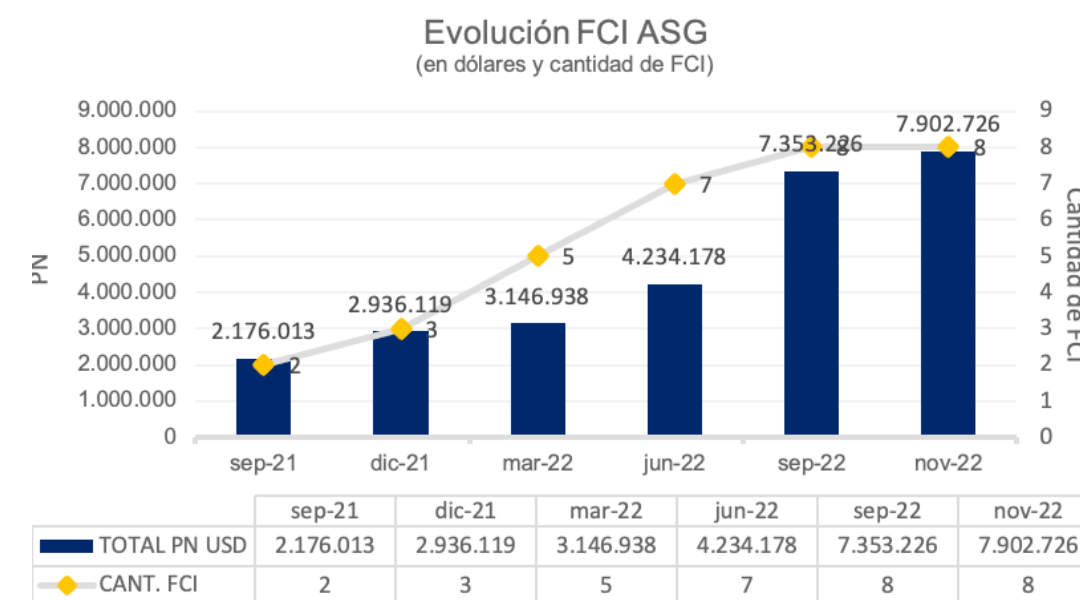
externally reviewed, in accordance with the "Guidelines for the Issuance of Social, Green and Sustainable Negotiable Securities in Argentina" established in the Regulations (N.T. 2013 and mods.).

iv. Debt securities and/or participation certificates of Solidarity Financial Trusts.

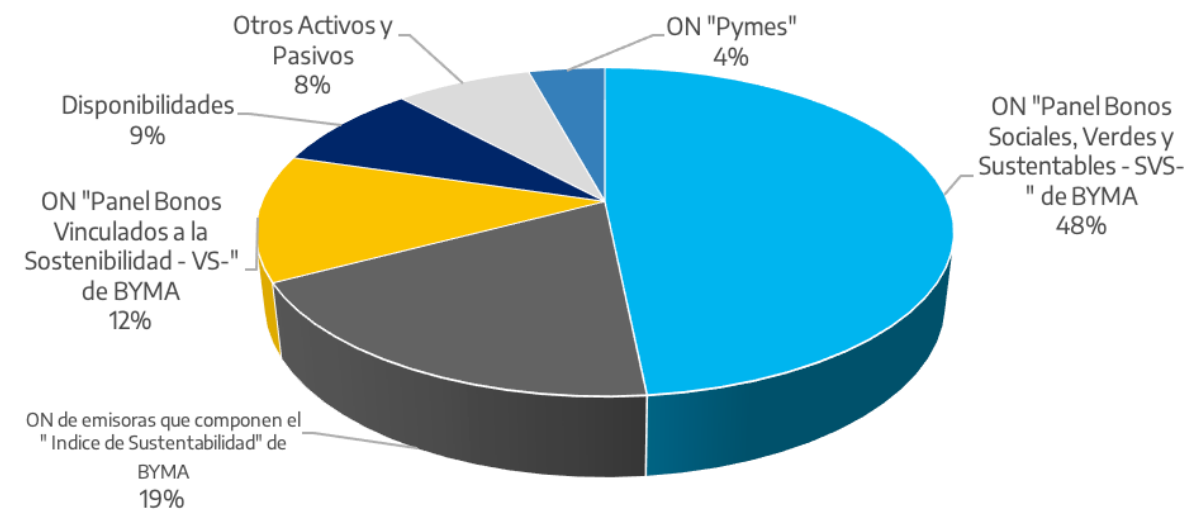
b) Until the development of the aforementioned products is consolidated, the investment of up to 30% of these funds in negotiable securities for the financing of SMEs, whose object of financing is not within the exclusion criteria of the IDB, is admitted, published in its Environmental and Social Policy Framework.

To date, there are eight (8) ESG funds in operation, whose managed assets amount to approximately USD 8 million, and there are seven (7) additional funds ready to be issued soon.

EVOLUCIÓN DEL PATRIMONIO ADMINISTRADO



COMPOSITION OF THE INVESTMENT
PORTFOLIO OF ESG MUTUAL FUNDS



Regarding the composition of the ESG mutual fund portfolios, 79% of the assets are invested in corporate bonds listed on the SVS Bond Panel, the VS Bond Panel or in companies that make up the Sustainability Index or Governance Panel BYMA Corporate.

As of December 2022, the CNV approved the ESG Open- end Mutual Funds that are detailed below:

DENOMINACIÓN FCI	SOCIEDAD GERENTE	FECHA APROBACIÓN CNV
QUINQUELA RENTA MIXTA SUSTENTABLE FCI ASG	QM ASSET MANAGEMENT S.A	3/6/2021
BULL MARKET FONDO COMUN DE INVERSION ASG	BULL MARKET ASSET MANAGEMENT S.A.	3/6/2021
ESG FONDO COMUN DE INVERSION ASG	SOUTHERN TRUST S.A.	3/6/2021
MAF SUSTENTABLE F.C.I. ASG	MARIVA ASSET MANAGEMENT S.A.U.	19/08/202
SBS RETORNO SUSTENTABLE FCI ASG	SBS ASSET MANAGEMENT S.A.	30/9/2021
GALILEO SUSTENTABLE FCI ASG	GALILEO ARGENTINA S.A.	7/10/2021
QUIRON FCI VERDE Y SUSTENTABLE ASG	QUIRON ASSET MANAGEMENT S.A	7/10/2021
SCHRODER SUSTENTABLE F.C.I. ASG	SCHRODER S.A.	28/10/2021
BALANZ SUSTENTABLE FCI ASG	BALANZ S.A.U.	25/11/2021
GAINVEST RENTA SUSTENTABLE FCI ASG	STONEX ASSET MANAGEMENT S.A.	17/2/2022
FIMA CARTERA SUSTENTABLE FCI ASG	GALICIA ADMINISTRADORA DE FONDOS S.A.	6/4/2022
OPTIMUM INVESTMENT FCI ASG	BNP PARIBAS ASSET MANAGEMENT ARGENTINA S.A.	8/6/2022
SUPERFONDO SUSTENTABLE FCI ASG	SANTANDER RIO ASSET MANAGEMENT S.A.	6/7/2022
HF SUSTENTABLE FONDO COMÚN DE INVERSION ASG	HSBC GLOBAL ASSET MANAGEMENT ARGENTINA S.A.	10/8/2022
OPTIMUM SELECTION FCI ASG	BNP PARIBAS ASSET MANAGEMENT ARGENTINA S.A. SGFCI	16/11/2022



Thematic Bond External Assessment Providers

Sustainable rating methodologies

The CNV regulates the requirements for the constitution, prohibitions and incompatibilities, among other requirements, of risk rating agents (ACR, by its acronym in Spanish). The ACR can offer, within their services, the rating of sustainable financial instruments through the presentation of rating methodologies.

The following ACRs registered with the CNV launched thematic rating methodologies:

✓	 EVALUADORA Latinoamericana AGENTE DE CALIFICACIÓN DE RIESGO	Evaluadora Latinoamericana S.A. -Green bond rating methodology -ESG risk rating methodology..
✓	 ProRatings	Professional Rating Services Agente de Calificación de Riesgo S.A. -Sustainable Finance Methodology.
✓	 FixSer FitchRatings	FIX SCR S.A. Agente de Calificación de Riesgo -Green bond rating methodology. -ESG rating methodology. -Social and sustainable bond rating methodology. -Evaluation methodology of green, social and sustainable bonds
✓	 UNTREF ACR UP	UNTREF ACR UP -Methodology for evaluation of green bonds. -Methodology for evaluation of social bonds.
✓	 MOODY'S LOCAL	Moody's Local AR Agente de Calificación de Riesgo S.A. -Second Opinion Analytical Framework.

This report was elaborated by the Corporate Governance Sub-Division under the Corporate Governance and Investor Protection Division, with the collaboration of the Innovation, Strategy and Risk Division, Issuers Division, Financial Trusts Division and Mutual Funds Division

