



SDG Bond

General framework

This is the world's first sovereign bond linked to the Sustainable Development Goals (SDG) set by the United Nations (UN). With this issuance, Mexico starts its sustainable financing program, and access for the first time to financing from investors that demand instruments with environmental and social purposes.

The issue was sustained by a framework that allowed the government to identify projects and budget expenditures aligned with the SDGs. In the process, the participation of the United Nations Development Programme (UNDP) as an observer and technical assistant was very valuable: "The framework is aligned with the principles and objectives of the SDGs."

Aligned expenditures:

- Production subsidies to small and medium farmers
- Public school and educational equipment
- Digital payments systems
- Bank branches in isolated areas
- Scholarship for employment training
- Public hospital and medical equipment
- Development of rural roads
- Internet Access

Issue details:

7 years	➤ Tenor
€750	➤ Total amount (million)
1.60%	➤ Yield to Maturity
1.35%	➤ Coupon
98.33 %	➤ Final Price

6.4x over subscription

Participation of 267 institutional investors

Second lowest coupon in history of euro bonds issued by the Federal Government

Aligning expenditures with the SDG Bond

Eligible Sustainable Expenditures are expenditures within Mexico's budgetary programs which are aligned with relevant SDGs. Certain Eligible Expenses will be subject to a geospatial eligibility criterion in order to ensure that those expenses are directed towards regions where Mexico has a greater social lag.

This ensures that the beneficiaries belong to vulnerable population groups, including those in extreme poverty, indigenous population, elderly, and children.

This criterion will be based on the "Social Gap Index", which consists of eleven sub-indicators belonging to three main categories: Health, Education and Habitat basic services.

Green and environmental expenditures are designed to benefit society at large, and therefore it is not necessary to apply the criteria above to these expenditures.

Social Gap Index



Accountability

Investors will receive an annual allocation report that will describe, among other things, eligible expenditures, budget resources dedicated to each of them, and the remaining balance of unallocated resources.

An impact report will also be annually published describing the projects to which the sustainable bond resources have been assigned, their social and environmental benefits, as well as various qualitative and quantitative indicators of their results. Throughout the process, UNDP has also agreed to act as an advisor and, as necessary, provide technical assistance in the preparation of the report.

External Review

With the aim of adhere to the best standards, Vigeo Eiris - an international provider of Environmental, Social and Governance research for investors- provided a Second Party Opinion, which adds to the one given by the UNDP.

"Vigeo Eiris is of the opinion that the SDG Sovereign Bond Framework of Mexico is aligned with the four core components of the Green Bond Principles 2018 and the Social Bond Principles 2018."