

Citrusvil

Green Bond for Citrusvil

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We issued the first Series I Class II secured Corporate Bond for Argentine Securities Commission SMEs (PYME- CNV) and obtained positive results.



Over the past years, sustainable finance has been growing, especially, when it comes to the issuance of green, social and sustainable bonds. Investors focus on transactions aimed at sustainability, and access to funding can be granted to projects that have a positive impact on environment and society.

Therefore, knowing these funding instruments in the Argentine capital market, we publicly announced the issuance and got new funding sources, based on our sustainable commitment and in line with our business strategy.

What Are Green Bonds?

They are corporate bonds aimed at funding or refinancing sustainable projects. They are sustainable products that enable investors and companies to help fulfill the global challenges referred to by the United Nations, which aim at a sustainable future for everyone by 2030.



How Did We Accomplish It?

By means of joint work among different sectors at the company, we managed to prepare and submit the documents to the Argentine Securities Commission promptly in order to obtain certification for the projects to be funded. This submission was guaranteed by the following entities: **Banco Comafi, Santander Argentina and Banco Supervielle**; and **Banco Comafi, Max Capital, Santander Argentina and Banco Supervielle** successfully placed this issuance.

The local green bond application basically consists in being in line with the principles developed by the International Capital Market Association (ICMA) and adopted by the Argentine Stock Exchanges and Markets (BYMA).

“The process included fund allocation assessment, project selection, fund management and the submission of periodical reports. It is worth mentioning that we got a BV2 rate, granted by the risk rating company, FIX SCR (Fitch Ratings’ affiliate),” said **Agustín Ianiero**, Chief Financial Officer at Grupo Lucci.

This Corporate Bond, issued for USD 6,368,399, was achieved at a 0% rate for a 30-month term and fully subscribed, and the maximum amount established by our company had to be prorated due to the significant number of stakeholders.

“Through the issuance of Corporate Bonds classified as green bonds by the International Capital Market Association, we managed to be the most significant issuance in the history of the guaranteed SME simplified system. It was a great accomplishment for Citrusvil and Grupo Lucci,” stated **Federico Mena**, Finance and Foreign Trade Manager at Grupo Lucci.

Sustainable Investments

The funds granted are destined to funding the projects that were already carried out, related to:

- » Generation of electric energy from biogas
- » Systematization and control of laminar soil erosion in San Rafael Orchard
- » Light conversion of the industrial site

All of them contribute directly to the following United Nations Sustainable Development Goals:



Generation of Electric Energy from Biogas

We have two industrial plants for lemon industrialization where we produce: essential oil, concentrated juice and dehydrated lemon zest.

Their production generates about 10,000 m³ of liquid effluent per day, with flow rates ranging from 400 to 500 m³/h. Since 2010, Citrusvil has had a treatment plant for these effluents and for biogas generation.



We were the first citrus company in the world to develop this system for treating liquid effluents, which was approved by the United Nations as a Clean Development Mechanism (CDM) project.

Since 2019, the biogas generated in the biodigesters has been used as fuel for electric energy generation at the Renewable Electric Energy Generation Plant. At this plant, we use a technology with Otto cycle alternative engines connected to electric generators, which, in turn, are electrically connected to the public network through voltage transformers.



The plant, which currently produces renewable energy, is related to Citrusvil's industrial facilities located in Cevil Pozo, Tucumán, Argentina. **We inject 3 MW of electric energy**, which is equivalent to the consumption of **2,500 Argentine households** at a consumption peak, thus, relieving the transmission system.

In 2022, the energy injected reached 6,687 MWh by means of the use of 4,104,525 m³ of biogas.

4,104,525 m³

of biogas was used

6,687 MWh

of energy was injected



Systematization and Control of Laminar Soil Erosion in San Rafael Orchard

San Rafael Orchard was acquired in September 2017. It is located in the locality of La Reducción, department of Lules, in the Province of Tucumán, and it borders Río Colorado on the south and Arroyo Calimayo, before the property limit, on the north.



It has 870 hectares in total: 716 of them are authorized for agricultural production and

154 ha

correspond to preserved native forest.

To achieve a sustainable production, one of the first goals was the systematization and control of laminar soil erosion in different areas of the property. We focused on the recovery of non-productive areas, and managed to recover 120 hectares of pines and 35 hectares of resprouting of exotic species that were abandoned.

Systematization allowed for appropriate and organized water management, thus preventing soil deterioration, mitigating or eliminating flood problems in the neighboring urban centers, and stabilizing production.

In this way, we care for soil health in San Rafael Orchard, dampen climate variability and stabilize yields between lemon production seasons.

The project included the study of the hydroeconomic balance of the spraying water supply system in order to determine the demand and supply volumes.

In 2021, we were granted the **Agricultural Excellence Award** by **La Nación** and **Banco Galicia** in the category “The Best Producer of Regional Economies.”



On the other hand, in 2020, we carried out the environmental characterization of the establishment together with **Fundación Proyungas** and it incorporated into the **Protected Productive Landscape Program**, which defines the actions for biodiversity preservation. The use of territory in San Rafael Orchard is distributed in production environments, with 72% of the hectares meant for citrus production and 18% are wilderness areas (continuous forest and riparian forests).

“With our first green bond, we reaffirmed our company’s commitment to keep growing, with sustainability-related investments that add value to the brand, favor competitiveness and consolidate innovation in our business model,” stated **Martín Carignani**, Citrusvil CEO.

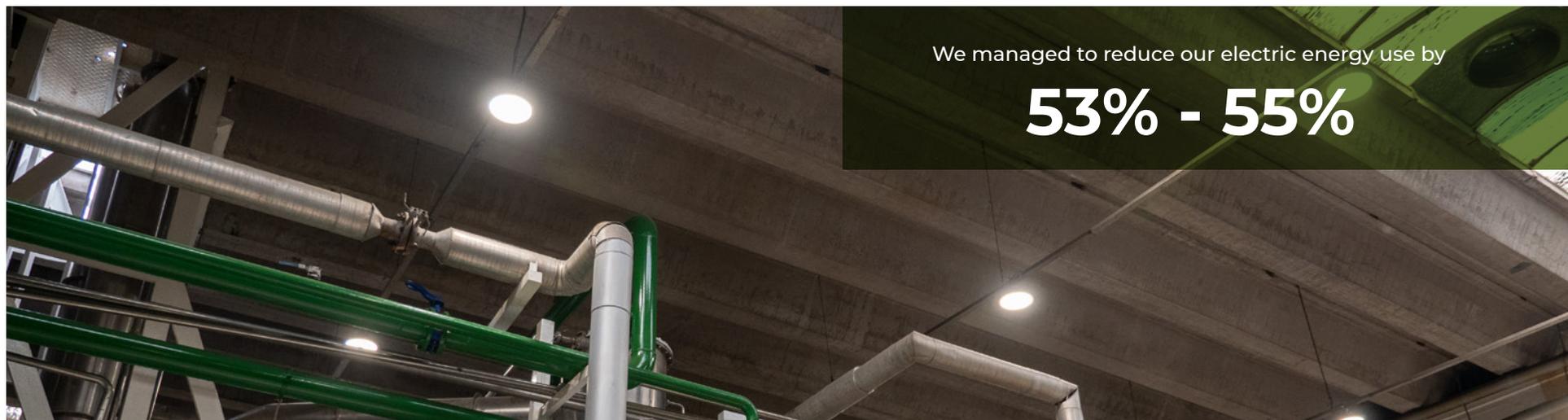
Click here to learn more about our innovative and sustainable production to the world:



Light Conversion of the Industrial Site

In order to reduce our environmental impact, we carried out a comprehensive work project to replace conventional lightning with LED technology in all the organization's operation sectors. This project ended in 2019. For such purpose, we performed a survey of the total number of lights used in the industrial site in Tucumán.

Then, we designed a replacement plan which enabled us to reduce the lightning power capacity from 50 kW to 330 kW, thus reducing the carbon footprint generated as a result of electrical consumption associated with lightning by using more efficient technologies.



We managed to reduce our electric energy use by

53% - 55%

Our Strategic Allies' Opinion

Juan Ignacio Ormachea,
Ormachea, Head of Capital
Markets at Santander
Argentina



"Santander has participated in different process stages with different roles. We were organizers, accompanying Citrusvil in the issuance preparation; placement agents, being part of the group of financial institutions which sold the corporate bonds; and guarantor institutions, together with other banks, guaranteeing this issuance, which helped improve the risk profile.

Cases such as that of Citrusvil serve as inspiration by showing how many companies can voluntarily allocate funds to make their processes more sustainable with a long-term perspective on environment preservation.

We are proud of having accompanied Citrusvil in the

placement of this first corporate bond with an instrument that managed to make the most of the growing demand of sustainable development, attracting new funds in the middle and long term, and it ensures the availability of funds required to finance projects of energy impact and environmental care."



David Lucero, Corporate Sales,
and **Candelaria Navazzotti**,
Capital Market Syndicate, at
Max Capital S.A.

**MAX
CAPITAL**

“Citrusvil leads the way into Sustainable Finance in Argentina. It stands out due to its impact decisions and its commitment to environmental care. We believe that Citrusvil is an example, and we expect that it influences not only companies from the industry where it works but also all the country.”



Roberto Garcia Guevara,
Capital Market Manager at
Banco Supervielle.


SUPERVIELLE

“Banco Supervielle is honoured of having been appointed by Citrusvil in the process of structuration, placement and issuance of their green bonds, also acting as a guarantor institution.

We thank Citrusvil for the trust placed on our teams in order to help the company achieve the funding for the sustainability of their actions. Our participation in such a significant transaction, which, due to its characteristics, represents a milestone in the history of the Argentine Capital Market, enables us to ratify Banco Supervielle’s commitment to social, green and sustainable funding through the Capital Market.”



Pablo Palma, Investment
Banking Manager at
Banco Comafi



"Banco Comafi reaffirmed its commitment to the development of Argentine companies focused on financing sustainable projects. The goal is to create economic, social and environmental value for the companies, the communities where they operate and for their customers and suppliers. Thus, Banco Comafi enthusiastically accompanied Citrusvil in the issuance of its first Green Bond. Banco Comafi was an organizer, placement agent and guarantor institution, in this last case, for 43.75% of the debt issued.

In this way, we are really happy for having helped Citrusvil deepen their positive social and environmental impact and provide the investors with attractive options to generate profitability with sustainable impacts.

The growth perspective for these issuances is very positive. There is a significant interest from issuers and investors in this type of instruments, and this could lead to more attractive financing rates. We estimate that in the coming years there will be a great development of sustainable bonds in general (in particular for SMEs), but not only because they are innovative, but also because they are useful and efficient."



Martín Carignani

Citrusvil CEO



Federico Mena

Finance and Foreign Trade Manager
Grupo Lucci



Agustín Ianiero

Chief Financial Officer
Grupo Lucci

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