

GOVERNMENT NOTICE No. 302 published on 23/5/2025

THE CAPITAL MARKETS AND SECURITIES ACT,
(CAP. 79)

REGULATIONS

(Made under section 148(1))

THE CAPITAL MARKETS AND SECURITIES
(CORPORATE AND SUBNATIONAL SUSTAINABILITY
BONDS) REGULATIONS, 2025

ARRANGEMENT OF REGULATIONS

Regulation Title

PART I
PRELIMINARY PROVISIONS

1. Citation.
2. Application.
3. Objectives.
4. Interpretation.

PART II
GREEN BONDS

5. Issuance of green bond.
6. Conditions for grant of approval.
7. Evaluation of application and grant of approval.

PART III
BLUE BONDS

8. Issuance of blue bond.
9. Conditions for issuance of blue bond.

10. Evaluation of application and grant of approval.

PART IV
SOCIAL BONDS

11. Issuance of social bond.
12. Conditions for grant of approval.
13. Evaluation of application and grant of approval.

PART V
SUSTAINABILITY-LINKED BONDS

14. Issuance of sustainability-linked bond.
15. Conditions for grant of approval.
16. Selection of key performance indicators.
17. Calibration of sustainability performance targets.
18. Bond characteristics.
19. Reporting.
20. Verification.

PART VI
GENERAL PROVISIONS

21. Assessment of environmental and social benefits.
22. Allocation of proceeds.
23. Management of proceeds.
24. Reporting and disclosures.
25. Annual sustainability bond progress report.
26. Appointment of external reviewer.
27. Cessation of external reviewer.
28. Removal of sustainability label.
- 29.

—————
SCHEDULE
—————

THE CAPITAL MARKETS AND SECURITIES ACT,
(CAP. 79)

REGULATIONS

(Made under section 148(1))

THE CAPITAL MARKETS AND SECURITIES (CORPORATE AND
SUBNATIONAL SUSTAINABILITY BONDS) REGULATIONS, 2025

PART I
PRELIMINARY PROVISIONS

- Citation **1.** These Regulations may be cited as the Capital Markets and Securities (Corporate and Subnational Sustainability Bonds) Regulations, 2025.
- Application **2.** These Regulations shall apply to all issuers of sustainability bonds in the United Republic of Tanzania and shall provide for terms and conditions for issuance of sustainability bonds.
- Objectives **3.** The objectives of these Regulations are to-
- (a) widen the scope of financing projects that have environmental or social positive impacts;
 - (b) provide guidance for the issuance of sustainability bonds for corporate and subnational;
 - (c) set conditions for management of bond proceeds and disclosures that aim to maintain integrity of the market and protect interests of investors;
 - (d) promote financial inclusion by taking on-board segments of society excluded due to lack of sustainability bonds;

- (e) promote and facilitate professional development on sustainable finance; and
- (f) enhance diversity of capital markets products and market liquidity.

Interpretation

4. In these Regulations, unless the context otherwise requires-

“bond” means a debt security issued for a term long financing that exceeds one year, which carries a fixed or variable rate of interest and is redeemable by the issuer after an agreed period;

“sustainability bond” means a debt security, where the proceeds are exclusively applied to finance new or existing eligible green and social projects;

“sustainability linked bond” means a general purpose bond where the issuer commits to achieve improvements in sustainability outcomes through the issuance of the bond within the defined timeline;

“blue bond” means a debt security which facilitates capital-raising and investments into new or existing eligible blue projects for resilience of marine and coastal ecosystems, including conservation and sustainable use of the oceans, seas, lakes, rivers, wetlands and marine resources for sustainable development;

“social bond” means a debt security which facilitates raising of a long term financing for new or existing eligible social projects;

“green bond” means a debt security which facilitates raising of long term financing for new or existing eligible green projects;

“key performance indicators” means metrics used to measure the performance of sustainability linked bonds;

“verification” means an authentication of the alignment of the sustainability bond with the internal or external standards or assertions made by the issuer;

- Cap. 79
- “Authority” means the Capital Markets and Securities Authority established under section 6(1) of the Act;
 - “eligible projects” mean projects that focus on environmental conservation, social and economic well-being in order to reduce impact of climate change;
 - “external reviewer” means an entity accredited or certified under standards acceptable by the Authority, which verifies allocations and tracking of proceeds of the sustainability bond and may include third party;
 - “issuer” means an entity which offers sustainability bond to the public for subscription;
 - “sustainability bond framework” means an expression of commitment by the issuer regarding compliance with sustainability bond standard acceptable by the Authority;
 - “Act” means the Capital Markets and Securities Act;
 - “subnational” means Government entities that operate below the national level including municipalities and Government agencies;
 - “trigger event” means the result of the observation regarding a key performance indicator achieving a predefined sustainability performance target that may cause a change in the characteristics of the bond;
 - “greenwashing” means misrepresentation of characteristics of a sustainability bond or the sustainable achievements done by an issuer whether intentional or due to negligence;
 - “sustainability performance target” means improvements in sustainability outcomes measured through key performance indicator to which the issuer commits to achieve within a predefined timeline; and
 - “prospectus” has the same meaning ascribed to it under the Act.

**PART II
GREEN BONDS**

Issuance of
green bond

5.-(1) The issuer shall not offer a green bond to the public for subscription unless he has obtained approval from the Authority.

(2) The issuer who intends to obtain an approval under subregulation (1) shall submit the application to the Authority through a letter accompanied by information as specified in the Schedule.

Conditions
for grant of
approval

6. The issuer who intends to obtain approval to issue a green bond shall fulfil the following conditions:

- (a) it is a company incorporated or subnational entity established by law in Tanzania;
- (b) have the infrastructure and human resources to effectively discharge its activities;
- (c) ensure that the prospectus does not contain provisions which are unfairly prejudicial to the interests of investors;
- (d) ensure that new or existing projects proposed to be financed by the proceeds of the green bond falls under the following categories:
 - (i) clean renewable and sustainable energy;
 - (ii) innovative energy and technologies efficient;
 - (iii) pollution prevention and control;
 - (iv) terrestrial and aquatic biodiversity conservation;
 - (v) clean transportation;
 - (vi) sustainable waste management including recycling efficient disposal of waste;
 - (vii) climate change adaptation;
 - (viii) climate change mitigation;
 - (ix) green buildings and infrastructures;
 - (x) sustainable management of natural resources and land use;

- (xi) eco-efficient or circular economy adapted products and production technologies; or
- (xii) any other category as may be specified by the Authority;
- (e) in case funds are raised for financing new and existing projects-
 - (i) provide estimate share of financing new and existing projects, where appropriate;
 - (ii) clarify which investments or project portfolios may be financed as existing projects; and
 - (iii) consider the lookback period for the financing of existing green projects;
- (f) for ensuring proper use of proceeds-
 - (i) commit to exclusive use of proceeds of bond for funding eligible products green projects;
 - (ii) demonstrate that the project to be financed by the bond proceeds, results in environmental benefits, within the local context of the business or activity; and
 - (iii) provide a description of the estimated proceeds allocation per green projects in case of multiple projects;
- (g) disclose to the Authority and the public the following information regarding green project evaluation and selection-
 - (i) internal process for classification of the proposed project as an eligible green project;
 - (ii) internal process for evaluation and selection of projects to be funded by the proceeds of green bond;
 - (iii) governance process by which the green projects are evaluated and selected including-

- (aa) details on who will be part of the process to select eligible projects for allocation of proceeds;
- (bb) the alignment with the use of proceeds categories, qualitative and quantitative inclusion criteria and, if applicable, exclusion criteria; or
- (cc) the alignment with official or market-based taxonomies, qualitative and quantitative criteria and if applicable, exclusion criteria;
- (iv) the internal process around the selection and approval of the proposed project;
- (v) environmental sustainability projects of the green projects and how the selected projects fit within the issuer's wider sustainability strategy, goals and objectives;
- (vi) process by which the issuer identifies and manages perceived social and environmental risks associated with the proposed project;
- (vii) description of measures taken to avoid or minimise negative impact of the project or activity including significant negative impact on the other environmental objectives or other vulnerable groups or social areas;
- (viii) any green standards or certification recognised by the Authority referenced in the proposed project; and
- (ix) alignment of the green bond framework with the applicable standard and principles;

- (h) disclose the following in respect of management of proceeds of green bond-
 - (i) internal mechanisms to manage and track the proceeds of green bond to ensure traceability of the use of invested proceeds as well as remaining unallocated balance;
 - (ii) mechanism to ensure that proceeds are used for objectives pre-agreed at the time of issuance of the bond;
 - (iii) proof of existence of a trust account in a licensed custodian bank for deposit of green bond proceeds;
 - (iv) manners on how the balance of the tracked proceeds shall be periodically adjusted in relation to allocations to eligible green projects made during that period; and
 - (v) types of temporary placement for the balance of unallocated proceeds; and
- (i) submit any other relevant information as directed by the Authority.

Evaluation of application and grant of approval

7.-(1) The Authority upon receipt of an application shall evaluate the application within forty-five days and after being satisfied that the application meets the approval requirements shall grant an approval.

(2) Where the application fails to meet the approval requirements, the Authority shall reject the application and shall, within five days, inform the issuer in writing explaining the grounds for rejection of the application.

(3) The approval granted shall contain terms and conditions as the Authority may determine and shall not be transferable.

(4) Subject to subregulation (1), the approval granted shall expire where the issuance is not commenced within one year from the grant of approval.

(5) The Authority may extend the commencement period under subregulation (4) where the issuer, upon application, provides sufficient reasons for the extension.

**PART III
BLUE BONDS**

Issuance of
blue bond

8.-(1) The issuer shall not offer a blue bond to the public for subscription unless he has obtained approval from the Authority.

(2) The issuer who intends to obtain an approval under subregulation (1) shall submit the application to the Authority through a letter accompanied by information as specified in the Schedule.

Conditions
for issuance
of blue bond

9. The issuer who intends to obtain approval to issue a blue bond shall fulfil the following conditions:

- (a) it is a company incorporated or subnational entity established by law in Tanzania;
- (b) have the infrastructure and human resources to effectively discharge its activities;
- (c) ensure that the prospectus does not contain provisions which are unfairly prejudicial to the interests of investors;
- (d) ensure that new or existing projects proposed to be financed by the proceeds of the blue bond falls under the following categories:
 - (i) investments in research, design, development, and implementation of clean water treatment solutions and efficient clean water supply;
 - (ii) investments in the value chain that avoid water or ocean pollution, including production, packaging and distribution of environmentally-friendly products;

- (iii) investments in research, design, development and implementation of measures to control plastic and chemical wastes pollution in coastal and terrestrial ecosystems;
- (iv) investments in research, design, development and management of waste water and pollution control measures in shipping vessels, shipping yards and ports;
- (v) investment in sustainable production and waste management that meet marine standards from relevant authorities;
- (vi) investment in restoration and conservation of aquatic ecosystems, including development of aquatic insurance products and information systems, technology and instruments deployed for measuring, tracking and reporting physical and chemical indicators of the water bodies;
- (vii) sustainable tourism services in the vicinity of aquatic conservation areas with inclusive livelihood elements and business opportunities;
- (viii) nature-based freshwater and marine tourism centres showcasing the environment and disseminating research, innovations and knowledge about lakes, rivers, wetlands, reefs, and other aquatic ecosystems;
- (ix) offshore wind energy facilities including fisheries' sanctuaries for juveniles of certain marine species, development of artificial reef elements and other additional measures

- promoting marine biodiversity provided that, the proceeds shall not be allocated to offshore oil and gas sector as well as marine extraction of seabed minerals; and
- (x) any other category as may be specified by the Authority;
- (e) in case funds are raised for financing new and existing projects-
 - (i) provide estimate share of financing new and existing projects, where appropriate;
 - (ii) clarify which investments or project portfolios may be financed as existing projects; and
 - (iii) consider the lookback period for the financing of existing blue projects;
- (f) for ensuring proper use of proceeds-
 - (i) commit to exclusive use of proceeds of bond for funding eligible products blue projects;
 - (ii) demonstrate that the project to be financed by the bond proceeds, results in environmental benefits, within the local context of the business or activity; and
 - (iii) provide a description of the estimated proceeds allocation per blue projects in case of multiple projects;
- (g) disclose to the Authority and the public the following information regarding blue project evaluation and selection:
 - (i) internal process for classification of the proposed project as an eligible blue project;
 - (ii) internal process for evaluation and selection of projects to be funded by the proceeds of blue bond;

- (iii) governance process by which the blue projects are evaluated and selected including-
 - (aa) details on who will be part of the process to select eligible projects for allocation of proceeds;
 - (bb) the alignment with the use of proceeds categories, qualitative and quantitative inclusion criteria and, if applicable, exclusion criteria; or
 - (cc) the alignment with official or market-based taxonomies, qualitative and quantitative criteria and if applicable, exclusion criteria;
- (iv) the internal process around the selection and approval of the proposed project;
- (v) environmental sustainability projects of the blue projects and how the selected projects fit within the issuer's wider sustainability strategy, goals and objectives;
- (vi) process by which the issuer identifies and manages perceived social and environmental risks associated with the proposed project;
- (vii) description of measures taken to avoid or minimise negative impact of the project or activity including significant negative impact on the other environmental objectives or other vulnerable groups or social areas;

- (viii) any green standards or certification referenced in the proposed project, recognised by the Authority; and
- (ix) alignment of the green bond framework with the applicable standard and principles;
- (h) disclose the following in respect of management of proceeds of blue bond:
 - (i) internal mechanisms to manage and track the proceeds of blue bond to ensure traceability of the use of invested proceeds as well as remaining unallocated balance;
 - (ii) mechanism to ensure that proceeds are used for objectives pre-agreed at the time of issuance of the bond;
 - (iii) proof of existence of a trust account in a licensed custodian bank for deposit of blue bond proceeds;
 - (iv) manners on how the balance of the tracked proceeds shall be periodically adjusted in relation to allocations to eligible green projects made during that period; and
 - (v) types of temporary placement for the balance of unallocated proceeds; and
- (i) submit any other relevant information as directed by the Authority.

Evaluation of application and grant of approval

10.-(1) The Authority shall, upon receipt of an application, evaluate the application within forty-five days and after being satisfied that the application meets the approval requirements shall grant an approval.

(2) Where the application fails to meet the approval requirements, the Authority shall reject the application and shall, within five days, inform the issuer in writing explaining the grounds for rejection of the application.

(3) The approval granted shall contain terms and conditions as the Authority may determine and shall not be transferable.

(4) Subject to subregulation (1), the approval granted shall expire where the issuance is not commenced within one year from the grant of approval.

(5) The Authority may extend the commencement period under subregulation (4) where the issuer upon application provides sufficient reasons for the extension.

PART IV SOCIAL BONDS

Issuance of
social bond

11.-(1) The issuer shall not offer a social bond to the public for subscription unless he has obtained approval from the Authority.

(2) The issuer who intends to obtain an approval under subregulation (1), shall submit the application to the Authority through a letter accompanied by information as specified in the Schedule.

Conditions
for grant of
approval

12. The issuer who intends to obtain approval to issue a social bond shall fulfil the following conditions:

- (a) it has to be a company incorporated or subnational entity established by law in Tanzania;
- (b) have the infrastructure and human resources to effectively discharge its activities;
- (c) ensure that the prospectus does not contain provisions, which are unfairly prejudicial to the interests of investors;
- (d) ensure that new or existing projects proposed to be financed by the proceeds of the social bond falls under the following categories:
 - (i) affordable basic infrastructure including clean drinking water, sewers, sanitation, transport and energy;

- (ii) access to essential services including education and vocational training, health, telecommunication, financing and financial services;
 - (iii) affordable housing including construction, renovation and maintenance, provision of housing loans, development and provision of rental housing;
 - (iv) employment generation including small and medium enterprise financing, skills development for employability and entrepreneurship;
 - (v) food security including sustainable farming and fishery, agricultural credit and insurance, crop innovation, infrastructure development for agriculture and aquaculture;
 - (vi) socio-economic advancement and empowerment including targeted financing schemes such as loans to women- or youth-owned businesses social support services such as rehabilitation, counselling and integration programmes;
 - (vii) development of community centres and facilities; and
 - (viii) any other category as may be specified by the Authority;
- (e) ensure that eligible projects target the following population groups:
- (i) living below the poverty line;
 - (ii) unemployed;
 - (iii) with special needs;
 - (iv) migrants or displaced persons;
 - (v) limited access to formal education;

- (vi) people with limited access to essential social services;
 - (vii) women;
 - (viii) elderly and vulnerable youth;
 - (ix) vulnerable groups including those affected by natural disasters; and
 - (x) any other category as may be specified by the Authority;
- (f) in case funds are raised for financing new and existing projects-
- (i) provide estimate share of financing new and existing projects, where appropriate;
 - (ii) clarify which investments or project portfolios may be financed as existing projects; and
 - (iii) provide estimate share of financing new and existing projects, where appropriate;
- (g) for ensuring proper use of proceeds-
- (i) commit to exclusive use of proceeds of bond for funding eligible products social projects;
 - (ii) demonstrate that the project to be financed by the bond proceeds, results in environmental benefits, within the local context of the business or activity; and
 - (iii) provide a description of the estimated proceeds allocation per social project in case of multiple projects;
- (h) disclose to the Authority and the public the following information regarding social project evaluation and selection:
- (i) the intended social objectives;
 - (ii) any social standards or certifications referenced in project selection;
 - (iii) the process by which the issuer determines how the projects fit within

- the eligible social project categories identified;
 - (iv) the related eligibility criteria including, if applicable, exclusion criteria or any other process applied to identify and manage potential social and environmental risks associated with the social projects;
 - (v) alignment of the issuer's social bond framework with the applicable standard and principles; and
 - (vi) the information prescribed under subparagraph (v) within the context of its overarching objectives, strategy, policy or processes relating to social sustainability bond;
- (i) disclose the following in respect of management of proceeds of social bond:
- (i) establish clearly defined internal mechanisms to manage and track the proceeds of social bonds to ensure traceability of the use of invested proceeds as well as remaining unallocated balance;
 - (ii) ensure that proceeds are used for pre-agreed objectives at the issuance;
 - (iii) proof of existence of a trust account in a licensed custodian bank for deposit of social bond proceeds;
 - (iv) manner on how the balance of the tracked net proceeds shall be periodically adjusted in relation to allocations to eligible social projects made during that period; and
 - (v) ensure that the social bond proceeds are used exclusively for the eligible social projects defined in the prospectus; and

- (j) submit any other relevant information as directed by the Authority.

Evaluation of application and grant of approval

13.-(1) The Authority upon receipt of an application shall evaluate the application within forty-five days and after being satisfied that the application meets the approval requirements shall grant an approval.

(2) Where the application fails to meet the approval requirements, the Authority shall reject the application and shall, within five days, inform the issuer in writing explaining the grounds for rejection of the application.

(3) The approval granted shall contain terms and conditions as the Authority may determine and shall not be transferable.

(4) Subject to subregulation (1), the approval granted shall expire where the issuance is not commenced within one year from the grant of approval.

(5) The Authority may extend the commencement period under subregulation (4) where the issuer upon application provides sufficient reasons for the extension.

PART V SUSTAINABILITY-LINKED BONDS

Issuance of sustainability-linked bond

14.-(1) The issuer shall not offer a sustainability-linked bond to the public for subscription unless he has obtained approval from the Authority.

(2) The issuer who intends to obtain an approval under subregulation (1) shall submit the application to the Authority through a letter accompanied by information as specified in the Schedule.

Conditions for grant of approval

15. The issuer who intends to obtain approval to issue a sustainability-linked bond shall fulfil the following conditions:

- (a) has to be a company incorporated or subnational entity established by law in Tanzania;

- (b) has infrastructure and human resources to effectively discharge its activities; and
- (c) ensure that the prospectus does not contain provisions which are unfairly prejudicial to the interests of investors.

Selection of key performance indicators

16.-(1) The issuer shall select external or internal sustainability key performance indicators that are relevant sustainability performance of the business of the issuer and in selecting the key performance indicators shall ensure that the indicators are-

- (a) under control of the issuer;
- (b) relevant and material to the sustainability business strategy of the issuer;
- (c) addressing environmental, social or governance challenges of the relevant industry sector;
- (d) measurable or quantifiable on a consistent methodological basis;
- (e) verifiable by external reviewer; and
- (f) benchmarked using an external reference or definitions to facilitate the assessment of the sustainability performance targets level of ambition.

(2) The issuer shall ensure that the prospectus of the sustainability-linked bond contains the following:

- (a) the rationale and process on the selection of key performance indicators;
- (b) how the key performance indicators fit into the sustainability strategy of the issuer; and
- (c) a clear definition of the key performance indicators including the applicable scope or perimeter and the calculation methodology.

Calibration of sustainability performance targets

17.-(1) The issuer shall calibrate sustainability performance targets per key performance indicators to express level of ambition that the issuer is ready to commit to, and thus considers realistic.

(2) The issuer shall disclose strategic information that may impact the achievement of the sustainability performance targets of the business of the issuer.

(3) The sustainability performance targets shall comprise the following features:

- (a) represent a material improvement in the respective key performance indicators;
- (b) be compared to a benchmark or an external reference, where possible;
- (c) be consistent with the sustainability bond framework of the issuer; and
- (d) be determined on a predefined timeline, set before or concurrently with the issuance of the bond.

(4) Subject to subregulation (1), the target setting exercise for the sustainability performance targets shall be based on a combination of the following benchmarking approaches:

- (a) performance of the issuer, which can include measurement track record on the selected key performance indicators for a minimum of three years, and where applicable, indicate prospective key performance indicator;
- (b) performance of the peers of the issuer including comparison of the sustainability performance targets of the issuer versus those of its peers or sector standard; and
- (c) reference to science and science-based scenarios in determining relevant environmental and social target including official targets and recognised technologies or other proxies.

(5) The issuer shall ensure that the prospectus of the sustainability-linked bond contains following:

- (a) description and definition of sustainability performance targets;
- (b) motivation for the outlined sustainability performance targets indicating ambition level

- and consistency with issuer's overall strategic planning;
- (c) relevant benchmarking approaches set out in subregulation (4);
- (d) timelines for the target achievement, including the observation period, trigger event and frequency of the sustainability performance targets;
- (e) verified baseline selected for improvement of key performance indicators as well as the rationale for that baseline to be used;
- (f) situations in which recalculations or pro-forma adjustments of baselines can take place; and
- (g) any other key factors beyond control of the issuer that may affect achievement of the sustainability performance targets.

Bond characteristics

18.-(1) The financial or structural characteristics of a sustainability-linked bond may vary depending on the selected key performance indicators reaching the predefined sustainability performance targets.

(2) The variation of the bond characteristics shall be commensurate and meaningful compared to the original bond characteristics.

(3) The sustainability-linked bond shall include a financial or structural impact involving trigger event.

(4) The issuer shall disclose in the prospectus-

- (a) the potential variation of the sustainability-linked bond's characteristics;
- (b) any fall-back mechanisms in case the sustainability performance targets cannot be calculated or observed in a satisfactory manner;
- (c) where necessary, potential exceptional that may-
 - (i) impact the calculation of key performance indicator;
 - (ii) cause restatement of the sustainability performance targets;

- (iii) lead to provisional adjustments of baselines; or
- (iv) cause change in the scope of key performance indicator; and
- (d) restatement policy in respect of changes in the key performance indicators and sustainability performance target.
- (5) Where there is any material change to key performance indicators, methodology or sustainability performance targets calibration prior to maturity of the sustainability-linked bond, the issuer shall disclose the following:
 - (a) communicate the rationale and discretion for restatement;
 - (b) appoint an external reviewer to assess any changes; and
 - (c) publish the external review report on website throughout the tenure of the bond.

Reporting

- 19.-(1)** The issuer of the sustainability-linked bond shall publish and ensure easy accessibility of the following information on the website throughout the tenure of the bond:
- (a) up-to-date information on the performance of the selected key performance indicators, including baselines;
 - (b) a verification assurance report which includes an assessment on the issuer's performance against the sustainability performance targets as well as its related impacts and timing of such impacts, on the bond's characteristics;
 - (c) a qualitative or quantitative explanation of the contribution of the main factors, including mergers and acquisition activities, behind the evolution of the key performance indicator;
 - (d) an illustration of the sustainability impacts of the performance improvement; and

(e) any information enabling investors to monitor the level of ambition of the sustainability performance targets.

(2) The reporting on the sustainability-linked bond shall be published at least annually, and in any case at any period relevant for assessing the sustainability performance targets performance leading to a potential adjustment of the sustainability-linked bond's characteristics.

Verification

20.(1) The issuer shall seek independent and external verification of their performance level against each sustainability performance targets for each key performance indicators by an external reviewer.

(2) The verification shall be carried out at least annually, and in any case for any period relevant for assessing the sustainability performance targets performance leading to a potential adjustment of the sustainability-linked bond's characteristics, until after the last sustainability performance target trigger event of the bond has been reached.

(3) The external reviewer shall disclose relevant credentials, expertise and scope of the verification conducted in the verification assurance report.

(4) The verification assurance report shall be made publicly available on the website throughout the tenure of the bond.

(5) The verification assurance report shall be submitted to the Authority and in case of listed securities, to the stock exchange.

PART VI GENERAL PROVISIONS

Assessment
of
environmental
and social
benefits

21. The issuer of a sustainability bond shall establish quantifiable metrics for assessing the environmental and social benefits of eligible projects, where applicable.

Allocation of proceeds

22.-(1) The issuer of sustainability bond shall ensure that the proceeds allocated to eligible projects are in-line with the sustainability bond framework.

(2) Where a project in a portfolio cease to qualify as an eligible project, the proceeds originally allocated shall be reallocated to other eligible projects.

(3) Subject to subregulation (2), the issuer shall notify in writing the Authority and the stock exchange in the case of listed securities, within seven days from the date of cessation including the reasons for cessation.

Management of proceeds

23. The issuer of sustainability bond shall ensure that the bond proceeds are managed per bond or on aggregated basis.

Reporting and disclosures

24.-(1) The issuer shall submit to the Authority, and in case the securities are to be listed, to the stock exchange, the prospectus accompanied by a sustainability bond framework.

(2) The framework stated under subregulation (1) shall include the following information:

- (a) a statement of intention of reporting on the impact of the bond issued, detailing among others reporting frequency, duration and level of impact;
- (b) description of the qualitative and quantitative impact performance indicators that will be used to demonstrate contribution to environmental or social objectives per project category;
- (c) description of the key underlying methodology or assumptions that will be used in the quantitative determination;
- (d) estimated lifetime results of the project to provide users with a basis for understanding the impact of the project over its lifetime; and
- (e) a statement on alignment with standards and principles applicable to the Authority.

Annual
sustainability
bond
progress
report

25.-(1) The issuer shall prepare annual sustainability bond progress report throughout tenure of the bond to ensure the ongoing transparency and regular disclosure of information about the status of the bond proceeds.

(2) The sustainability bond progress report shall include-

- (a) confirmation of the allocation of the bond proceeds to eligible projects and assets where the reporting shall be done within fourteen days following full allocation or material developments;
- (b) confirmation of the characteristics or performance of eligible projects and assets that support their eligibility to be associated with the bond;
- (c) description of each project and the corresponding amount disbursed;
- (d) specification of the project that has been financed or re-financed;
- (e) impact reporting by disclosing the indicators that reflect the expected or actual impact of eligible projects and assets which shall be based on estimates developed prior to project implementation on aggregated portfolio basis or individual bond basis and in case of individual bond basis approach, the issuer shall make reference on international securities identification number;
- (f) the qualitative and where feasible, the quantitative, key performance indicators used to measure the environmental and social impact of the projects;
- (g) the underlying methodology or assumptions used in preparing the key performance indicators;
- (h) confirmation of the ongoing eligibility of the projects qualifying as eligible projects;

- (i) the balance and type of temporary placement for the unallocated bond proceeds;
- (j) the expected remaining timeframe for completion of the projects; and
- (k) where confidentiality agreements, competitive considerations or a large number of underlying projects limit the amount of details that can be disclosed, the information shall be presented in generic terms or on an aggregated portfolio basis, provided that, the information provided shall be sufficient to enable investors and the Authority to formulate their opinion on the credibility of the projects.

(3) The progress report of the project shall be made available on the website with the date that it was prepared.

Appointment
of external
reviewer

26.-(1) The issuer shall appoint an external reviewer recognised by the Authority to carry out the following:

- (a) a pre-issuance review on the credentials of the projects to be funded by the sustainability bond proceeds to assess and confirm that-
 - (i) the projects to be funded by the bond proceeds qualify to be categorised as eligible sustainability projects;
 - (ii) the issuer has established appropriate internal policies, processes, controls and governance mechanisms to comply with the requirements for issuance of sustainability bond; and
 - (iii) a pre-issuance review report clearly states the procedures performed as part of their review and the conclusion reached;
- (b) a post-issuance review on the sustainability bond issued to assess and confirm that-
 - (i) sustainability bond that has been issued is in line with the sustainability bond framework;

- (ii) internal processes examined during the pre-issuance external review are working as expected;
- (iii) any updated reports by the issuer, or internal processes are appropriate; and
- (iv) proceeds have been allocated in conformity with the information provided on the eligibility and impacts for the projects and assets.

(2) The external reviewer shall prepare report on the performance of the sustainability bond and compliance with the sustainability bond framework.

(3) The issuer shall ensure that the report produced by the external reviewer is published on the website and submitted to the Authority and in case of listed securities, to the stock exchange.

(4) The external reviewer shall not assess the same project for more than two consecutive terms of three years.

Cessation of external reviewer

27. Where the external reviewer ceases to act for an issuer, the issuer shall notify the Authority in writing within seven days stating reasons for cessation.

Removal of sustainability label

28. The Authority may require the removal of the sustainability label from an approved sustainability bond where it is noted by the Authority or through the report of the external reviewer that there has been greenwashing or the sustainability bond has ceased to meet the prescribed eligibility requirements.

*Capital Markets and Securities (Corporate and Subnational Sustainability
Bonds) Regulations*

GN. No. 302 (Contd)

SCHEDULE

(Made under regulation 5(2), 8(2), 11(2) and 14(2))

**REQUIREMENTS FOR ISSUANCE OF A SUSTAINABILITY
AND SUSTAINABILITY LINKED BOND**

S/ N	Require ment	Criteria
1.	Share capital	Paid up share capital and reserves shall not be less than Tanzania. Shilling five hundred million (TShs. 500m) and shall be maintained at that level during the period the notes remain outstanding.
2.	Track record	The issuer shall have made profits in at least two of the last three financial periods preceding the application for the issue.
3.	Debt ratio	Total indebtedness including the new issue of bonds shall not exceed 400% of the issuer's net worth (or a gearing ratio of 4:1) as at the date of the latest balance sheet.
4.		The funds from operations to total debt for the three trading periods preceding the issue shall be maintained at a weighted average of 40% or more.

Note: The conditions prescribed under items 1-4 above shall be maintained as long as the corporate bonds remain outstanding.

5.	Offer document	(1) The offer document must be accompanied by an accountant's report covering the last three years audited accounts preceding the issue.
		(2) The accountant's report shall disclose a pro-forma balance sheet, a profit and loss account following the issue.
		(3) The following ratios for the last three financial years preceding the issue:
		(a) earnings before interest and taxes interest cover;
		(b) funds from operation to total debt percentage;
		(c) free cash flow to total debt repayment cover;
		(d) total free cash flow to short term obligations;
		(e) net profit margin;
		(f) post-tax return (before financing) on capital employed;
		(g) long term debt to capital ratio employed;
		(h) total debt to equity ratio.
6.	Cash flow projections	The issuer shall submit to the Authority the cash flow projection for the subsequent twelve months for regulatory purposes.

7.	Publication of accounts	(1) The issuer shall publish in at least two reputable daily newspapers as may be designated in that behalf by the Authority, half yearly management accounts.
		(2) The issuer shall submit one set of audited annual accounts each year during the period the corporate bond remains outstanding.
8.	Size of the issue	(1) The minimum size of the issue shall be Tanzania Shillings one billion (TZS 1,000,000,000/=).
		(2) The minimum issue lot shall be Tanzania Shillings one hundred thousand (TZS 100,000/=).
9.	Timing	The offer shall not exceed thirty working days unless otherwise directed by the Authority.
10.	Announcement	The issuer shall make a public announcement, approved by the Authority, in the print media one week prior to the issue.
11.	Advisers	The issuer shall appoint advisers for the issue from amongst licensed banks, investment advisers and stockbrokers.
12.	Placing agents	The issuer shall appoint placing agents for the issue from amongst licensed banks, investment advisers and stockbrokers.
13.	Receiving bank	The issuer shall appoint a receiving bank for the issue and payments shall be in the issuer's name and shall be deposited in a designated account.

14.	Registrar	The issuer shall appoint a registrar for the issue.
15.	Guarantee bond	<p>(1) Where there is a guarantor, the issuer may be exempted from the requirements set out in items 1 to 7 above provided that the guarantor shall fulfill those conditions.</p> <p>(2) If the guarantor is a bank, then the Bank of Tanzania has to consent to the guarantee and if the guarantor is an insurance company, then the Insurance Supervisory Department has to consent to the guarantee. In addition, the guarantor has to provide the Authority with a financial capability statement duly certified by the guarantor's auditors.</p> <p>(3) Details of any assets which may be used as security for the debt.</p> <p>(4) Final repayment dated and any earlier repayment dates.</p> <p>(5) Date from which interest becomes payable and the due dates for interest.</p> <p>(6) Details of any guarantee of or surety for the payment of principal or interest amount including a copy of the proposed contract with guarantor where applicable.</p> <p>(7) Names, function, description and head office of the trustee or other representative of the debt security holders.</p> <p>(8) The terms of the trusteeship or representation including a copy of the proposed trustee agreement and a proposed contract with guarantor, where applicable.</p>

CERTAIN MATTERS TO BE STATED ON FIRST PAGE OF PROSPECTUS		
16.		A prospectus submitted to the Authority for approval shall state in clearly legible and more prominent letters on its first page a section headed "CAUTION" that—
		"A copy of this Prospectus has been delivered to the Authority for approval and the Registrar of Companies of registration.
		"The securities offered have not been approved or disapproved by the Authority.
		"Prospective investors should carefully consider the matters set forth under the caption "risk factors".

INFORMATION TO BE STATED IN PROSPECTUS

	A prospectus submitted to the Authority for approval shall include the following information:
--	---

Capital Markets and Securities (Corporate and Subnational Sustainability Bonds) Regulations

GN. No. 302 (Contd)

1 7 .	Rights of holders	The rights applicable to holders of the shares as regards dividends, capital, pre-emptive rights to subscribe to new issues of shares, redemption (where applicable), voting rights and the creation or issue of further shares of equal priority with the shares.
1 8 .	Information on bankers	The name(s) and business address(es) of the major bank(s) providing services to the issuer as lender, provider of credit facilities, or guarantor of any indebtedness and the name and business address of any registrar appointed by the issuer to provide services with respect to the issuer.
1 9 .	Information on legal status and affairs of issuer	<p>(1) A brief of the initial organization of the business, including the form and name under which the initial organization took place.</p> <p>(2) The nature and results of any bankruptcy, receivership or similar proceedings with respect to the issuer.</p> <p>(3) The nature and results of any other material reclassification, merger, or consolidation of the issuer or any of its significant subsidiaries.</p> <p>(4) The acquisition or disposition of any material amount of assets otherwise than in the ordinary course of business and any material changes in the mode of conducting the business.</p> <p>(5) A summary of the material provisions of the articles of association with respect to annual general meetings of shareholders, voting rights of shareholders, the election and removal of directors and the rights of directors to vote on proposals in which they have a personal interest.</p> <p>(6) A legal opinion including but not limited to the following:</p> <p>(a) whether all licenses and consents required to perform the business or proposed business of the issuer have been duly obtained;</p> <p>(b) the validity of evidence of ownership of land, plant and equipment and other important and relevant assets of the issuer;</p> <p>(c) any agreements or contracts with respect to the proposed issue of securities including where applicable but not limited to underwriting contracts, agreements or contracts with any securities exchange, registrar and trustees of bonds, debentures or other credit securities;</p> <p>(d) any material litigation, prosecution or other civil or criminal legal action in which the issuer or any of its directors is involved;</p> <p>(e) whether the existing capital of the issuer and any proposed changes thereto is in conformity with applicable laws and has received all necessary authorisations; and</p>

Capital Markets and Securities (Corporate and Subnational Sustainability Bonds) Regulations

GN. No. 302 (Contd)

		(f) any other material items with regard to the legal status of the issuer and the proposed issue.
--	--	--

20.	Information relating to Directors	<p>(1) A brief account of the business experience during the preceding five years of each director or person nominated to be a director including his principal occupation in any company in which he was employed.</p> <p>(2) Whether any director, executive officer, person nominated to become a director or executive officer is or has been involved in any of the following events-</p> <p>(a) such person or any partnership in which he was a partner or any company of which he was an executive officer, is or has been the subject of a filing of a petition under any bankruptcy law;</p> <p>(b) such person has been convicted in a criminal proceeding or is a named subject of a ruling of a court of competent jurisdiction or any governmental body, that permanently or temporarily prohibited him from acting as an investment adviser or as a director or employee of a broker or dealer, director or employee of any financial institution or engaging in any type of business practice or activity.</p> <p>(3) The number of each class of shares of the issuer held by each director.</p>

		<p>(4) Whether any director has the intention to sell any holdings in the same class of securities to be issued by the issuer in the public distribution within a period of one year after the conclusion of the public distribution.</p> <p>(5) Details of any material acquisitions or disposals of share capital of the issuer by each director within a one-year period prior to the public distribution.</p> <p>(6) Material details of all options to purchase securities of the issuer or any subsidiary or holding company of the issuer, granted to be purchased or excised by each director within one-year period prior to the public distribution.</p> <p>(7) Details of any existing contracts between the directors and the issuer.</p>

21.	Debt of issuer	In relation to the issuer and its subsidiaries, any material outstanding indebtedness, including bank loans, overdrafts, debentures, hire purchase agreements, mortgages, bank acceptance credits and financial guarantees by the issuer and other contingent liabilities shall be indicated in the prospectus; and the particulars shall include the date, maturity and character of such indebtedness, rate of interest, basic repayment provisions and any provisions which allow for the conversion of such debt into another class of securities of the issuer.
22.	Land and fixed assets of issuer and subsidiaries	(1) Particulars of the location, area, or tenure, including, in the case of leaseholds, the rent and unexpired term, of the factories and main buildings.
		(2) Particulars about the primary plant and equipment, including cost, age, model and vendor, indicating whether such plant and equipment is expected to be replaced within two years after the conclusion of the public distribution.
23.	Valuation report	A valuation report with respect to the estimated value of the land and property and equipment mentioned in item 7 above shall be provided if required to the Authority.

24.	Material contracts	The dates of and parties to all material contracts, other than contracts entered into in the ordinary course of business, entered into within two years immediately preceding the publication of the prospectus together with a summary of the principal contents of each contract including particulars of any consideration passing to or from the issue or any subsidiary shall be indicated in every prospectus.
25.	Risk factors	In relation to the business of the issuer information should be presented on; any new venture risks, construction risks, licensing risks, potential increased competition, regulation, dependence on key personality, taxation, level of indebtedness, dilution unexpectedness of dividend.
26.	Use of proceeds of the issue	A statement on the intended use of the net proceedings of the issue including transient use of the proceeds.
27.	Information on business of the issuer	(1) A prospectus submitted to the Authority shall be accompanied by a statement showing the financial performance of the issuer and its subsidiaries during the preceding five financial years containing a breakdown between the more important business activities together with an explanation of the reasoning for the breakdown including but not limited to the following information:

		(a) the principal products produced or services rendered or to be rendered and the principal markets for and methods of distribution of, the principal products and services;
		(b) a description of the status of the development of products or service (e.g. whether in the planning stage, whether prototypes exist, the degree to which product design has progressed or whether further engineering is necessary) and whether such development will require substantial investment; and the summary of research and development expenditures for the business should also be provided;
		(c) in the case of a manufacturing enterprise, the sources and availability of new materials and the extent of dependence on any single supplier;
		(d) the importance to the business activity and the duration and effect of all material patents, trademarks, licences, franchisees, and concessions held;
		(e) the extent of dependence of the business activity upon a single customer or group of customers;
		(f) the seasonality, if any, of the business activity;
		(g) a description of the current level of backlog orders and assignments for the business activity, the development of such orders and assignments over the past year and prospects for such orders or assignments;

		(h) the number of persons employed by the issuer in the business activity;
		(i) a breakdown of the revenues of the business activity into those that arise from domestic saddles and those that arise from exports of products or services.
		(2) The issuer shall furnish to the Authority a statement analysing the financial statements by a professionally qualified accountant included in the prospectus, and of other statistical data, that serves to explain the present and prospective financial conditions of the issuer, and the analysis shall include–
		(a) any trends, demands, commitments events or uncertainties known to the issuer that shall result in or are reasonably likely to result in material increase or decrease in the issuer's liquidity;
		(b) the issuer's material commitments for capital expenditures which indicates the purpose of such commitments, the anticipated source of funds needed to fulfil such commitments, the currency in which such commitments are denominated, and any measures that the issuer plans to take to hedge any resulting foreign currency exposure
		(c) the extent to which the issuer's future operating results or financial condition are exposed to fluctuations in exchange rates or interest rates; information provided should include information on all foreign currency borrowings or commitments denominated in a foreign currency, as well as indebtedness for which the interest rate payable is not fixed in advance;
		(d) material product developments, events, trends, competitive conditions expected and uncertainties known to the directors that may cause reported financial information not to be indicative of future operating results or of future financial conditions;

		(e) any unusual or infrequent events or transactions or any significant economic changes that affected the amount of reported income for the audited financial statements that appear in the prospectus with emphasis on the latest financial statements included therein and a description of any other significant components of revenues or expenses that in the issuer's judgment should be described in order to understand the issuer's operational results;
		(f) to the extent that the financial statements appearing in the prospectus disclose material increases in net sales or revenues, an analysis of the extent to which such increases can be attributed to increases in prices or to increases in the volume or amount of goods or services sold or to the introduction of new products or services;
		(g) the impact of inflation and changing prices on the issuer's net sales and revenues and on operating income for the three most recent financial years of the issuer or for such shorter period in which the issuer has been in business;
		(h) future prospects of the issuer with respect to cash flow and profits.
		(3) The issuer shall also provide the following items to the Authority:
		(a) a copy of its memorandum and articles of association;
		(b) a copy of all required authorisations with respect to the "Risk Factors" part;

		(c) where applicable, a copy of proposed underwriting agreements and contracts, proposed agreements with securities exchanges for the listing of the securities to be offered, proposed agreements of contracts with a registrar; and
		(d) with respect to the public distribution of debt securities, a copy of the proposed trustee agreement, and where applicable, a proposed contract with a guarantor.
28.	Information memorandum	(1) Every offer document shall be dated and that date, unless the contrary is proved, shall be deemed to be the date of publication.
		(2) Every offer document must contain matters specified to be included in the regulations made by the Minister responsible for finance or by the Authority or any other relevant authority.
		(3) All forms for application of shares or debentures (including bonds) must be contained in the offer document.
		(4) All experts whose statements are contained in the offer document have given and have not, before the delivery of the offer document for registration, withdrawn their written consent to the issue.

		(5) No offer document shall be issued unless on or before the date of its publication there has been delivered a copy signed by every person named therein as a director thereof to the Registrar of Companies for registration.
		(6) Every offer document shall state that a copy has been delivered for registration as required and specify or refer to statements included in the offer document which specify any documents required to be endorsed on or attached to the delivery copy.

Dodoma
15th may 2025

MWIGULU LAMECK NCEMBA MADELU
MINISTER OF FINANCE