Contents

02 I - Introduction

03 Company Overview

04 Sustainability Strategy

05 Fostering Entrepreneurship in Business

06 Contributing to Community

07 Reducing Environmental Impact

09 Governance Structure

II - Our Sustainability Bond Framework

11 Use of Proceeds

14 Process for Project Evaluation and Selection

14 Management of Proceeds

15 Reporting

15 Sample Impact Metrics

16 External Review

18 III - Disclaimer
I - Introduction
I - Introduction

Company Overview

MercadoLibre, Inc. ("MercadoLibre," "the Company," "we," "us," "our") hosts the largest online commerce and fintech ecosystem in Latin America. Our efforts are centered on enabling e-commerce and financial services through our platform of technology services.

We are present in 18 countries, including Argentina, Brazil, Mexico, Colombia, Chile, Venezuela and Peru, and employ over 14,000 people in the region as of September 2020. Based on unique visitors and page views, we are market leaders in each of the major countries where we operate. MercadoLibre is a Delaware incorporated, publicly listed company trading on the NASDAQ since 2007.

Through our online platforms and their related services, we provide users with robust online commerce and finance tools that contribute to the development of a large and growing digital business ecosystem throughout Latin America (a region with a population of over 655 million people and one of the fastest-growing Internet penetration rates in the world), while fostering entrepreneurship and social mobility.

Mercado Libre’s Ecosystem
Sustainability Strategy

Our company was born with a purpose: to democratize commerce and money by deploying technology to level the playing field between large companies, small businesses and entrepreneurial individuals. We are guided by the conviction that entrepreneurial endeavors are the main agents of change in society.

Consequently, through what we call the Entrepreneurial Effect, we seek to promote sustainable change in the three pillars of our sustainability strategy:

- fostering entrepreneurship in business;
- contributing to the communities in which we operate; and
- reducing our environmental impact.

Mercado Libre’s Sustainability Strategy
Fostering Entrepreneurship in Business

We seek to foster the power of entrepreneurship through two major initiatives: (i) driving financial inclusion by providing credit to underbanked or unbanked micro, small and medium sized enterprises (MSMEs), and (ii) supporting entrepreneurs whose projects contribute to environmental, social and economic goals ("triple impact entrepreneurs").

MSME Financing: Mercado Credito, our financing business, awarded over U.S.$500 million in loans during 2019, targeting MSMEs in Argentina, Brazil and Mexico. Some important characteristics of the portfolio include:

+350,000 MSMEs financed. The majority of these MSMEs have 5 or fewer employees and no alternative access to financing. 46% of the credits in the portfolio were granted to women-owned businesses.

Mercado Credito is a critical source of credit to entrepreneurs in the region who have no other access to financing. By leveraging information about the entrepreneur’s activity on the MercadoLibre ecommerce platform, Mercado Credito is able to make an informed assessment of the credit risk profile of these MSMEs. Mercado Credito uses certain financial risk-sharing strategies through FIDCs (in Brazil) and Fideicomisos (in Mexico) to leverage the portfolio and raise additional capital to further grow this lending activity.

Support for Triple Impact entrepreneurs: we work in tandem with, finance, and help scale entrepreneurs with triple impact projects, through diverse programs we jointly run with renown organizations:

- We merchandise and market sellers of sustainable and sustainably sourced products on our marketplaces through special product categories and promotional campaigns.

- We strive to procure from sustainable suppliers through our SPP, which grants certified suppliers preferential treatment in procurement processes.

- We support social entrepreneurs selected by Ashoka, a non-profit that identifies and supports the world’s leading social entrepreneurs, through mentorship and support.

- An online training cycle for entrepreneurs with economic, social and environmental impact throughout Latin American. The initiative seeks to strengthen projects that require new tools and support to create an impact and accelerate their business growth in Argentina, Brazil, Chile, Colombia, Mexico and Uruguay.
**Contributing to Community**

We are committed to supporting growth and empowering two target groups within our working communities – women and young adults – through a series of initiatives aimed at building their digital capabilities.

**Women**

**chicas en tecnología**

We seek to promote more women in science, technology, engineering and math (STEM) careers through our work with Chicas en Tecnología, a non-profit in Argentina seeking to reduce the gender gap in technology in the region.

**Young adults**

**CEIBAL:** Program intended to train young adults between the ages of 17 and 26 who have completed the basic cycle of high school. The courses and all materials necessary for the program are provided free of charge. More than 50% of participants are women.

**Forge and Instituto Aliança:** Training programs focused on young adult employability in the communities where our distribution centers are located. These trainings focus on digital literacy and socio-emotional skills.

**MELI Academies:** We work with select partners in setting up 1 and 2 year courses to prepare young adults for careers in coding and digital jobs.

In addition to supporting these target groups we look to assist NGOs in their fundraising and development efforts through the Mercado Solidario Program. This program seeks to place our Mercado Pago payments platform at the disposal of NGOs for fundraising at preferential pricing. Being part of this program also grants NGOs certain benefits within the MercadoLibre ecosystem.
Reducing Environmental Impact

We strive to carry out our operations while being mindful of their environmental impact and seeking to improve on key metrics over time. At MercadoLibre, environmental management is based on a process of continuous improvement that accompanies the sustainable growth of our business. Its pillars are: carbon footprint, sustainable architecture, packaging and the 4Rs (reduction, reuse, recycling and recovery).

Carbon footprint and renewable energy

We actively measure our carbon footprint using the measurement guidelines of the Greenhouse Gas Protocol developed jointly by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). As of 2020 we started reporting under CDP’s global disclosure system. With these reporting standards we seek to lower our carbon footprint ratios through select high impact projects:

• **Vehicular Transformation**: We partner with global auto manufacturers to secure orders of electric vans to be used in the vehicular transformation of our own fleet and that of our third party logistics providers. We then extend credit to these partners through Mercado Credito to facilitate their purchase of these electric vans.

• **Land Conservation and Preservation**: We promote projects focused on conservation and regeneration of iconic biomes in Latin America, including, for example, Amazonia, Mata Atlántica, Patagonia and Riviera Maya.

• **Clean energy sourcing through on-site infrastructure and off-site power purchase agreements (PPAs)**: We have embarked on a multi-year program to install on-site clean energy infrastructure (solar and aeolic) to power our operations, as well as to source our incremental power needs through off-site PPAs with the goal of migrating to fully clean energy consumption in our own facilities over time.
**Sustainable architecture**

We build and design our workspaces with energy efficiency criteria in mind to reduce the environmental impact of our infrastructure.

- **Solar Power:** We have installed thousands of solar panels in our offices.
- **Smart metering:** We are installing IoT sensors to monitor energy consumption online with detailed information about our usage at any time of the day, enabling us to manage this resource more efficiently.

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**Waste management and recycling**

**Waste reduction, recycling & organic composting:** We apply a zero waste to landfill approach. All our distribution centers already have a material recovery rate above 50% and in some cases above 80%. We are applying circular economy principles to reduce waste generation and re-use or recycle as much material as feasible.

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**Packaging**

- **Envelopes:** We are increasingly using (i) home compostable packaging, (ii) a high content of recycled plastics in our packaging and (iii) new material packaging alternatives to plastic.

- **Cardboard Boxes:** On average, our boxes are made up of 40% recycled material. Additionally, 100% of the cardboard used in our packaging have traceability certifications with respect to its value chain with the Forest Stewardship Council (FSC) or are in the process of certification.
Our governance structure ensures timely execution of our sustainability strategy, and our corporate governance style reflects our core values: integrity, transparency, and autonomy. Our Chief Financial Officer is responsible for the development, coordination and execution of our sustainability strategy, including economic, environmental and social issues. He also oversees our Sustainability Finance Committee (see Process for Project Evaluation and Selection) and reports to our Board of Directors.
II - Our Sustainability Bond Framework
II - Our Sustainability Bond Framework

In accordance with the company’s commitment to fostering the democratization of ecommerce and money and to align our funding needs with our sustainability practices, we hope to use the sustainable capital markets as a way of financing green and social projects, and have created this Sustainability Bond Framework under which we may, from time to time, allocate net proceeds from issuing debt securities to projects that we believe may have environmental and/or societal benefits (any such debt securities, a “Sustainability Bond”).

The Sustainability Bond Framework is in alignment with the Green Bond Principles, updated in June 2018, the Social Bond Principles, updated in June 2020, collectively known as “The Principles,” and the Sustainability Bond Guidelines, updated in June 2018 (the “SBG”), each published by the International Capital Markets Association (ICMA).

Furthermore, we continue to look for opportunities to integrate the United Nations Sustainable Development Goals (“SDGs”) into our corporate strategies and investments and to align our sustainability targets with these goals. The SDGs were first introduced in 2015 to provide a common, global framework to achieve sustainable development by 2030. We analyzed the 17 SDGs and 169 targets as they relate to our business and resources and identified the SDGs where our company can make a unique and significant impact. The use of proceeds from any Sustainable Bond will support one or more SDGs, as outlined in the Eligibility Criteria table below.

MercadoLibre intends to follow best market practice and will communicate in a transparent manner on:
1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
Use of Proceeds

If we issue Sustainability Bonds, we expect to apply an amount equal to the net proceeds of any Sustainability Bonds issued to finance and/or refinance, in whole or in part, one or more new and/or existing eligible green projects and/or eligible social projects (together, “Eligible Projects”).

Eligible green projects are investments and expenditures made by us or any of our subsidiaries that contribute to environmental objectives such as: clean transportation, land conservation and preservation, energy efficiency, renewable energy, green buildings and pollution prevention and control.

Eligible social projects are investments and expenditures made by us or any of our subsidiaries that aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially, but not exclusively, for a target population(s).

We expect that each of our Eligible Projects will meet one or more of the following eligibility criteria:

<table>
<thead>
<tr>
<th>Green or Social Eligible Project Category</th>
<th>Eligibility Criteria and example projects</th>
<th>Sustainable Development Goal (SDG)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean Transportation</td>
<td>Capital, investments and expenditures, including financing provided to third party logistic partners, for the procurement, maintenance and operation of electric trucks and vehicles as well as associated infrastructure, such as: (i) Electric trucks and utility vehicles; and (ii) Electric vehicle infrastructure including charging stations</td>
<td>9, 11 &amp; 13</td>
</tr>
<tr>
<td>Access to Finance</td>
<td>Capital related to financing activities to support MSME communities in Latin America, including providing entrepreneurs with access to financing. (i) Loans to companies in Argentina, Mexico, Brazil, and potentially Chile and Colombia that meet our sustainability eligibility criteria and the MSME criteria as defined by the International Finance Corporation (IFC) ; (ii) Other initiatives directed at providing better access to capital to MSME entrepreneurs in the region.</td>
<td>8 &amp; 10</td>
</tr>
<tr>
<td>Land Conservation and Preservation</td>
<td>Investments and expenditures related to funding of specific nature regeneration projects with highly trusted conservation organizations, with a special focus on key and iconic biomes of Latin America, with the goal of achieving third party tech-based verifications of the carbon capture results.</td>
<td>15</td>
</tr>
<tr>
<td>Renewable Energy</td>
<td>Investments in the generation capacity for renewable energy and expenditures related to the procurement of renewable energy, including: (i) On-site wind and solar projects. (ii) Power purchase agreements (PPAs) with renewable energy providers (including wind or solar projects and small hydro projects (i.e. less than 25MW and/or less than 100gCO2e/kWh of emissions intensity), covering our distribution centers and office facilities, with a term of at least 5 years.</td>
<td>7</td>
</tr>
<tr>
<td>Eco-efficient sustainable materials and circular economy processes</td>
<td>Expenditures related to the procurement and development of sustainable packaging materials, including but not limited to: (i) Use of sustainable, recycled or reused materials, such as post-consumer recycled content plastic or bio-based packaging. (ii) Use of FSC® certified packaging products. (iii) Projects that improve the circularity &amp; material recovery.</td>
<td>12 &amp; 13</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Green Buildings</td>
<td>Investments and expenditures (including lease payments) related to the design, construction, maintenance or refurbishment of buildings that improve environmental performance of our distribution centers and office facilities. (i) Investments in new or existing distribution centers and office facilities with Leadership in Energy and Environmental Design (LEED) Gold or Platinum or other equivalent local or regional sustainability certifications. (ii) Improvements to new or existing distribution centers and office facilities to ensure better use of natural lighting and natural airflow.</td>
<td>7 &amp; 9</td>
</tr>
<tr>
<td>Energy Efficiency &amp; Smart metering</td>
<td>Investments and expenditures related to improving and optimizing energy efficiency through smart metering systems. Example projects may include: (i) Computer-based control systems installed in buildings that control and monitor the buildings’ mechanical and electrical equipment. (ii) Sensors to optimize utilization of artificial lighting.</td>
<td>7 &amp; 9</td>
</tr>
<tr>
<td>Waste Reduction Strategies</td>
<td>Investments and expenditures (including payments to third party providers) related to waste reduction strategies as well as recycling programs or waste management optimization designed to reduce waste to landfill facilities. Example projects may include: (i) Industrial composting machines for our organic waste. (ii) Recyclable material sorting infrastructure for offices and distribution centers.</td>
<td>12 &amp; 13</td>
</tr>
<tr>
<td>Socioeconomic advancement and empowerment through education</td>
<td>Investment associated with bridging the ‘digital divide’ focused on: MSMEs, women and disadvantaged youth. Example projects may include: (i) Programs focused on motivating young women to pursue careers in science, technology, engineering, and mathematics (STEM). (ii) Training programs focused on young adult employability in communities where we locate our distribution centers. (iii) Programs directed at skills-based training in digital capabilities to foster work opportunities in the world of technology and entrepreneurship. (iv) Training programs geared towards helping MSME merchants leverage tools available to them on MercadoLibre’s commerce and fintech ecosystem to develop and improve their entrepreneurial skills and business.</td>
<td>4, 5, 8 &amp; 10</td>
</tr>
</tbody>
</table>

1 The evaluation and selection of the MSME loans originated will be performed by Mercado Credito. This identification will be based on Know-Your-Customer information such as the legal form of the merchant, number of employees (if available), the annual total payment volume (TPV), frequency of sales, merchant reputation and behaviour on the MercadoLibre platform. All loans will comply with MercadoLibre’s lending procedures and reviewed against the ‘Prohibited Category’ list, which include: weapons, tobacco, etc. Loans will also meet the Eligibility Criteria for MSMEs, as per the IFC definition (https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial-institutions/priorities/ifcs+definitions+of+targeted+sectors). 2 Disadvantaged youth is defined as young people in the age range of 15-24 that reside in underserved areas, i.e. low-income neighborhoods with limited access to quality education.
Process for Project Evaluation and Selection

We have established a Sustainability Finance Committee that includes representatives from different internal organizations: Sustainability, Treasury, Legal, Mercado Credito, Logistics, Procurement and Financial Control. The Committee will be responsible for identifying, evaluating and selecting eligible projects based on the eligibility criteria in this framework to ensure alignment with this Sustainability Bond Framework. The Sustainability Finance Committee reports directly to the Chief Financial Officer.

Management of Proceeds

We will deposit the net proceeds from any Sustainability Bond in a general bank account of MercadoLibre and earmark an amount equal to the net proceeds for allocation to the Eligible Projects, in accordance with this Sustainability Bond Framework. The Sustainability Finance Committee will track and keep a record of the amount of net proceeds from the sale of any Sustainable Bonds spent on Eligible Projects.

Allocation of operational and capital expenditures will be tracked cumulatively over time. If we intend to allocate a portion of any Sustainability Bond proceeds for loans disbursed to MSMEs or logistics providers, we will allocate proceeds to these loans until the total amount of relevant loans outstanding meets or exceeds the amount we earmarked for such projects, and, as the loans mature, we will re-allocate the proceeds that had been allocated to those loans until the total amount of relevant loans outstanding meets or exceeds the amount we earmarked for such projects.

We intend to allocate the full amount of proceeds from each Sustainable Bond within 36 months of the issuance of that Sustainability Bond. The Eligible Projects may include investments and expenditures that were financed up to 24 months prior to the issuance of the Sustainability Bond.

Pending the allocation or reallocation, as the case may be, we may invest an amount equal to the net proceeds from the sale of any Sustainability Bonds in cash, cash equivalents or other short-term marketable securities, in accordance with the Company’s liquidity management policy.
Reporting

If we issue Sustainability Bonds, we will report on the allocation of net proceeds and, where feasible and applicable, associated expected impact metrics of any Sustainability Bond within one year from the issuance date and annually thereafter until the proceeds have been fully allocated.

As much as possible, we intend to align its reporting practices with the ICMA recommendations as detailed in the ‘Handbook - Harmonized Framework for Impact Reporting (April 2020)’.

The Sustainability Bond Report will be published as a separate investor publication, published on our corporate website.

The report will include:
• The total net proceeds from the sale of any Sustainability Bond that have been allocated to one or more Eligible Projects, either individually or by category, and a brief description of certain representative projects within each category;
• The amount of net proceeds from the sale of any Sustainability Bond that have been allocated to the refinancing of existing Eligible Projects, if applicable;
• The outstanding amount of net proceeds from the sale of any Sustainability Bond yet to be allocated to Eligible Projects at the end of the reporting period; and
• Where feasible, relevant expected impact metrics.

Sample Impact Metrics

Where feasible, we plan to report on expected impact metrics for Eligible Projects. Examples of possible indicators include:

<table>
<thead>
<tr>
<th>Green or Social Eligible Project Category</th>
<th>Example Expected Impact Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean Transportation</td>
<td>• Number of electric vehicles purchased&lt;br&gt;• Annual greenhouse gas emissions avoided</td>
</tr>
<tr>
<td>Land Conservation and Preservation</td>
<td>• Number of hectares of land conserved/regenerated&lt;br&gt;• Number of CO2e metric tons stocked</td>
</tr>
<tr>
<td>Access to Finance</td>
<td>• Number of MSME loans provided&lt;br&gt;• Breakdown per region / category</td>
</tr>
<tr>
<td>Eco-efficient sustainable materials and circular economy processes</td>
<td>• Amount of FSC-certified paper purchased&lt;br&gt;• Recyclable content in packaging material (%)</td>
</tr>
<tr>
<td>Renewable Energy</td>
<td>• On Site Renewable energy generation capacity (MW)&lt;br&gt;• Off site renewable energy sourcing (MWh)&lt;br&gt;• Annual greenhouse gas emissions reduced/avoided&lt;br&gt;• Renewable energy consumption as % of total energy consumption</td>
</tr>
<tr>
<td>Waste Reduction Strategies</td>
<td>• Waste diverted from landfills (tons)</td>
</tr>
<tr>
<td>Green Buildings</td>
<td>• Office or warehouse space that is certified (Gold or Platinum LEED, etc.) (sq m)</td>
</tr>
<tr>
<td>Energy Efficiency &amp; Smart Metering</td>
<td>• Number of buildings with smart metering / energy efficiency</td>
</tr>
<tr>
<td>Socioeconomic advancement and empowerment through education</td>
<td>• Number of people trained&lt;br&gt;• Employability rate of people trained</td>
</tr>
</tbody>
</table>
External Review

MercadoLibre has appointed Sustainalytics to review the Eligible Projects and to provide a Second Party Opinion on its Sustainability Bond Framework. This Second Party Opinion will be made available on Sustainalytics’s website.
III - Disclaimer
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