

Updated Guide for the Issuance of Labeled Thematic Financial Instruments by Latinex Panama

In 2019, Latinex Panama launched a pioneering guide for issuing labeled thematic financial instruments, aiming to promote sustainable financing and ensure market transparency. This initial version laid the foundation for the creation of bonds and other instruments that comply with strict environmental, social, and governance (ESG) criteria intended to finance projects addressing significant global challenges such as climate change, public health, and food security.

Over time, and in response to the growing interest in sustainable investments, Latinex Panama updated this guide to incorporate more modern approaches and align with best international practices. Recently, an updated version was introduced in collaboration with BID Invest and the Climate Bonds Initiative, which not only reinforces the original principles but also adapts them to the new demands of the global market.

The new guide is, in many ways, more detailed and comprehensive. While its essence remains unchanged, the document includes significant adjustments. For instance, it delves deeper into governance and strategy aspects, providing more specific guidelines on risk management and effective integration of sustainable practices in the long term. Additionally, given the increasing relevance of international standards, the update incorporates the latest norms, such as the Green Bond Principles of the International Capital Market Association (ICMA) and the Climate Bonds Initiative's climate taxonomy, ensuring that the instruments fully align with the most rigorous requirements.

Another important aspect is the increased transparency in fund management. Issuers are now required to submit periodic reports on the environmental and social impact of the projects they finance, allowing investors to monitor their investments' performance closely. This undoubtedly strengthens market confidence and ensures that resources are used responsibly.

Labeled thematic financial instruments provide a way to invest in projects that have a positive and tangible impact



on the environment and society. These include green, social, and sustainability bonds. In addition to offering competitive returns, these instruments allow investors to contribute to causes such as combating climate change, improving public health, and fostering sustainable development.

Both the original guide and the recent update emphasize the importance of aligning with the most demanding international standards. The financed projects must be clearly directed towards specific environmental, social, and governance objectives, and funds must be managed to reflect sustainability principles. Additionally, external reviews by independent entities remain crucial to ensuring the transparency and credibility of the issued instruments. The update also underscores the importance of impact reports, which enable investors to continuously assess the tangible benefits of the financed projects.

In conclusion, the updated guide for the issuance of labeled thematic financial instruments by Latinex Panama represents a significant step in ensuring that the sustainable investment market continues to grow responsibly. Through its commitment to transparency, governance, and sustainability, Latinex continues to provide issuers and investors with the necessary tools to make informed decisions and contribute to the development of a more sustainable future.