



Chile's Sustainability-Linked Bonds Report

June 2024





This Report is in accordance with Chile's Sustainability-Linked Bond Framework.

This document is available on the Ministry of Finance's website: <https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/esg-bonds/sustainability-linked-bonds>

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Contents

1. SLB Bond Issuances and Framework	4
1.1 Context	5
1.2 Financial and SLB Characteristics	6
1.3 Reporting commitments	7
2. Evolution of KPIs	8
a. KPI 1: Greenhouse Gas (GHG) emissions per year, measured in ktCO ₂ eq	9
b. KPI 2: Non-Conventional Renewable Energy (NCRE) Generation, as the percentage generated in the National Electric System, measured in megawatt hours (MWh)	10
c. KPI 3: Percentage of women in board member positions at companies that report to the CMF	11
3. Mitigation measures, actions and policies	12
a. GHG Mitigation measures	13
b. Measures to increase the non-conventional renewable energies participation	17
c. Measures to increase the participation of women in boards of directors	18
4. Governance and Calculation	19
a. GHG emissions: Methodology and main sources of information	20
b. Governance and Calculation of NCRE Participation	20
c. Governance and Calculation of the Participation of Women in Boards of Directors	21



1

SLB Bond Issuances and Framework

During the last years, the Republic of Chile (“Chile” or “the Republic”) has made significant efforts related to ESG topics, including different sectorial initiatives that finally resulted in the financial integration of these categories in its debt plan. Thus, in 2019 Chile issued its Green Bonds, in 2021 its Social and Sustainable bonds, and its first SLB bond in 2022. Most recently during 2023 Chile added a new gender KPI under its SLB framework.

Using this new Framework, Chile issued its first Sustainability-Linked Bond in the international markets, becoming the first country to issue a bond with these characteristics and reflecting its commitment to sustainability and its status as the leading sovereign in the ESG space.

In June 2023, the Republic of Chile decided to expand its SLB Framework by adding a new KPI related to gender equality. Until the end of 2023, Chile issued six new bonds with the gender KPI, including peso denominated bonds and an inflation-linked bond, supporting ESG practices and benchmarking also in the local market.

1.1 Context

In its initial SLB Framework published in March 2022, Chile established two KPIs with their corresponding Sustainability Performance Targets (SPTs). The KPIs are as follows:

- ▶ **KPI 1.** Greenhouse Gas (GHG) emissions per year, measured in MtCO₂eq.
- ▶ **KPI 2.** Non-Conventional Renewable Energy (NCRE) Generation, as the percentage generated in the National Electric System, measured in megawatt hours (MWh).

Later, in June 2023, and considering the relevance of gender equality and social factors for the country, which were also reflected in the previous

expansion of its Green Bond Framework to include social projects, a similar approach was followed in the SLB Framework, including an additional KPI. The KPI is as follows:

- KPI 3. Women’s representation on the boards of directors at companies, measured as a percentage.

As established in the Framework:

- Each SLB may have one or more SPT Events, each with an associated event observation date and financial implication; and
- If any KPI has two or more different event observation dates, the financial implications may be cumulative. The amount, timing, and mechanism for payment of the financial implications are set forth in the relevant legal documentation for each specific SLB issuance.

The SPTs included in the SLB Framework were the following, for each KPI:

KPI	SPT Event	Observation Date
KPI 1	a) Achieve GHG emissions of 95 MtCO ₂ e by 2030	December 31, 2030
	b) Achieve a maximum of 1,100 MtCO ₂ e between 2020 and 2030	December 31, 2030
KPI 2	a) Achieve 50% electric generation derived from NCRE sources by 2028	December 31, 2032
	b) Achieve 60% electric generation derived from NCRE sources by 2032	December 31, 2028
KPI 3	Achieve 40% of women representation in board of directors at companies reported by the CMF ¹ by 2031	December 31, 2031

1 CMF: Comisión para el mercado Financiero

1.2 Financial and SLB Characteristics

Chile has built a strong history related to SLB issuances. As 2023 year end amounted to a total of US\$ 8,031 million of SLB bonds. A summary of the financial characteristics is presented in Table 1.

Table 1 | Financial characteristics of the 2022 and 2023 SLB Bond Issuance.

SLB Issuances	USD-2042	USD-2036	USD-2054	EUR-2034	BTP-2037	BTU-2039	BTP-2034
Issue date	March 2, 2022	June 27, 2023	June 27, 2023	June 28, 2023	July 20, 2023	October 20, 2023	October 25, 2023
Maturity date	March 7, 2042	January 5, 2036	January 5, 2054	July 5, 2034	November 1, 207	October 1, 2039	October 1, 2034
Tenor years	20Y	12Y	30Y	11Y	14Y	16Y	11Y
Total notional amount (MM)	US\$2,000	US\$1,150	US\$1,100	750	CLP \$1,750,000	CLF \$24	CLP \$1,750,000
Coupon rate (% a.)	4.34%	4.95%	5.33%	4.13%	5.30%	3.40%	5.80%

Source: DMO, Ministry of Finance.

As mentioned before, in the typical SLB structure, certain financial implications are derived from SPT Events, as defined in the SLB Framework. In particular, SLB bonds include the possibility of increasing the coupon payment in case Chile does not comply with the SPT committed (the step-up). In Table 2 there are key aspects regarding the step-up selected:

Table 2 | Characteristics of the Step Up in SLB Issuances.

SLB Issues	USD-2042	USD-2036	USD-2054	EUR-2034	BTP-2037	BTU-2039	BTP-2034
SPT	<p>*SPT 1a: Achieve annual GHG emissions of 95 MtCO_{2e} by 2030</p> <p>*SPT 1b: A maximum of 1,100 MtCO_{2e} between 2020 and 2030</p> <p>*SPT 2b: Achieve 60% electricity generation derived from non-conventional renewable sources by 2032</p>	<p>*SPT 1a: Achieve annual GHG emissions of 95 MtCO_{2e} by 2030</p> <p>*SPT 1b: A maximum of 1,100 MtCO_{2e} between 2020 and 2030</p> <p>*SPT 3: Achieve at least 40% of women representation in board of directors at companies that report to CMF by 2031</p>	<p>*SPT 1a: Achieve annual GHG emissions of 95 MtCO_{2e} by 2030</p> <p>*SPT 1b: A maximum of 1,100 MtCO_{2e} between 2020 and 2030</p> <p>SPT 3: Achieve at least 40% of women representation in board of directors at companies that report to CMF by 2031</p>	<p>*SPT 1a: Achieve annual GHG emissions of 95 MtCO_{2e} by 2030</p> <p>*SPT 1b: A maximum of 1,100 MtCO_{2e} between 2020 and 2030</p> <p>*SPT 3: Achieve at least 40% of women representation in board of directors at companies that report to CMF by 2031</p>	<p>*SPT 1a: Achieve annual GHG emissions of 95 MtCO_{2e} by 2030</p> <p>*SPT 1b: A maximum of 1,100 MtCO_{2e} between 2020 and 2030</p> <p>*SPT 3: Achieve at least 40% of women representation in board of directors at companies that report to CMF by 2031</p>	<p>*SPT 1a: Achieve annual GHG emissions of 95 MtCO_{2e} by 2030</p> <p>*SPT 1b: A maximum of 1,100 MtCO_{2e} between 2020 and 2030</p> <p>*SPT 3: Achieve at least 40% of women representation in board of directors at companies that report to CMF by 2031</p>	<p>*SPT 1a: Achieve annual GHG emissions of 95 MtCO_{2e} by 2030</p> <p>*SPT 1b: A maximum of 1,100 MtCO_{2e} between 2020 and 2030</p> <p>*SPT 3: Achieve at least 40% of women representation in board of directors at companies that report to CMF by 2031</p>

Source: DMO, Ministry of Finance.

1.3 Reporting commitments

In its SLB Framework, Chile committed to “publishing a report (SLB Report) annually, containing a qualitative or quantitative explanation of the main factors behind the evolution of the KPIs, as well as (when available) the progress of the KPIs established in this SLB Framework”. Both step-ups might be triggered on March 7, 2034 associated with the following targets:

By publishing this report, Chile complies with that commitment, disclosing:

- ▶ **Information regarding KPI 1**, in accordance with its current NDC protocol.
- ▶ **Information regarding KPI 2**, informing the participation of NCRE in the total production of the year, in accordance with data from the National Electricity Coordinator, a technical body of public law.
- ▶ **Information regarding KPI 3**, informing the latest available participation of women in board of directors at companies that report to CMF.
- ▶ Information on the mitigation policies efforts, as well as actions and policies to comply with the targets.



2

Evolution of KPIs

a. KPI 1: Greenhouse Gas (GHG) emissions per year, measured in ktCO₂eq

National Greenhouse Gases trend

The information on emissions for the period 2021–2022 is still under preparation. Thus, the last available information corresponds to 2020, which was already contained in our last report.

In 2020, Chile's GHG² balance accounted for 55,825 ktCO₂e, increasing by 429% since 1990 and decreasing by 4% since 2018. The main drivers of the GHG balance trend are CO₂ emissions generated by

fossil fuel burning (accounted for in the Energy sector) and CO₂ removals from forest land (accounted for in the LULUCF sector). The decrease in the 2020 balance compared to recent years is due to effects of health measures related to the COVID-19 pandemic and its effects on the economy and displacement across the country, as evidenced by the drop in emissions from the Energy sector which decreases by 5% since 2018, emissions associated with transportation.

Regarding the country's total GHG emissions³ in 2020, they accounted for 105,552 ktCO₂e, increasing by 116% since 1990 and decreasing by 4% since 2018.

Figure 1 | Chile's NGHGI: balance of GHG emissions (ktCO₂eq) by sector, 1990–2020⁴

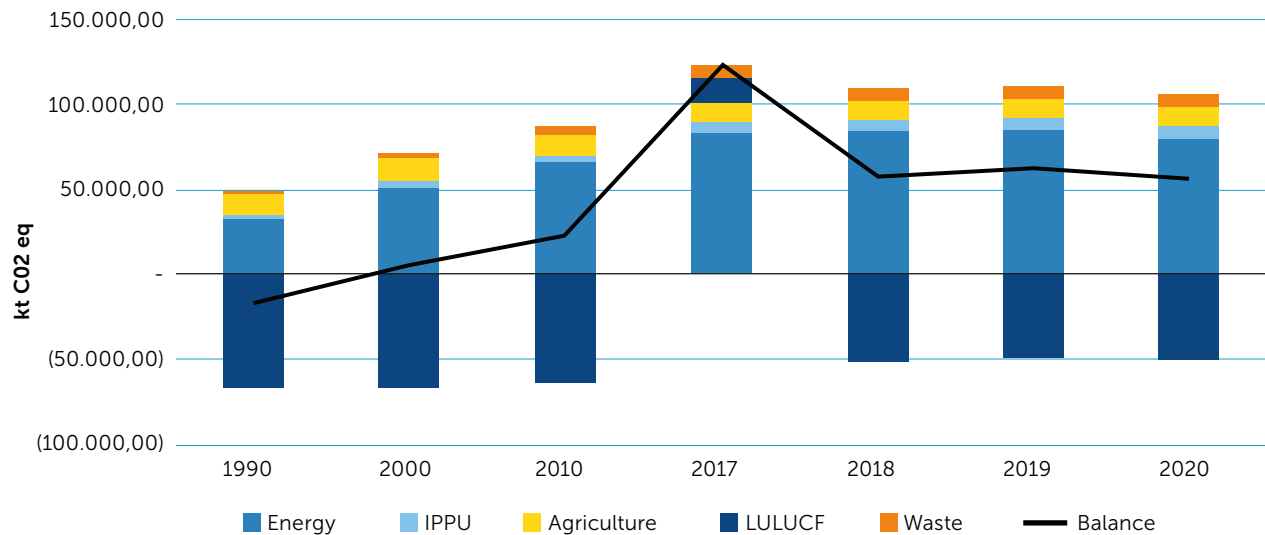
Sector	1990	2000	2010	2017	2018	2019	2020
Energy	33,336.11	51,803.96	65,751.02	83,547.34	84,202.93	84,860.69	79,724.33
IPPU	1,890.02	3,150.85	3,765.10	5,904.60	6,221.19	7,382.82	6,930.22
Agriculture	12,008.06	13,798.57	13,090.53	11,732.03	11,651.84	11,333.74	11,237.74
LULUCF	(65,811.55)	(66,219.65)	(63,615.52)	14,874.29	(51,579.16)	(48,537.68)	(49,727.38)
Waste	1,584.47	2,745.35	4,363	6,840.64	7,384.85	7,449.34	7,659.63
Balance	(16,992.89)	5,279.08	23,354.13	122,898.90	57,881.65	62,488.91	55,824.54
Total	48,818.66	71,498.73	86,969.65	108,024.61	109,460.81	111,026.59	105,551.92

Source: Ministry of Environment.

² GHG balance" or "net emissions" refers to the sum of GHG emissions and removals expressed in carbon dioxide equivalent (CO₂e). This term includes the LULUCF sector.

³ "Total GHG emissions" refers only to the sum of national GHG emissions expressed in carbon dioxide equivalent (CO₂e). This term excludes emission sources and removal sinks from the LULUCF sector.

⁴ Numbers may vary slightly from previous reports due to methodology, refer to <https://snichile.mma.gob.cl/metodologia/>

Graph 1 | Chile's NGHGI: balance of GHG emissions (ktCO₂eq) by sector, 1990–2020.

Source: Ministry of the Environment, Sistema Nacional de Inventarios de Gases de Efecto Invernadero, published in March 2023.

b. KPI 2: Non-Conventional Renewable Energy (NCRE) Generation, as the percentage generated in the National Electric System, measured in megawatt hours (MWh)

The percentage of NCRE is measured as the energy produced by NCRE sources in 2023, and transmitted to the Chilean matrix, divided by the total energy produced in the Chilean matrix during the same year. For these purposes, energy is considered as NCRE when coming from the following

sources: wind, small run-of-river hydro (plants up to 20 MW of installed capacity), biomass⁵, biogas, geothermal, solar⁶ and ocean energy, and green hydrogen.

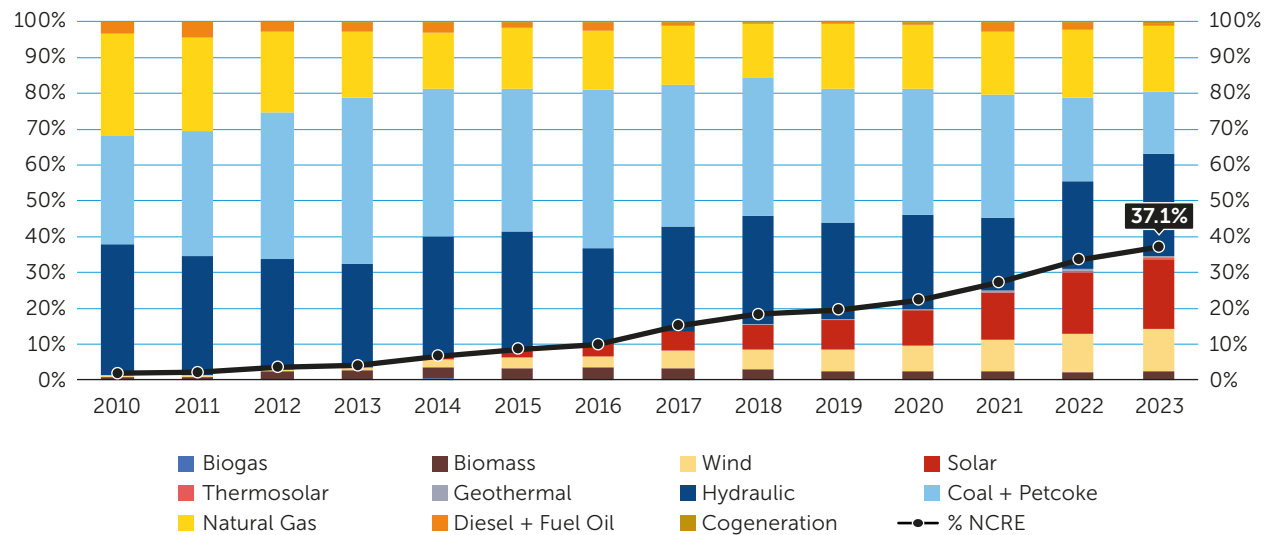
Thus, in 2023, the NCRE share reached 37.1% of the total energy produced, compared to the 33.4% observed in 2022.

The information published by the National Electric Coordinator⁷ contains information by technology, as well as a separated file with NCRE produced by year. The KPI is calculated using this information.

⁵ It is considered as NCRE only those produced with projects operating after 2007.

⁶ It includes thermosolar.

⁷ <https://www.coordinador.cl/reportes-y-estadisticas/#Estadisticas>

Graph 2 | Total energy produced, by type (% of total).

Source: Ministry of Energy.

c. KPI 3: Percentage of women in board member positions at companies that report to the CMF

Given the clear benefits of greater participation of women in board member positions, Chile decided to incorporate a KPI seeking to achieve a share at least 40% of women in boards of average companies that report to CMF (*Comisión para el Mercado Financiero* Chile's Financial regulatory body) by 2031. By setting a target for all companies subject to the CMF, Chile is creating a strong and encouraging precedent for other companies in Chile to emulate the successfully achievements reached so far by State owned Companies.

The KPI is measured as the total number of women board members ratio of total number of members in boards of director across all companies that report to CMF. For avoidance of doubt, this is considering an average across all companies.

The scope of the companies included in KPI 3 are mainly companies that report to the CMF in accordance with Norma 386. This percentage is contained in the Gender Indicator of Chilean Companies Report (Reporte de Indicadores de Género de las Empresas en Chile), which includes the participation of the International Labour Organization and the NGO Chile Mujeres, to support the integrity of the data provided and to avoid errors through the collection and reporting process.

Thus, the consolidated evolution of KPIS is shown in Table 3.

Table 3 | Summary of KPIS evolution.

Year	2018	2019	2020	2021	2022	2023
GHG Emissions (ktCO ₂ eq)	109,46	111,03	105,55	n.a.	n.a.	n.a.
NCRE Participation (% total)	18.3	19.5	22.2	27.2	33.4	37.1
Women on Board of Directors in Priv & SEP (%)	n.a.	10.6	10.5	12.7	14.0	15.9

Source: DMO, Ministry of Finance.



3

Mitigation measures, actions and policies

a. GHG Mitigation measures

Following the proposals made by the Ministry of the Environment in its recent Biennial Reports to the United Nations Framework Convention on Climate Change (UNFCCC), Two groups of public institutions have to report on their mitigation measures and actions:

- ▶ **Sectoral mitigation authorities that must comply with emissions budgets and defined mitigation efforts**, in accordance with the Climate Change Framework Law and the Long-Term Climate Strategy (Ministry of Energy, Ministry of Transport and Telecommunications, Ministry of Mining, Ministry of Health, Ministry of Agriculture, Ministry of Public Works, Ministry of Housing and Urban Planning).
- ▶ **Public institutions that, although they do not have obligations in terms of emissions budgets or mitigation efforts**, due to the importance for achieving mitigation objectives at the country level, they have been invited to report their progress in the implementation of measures (Office of Legislative Implementation and Circular Economy and Ozone Unit of the Climate Change Division, both from the Ministry of the Environment; CORFO; the Ministry of Social Development and Family; the Ministry of National Assets).

Under the provisions of the Climate Change Framework Law, such ministries have the obligation to prepare Sectoral Climate Change Mitigation Plans, in which they must establish a set of actions and measures to reduce or absorb greenhouse gases, so as not to exceed the sectoral emissions budget assigned to each sectoral authority in the Long-Term Climate Strategy. These plans must detail the implementation deadlines, assignment of responsibilities and monitoring, reporting and verification indicators, which must be established by Supreme Decree.

The Climate Change Framework Law states that sectoral mitigation plans must be prepared and/or updated within a period of two years. The plans are currently being developed and are expected to be approved by December 2024.

Progress in mitigation measures and actions reported for the country's First Biennial Transparency Report that will be presented to the UNFCCC

1. Policies, measures and mitigation actions at the national level reported for the First Biennial Transparency Report

Below there is a summary of the progress of the sectoral authorities in relation to the implementation of mitigation measures in the case of the Ministries of Energy, Transportation and Telecommunications and Mining. In the case of the Ministry of Health, Ministry of Public Works and Ministry of Housing and Urban Planning, it is reported actions or means of implementation in force. The details on mitigation measures and actions of the seven sectoral authorities, including the characterization of the measures, actions (means of implementation) and general context will be published in the **First Biennial Transparency Report**, given that this information is under preparation.

- ▶ **Among the mitigation measures reported by the Ministry of Energy** we find the development of the ESCO market, the labeling of energy efficiency and minimum standards for domestic appliances, the installation of solar thermal systems in homes in reconstruction programs, solar thermal systems in social housing, among others.

- ▶ **Among the mitigation measures reported by the Ministry of Transportation and Telecommunications**, we find the program to renew buses, the increase in Metroren NOS capacity, and renewal of buses in the Santiago Public Transportation System (RED), among others.
- ▶ **Among the mitigation measures reported by the Ministry of Mining**, we find the 2030 Goals for sustainability in Codelco, the providing of photovoltaic systems and the National Fund for Regional Mining Development Program for the Atacama Region.
- ▶ **Among the means of implementation reported by the Ministry of Health**, we find the Update of the Regulation on Sanitary Conditions and Basic Safety in Sanitary Landfills stands out.
- ▶ **Among the mitigation actions reported by the Ministry of Public Works**, we find the Sustainable Building Certification, the Obligation to prepare a waste management plan for all MOP projects, the Implementation of NCRE in MOP projects, among others.
- ▶ **Among the means of implementation reported by the Ministry of Housing and Urban Planning**, we find the Housing Energy Rating, Sustainable Housing Certification, the National Sustainable Construction Strategy (ENCS), the Subsidy for thermal conditioning of housing, Ciclovías Plan, among others.

The mitigation efforts of other public institutions will be published in the First Biennial Transparency Report.

2. Mitigation efforts at the subnational level

In Chile, climate action is in the process of being formally and permanently integrated into the management of regional and local governments through the development and updating of current strategic development and territorial planning instruments, as well as in the tools for climate change management proposed in the Climate Change Framework Law.

The formation of the Regional Climate Change Committees, the approval of the first four Regional Climate Change Action Plans and the efforts of some municipalities to develop their Community Climate Change Action Plans, show the beginning of a multilevel coordination process between the main objectives established in national public policies and the management instruments established at regional and community level.

2.1 Regional Mitigation Efforts

The Regional Climate Change Action Plans are the first climate management instruments focused on the subnational level, which are defined in the Climate Change Framework Law. In addition, the law establishes minimum contents that must be incorporated into the Regional Action Plans. At the same time, the Ministry of the Environment has regulated the procedures for their preparation, implementation, monitoring, evaluation and updating, which include citizen consultation.

Currently there are four approved plans and in implementation stage (Atacama, O'Higgins, Los Ríos and Los Lagos). The rest of the regions are in different stages of developing their plans. In total, there are nine that have already formally begun the development of their plans (Arica and Parinacota, Tarapacá, Antofagasta, Coquimbo, Metropolitana, Maule, La Araucanía, Aysén and Magallanes), of which the Metropolitan Region stands out, whose plan is its the last stage before final approval.

2.2 Local mitigation efforts

a. Municipal Action Plans for Climate Change.

The Climate Change Framework Law, published in June 2022, indicates in its article 12 that municipalities must develop a Climate Change Action Plan, consistent with the Long Term Climate Strategy guidelines and the Regional Action Plans of Climate Change. The deadline to prepare the plans is three years from the publication of the law (June 2025).

Each plan must consider, at a minimum: i) The characterization of vulnerability to climate change and potential impacts on the Municipality, ii) Mitigation and adaptation measures at the community level and related to the means of implementation, including the identification of their financing sources at the municipal level, iii) Detailed description of the measures considered with indication of implementation deadlines and assignment of responsibilities, and iv) Monitoring, reporting and verification indicators of compliance with the plan measures, in accordance with the Long-Term Climate Strategy.

To date, five communes have published a Plan, and 18 municipalities have a plan in the process of preparation or validation. Additionally, at least 29 communes have previous environmental management instrument, in the process of updating and/or validating these as Community Action Plans.

b. Municipal Environmental Certification System.

The Municipal Environmental Certification System is a comprehensive voluntary system that allows municipalities to establish themselves in the territory as an environmental management model. The number of municipalities that are part of the system by 2023 is 240, which corresponds to 70% of the country's municipalities.

c. Comuna Energética. Comuna Energética is a program promoted by the Ministry of Energy and the Energy Sustainability Agency in 2015. Its objective is to contribute to improving energy management and the participation of municipalities and local actors to promote the generation and implementation of initiatives and innovative sustainable energy projects in the municipalities of Chile. To achieve this, municipalities are technically and financially supported to develop their Local Energy Strategy, with local energy visions and action plans devised by the .

Local Energy Strategies are an instrument at the community level that seeks, through dialogue at the community level and local actors, to support energy decentralization and promote energy efficiency, the generation of own energy resources based on renewable sources and projects created by the community, in order to improve the quality of life of the residents of the municipality with awareness of responsible energy consumption behavior. Between 2022 and 2023, 15 projects were implemented that addressed the energy needs of local communities in a situation of energy poverty and 5 local energy investment initiatives, including actions for photovoltaic electricity generation, thermal insulation, energy efficiency, electric mobility and energy storage systems.

d. Environmental Protection Fund. This is the first and only national competitive fund, created by Law, that the State has to support environmental initiatives presented by citizens.

The objective of the fund is to support citizen initiatives and fully or partially finance projects or activities aimed at the protection or repair of the environment, sustainable development, the preservation of nature or the conservation of environmental heritage. From 2021 to March 2024, the fund has provided financing to 549 projects or initiatives that applied for the different available competitions.

e. National System of Environmental Certification of Educational Establishments. It is a voluntary intersectoral program that provides public certification to educational establishments that effectively implement environmental education strategies in their school communities. It is coordinated by the National Environmental Certification Committee, composed of the Ministry of the Environment, as executive secretary, the Ministry of Education, the United Nations Educational, Scientific and Cultural Organization, the National Forestry Corporation (CONAF) these being the founding institution, later joined by the Undersecretary of Early Childhood Education, the National Board of Kindergartens (JUNJI), the Integra Foundation, the Directorate of Public Education, the Ministry of Energy and the Energy Sustainability Agency.

As of this date, there are 2,339 certified educational establishments throughout the country.

2.3 Public-private mitigation efforts.

The challenge of climate change involves all actors in society at their administrative and geographic organizational scales. Thus, including public-private mitigation actions is increasingly necessary, not only at the national level but also at the local level. In this context, the Sustainability and Climate Change Agency and the HuellaChile Program of the MMA were born.

a. Sustainability and Climate Change Agency. This agency was created by Agreement of the Board of CORFO and is a CORFO committee whose mission is to promote the inclusion of the dimension of climate change and sustainable development in the private sector and communities. This must be achieved through voluntary agreements, coordination with other public institutions, promotion initiatives and the execution of programs and projects that contribute to the construction of a sustainable, resilient

and low-carbon economy. At the same time, it supports compliance with Chile's international commitments in these matters.

One of the main instruments of the agency consists of the Clean Production Agreements, as established in article 10 of Law 20,416 of the Ministry of Economy, which sets special rules for smaller companies. A Clean Production Agreement is an agreement concluded between a business sector and the State administration bodies, whose objective is to apply clean production through specific goals and actions and thus contribute to the sustainable development of companies. From 2012 to 2020, 115 agreements have been signed, with a reduction of 1,130,365 tCO₂ eq.

f. HuellaChile Program. The objective of this voluntary program is to promote the calculation, reporting and management of GHG in public and private sector organizations and in local governments in Chile. Among the pillars of HuellaChile is the delivery of certifications seals to organizations that obtain a degree of progress in the management of their organizational carbon footprint, recognized with the progressive seals of quantification, reduction, neutralization and excellence.

Currently, more than 2,589 organizations are registered, of which 89 correspond to municipalities. On the other hand, more than 1,630 recognition stamps have been delivered, with 78 of them delivered to municipalities. To date, 3 communes have obtained recognition for the quantification of their communal inventory: San Antonio, Colina and Valdivia. The first two were part of the pilot for the development of the platform, while the third obtained its recognition voluntarily. This module is expected to be enabled for use in 2024.

b. Measures to increase the non-conventional renewable energies participation

During the last years, Chile has made strong efforts to increase the participation of NCRE. In 2008, the NCRE Law (Law No. 20.257) established the mandatory requirement for electric companies (with a capacity higher than 200 MW, that also provided energy to the SIC and SING system) to ensure that at least 5% of the energy provided comes from NCRE sources, with a target of 10% by 2024. Then, in 2013, Law No. 20,698 increased the target to 20% by 2025.

Another important milestone in the efforts to transition to clean energies is the plan to phase out carbon plants, announced in 2019, and through which Chile committed to abandon carbon plants by 2040. Since then, this plan has been continued accelerated. By 2025, 50% of the total carbon plants will be withdrawn, which will be partially replaced by NCRE sources, including new sources under development and which are in the core of the Chilean strategy, such as the green hydrogen.

In 2022, it was approved the Law of Energy Storage (Law No. 21,505) which favor the storage of NCRE energies, avoiding its waste and includes a transitory reduction of certain regulatory payments that electric and hybrid cars make.

On the regulatory side, in September 2020 was published the Flexibility Strategy⁸. Flexibility is understood as the capacity of an electric system to respond to the variability and uncertainty of the demand and generation, in a safe and efficient way. Thus, this strategy established as objective several actions to develop market signals

and processes that allow and promote the flexibility required by the National Electric System. In this moment, some of the regulatory changes derived from the strategy are in process or pending to be approved.

One of the main tools and process to plan the future of the country's energy is the Long-Term Energy Planification. This is a process led by the Ministry of Energy, and its objective is to Project the energetic future in a 30-year horizon. For these purposes, it defines different long-term energy scenarios, showing different alternatives for the development of the energy matrix. In this moment, it is available the draft for the 2023-2027 Long-Term Energy Planification⁹.

Regarding more recent developments, there are other bills under discussion in the Congress: i) the Bill to Foster NCRE, which establishes minimum renewable energy quota obligations for suppliers, establishing an annual quota of 60% and a quota per hourly block of 40% by 2030; ii) The Energy Transition Bill, which seeks to improve the planification and expansion of transmission lines, to facilitate the development of NCRE projects, and iii) The Bill to improve the Geothermal Law, which seeks to facilitate the development of geothermal projects.

Finally, and in coordination with the Ministry of National Assets (Ministerio de Bienes Nacionales) fiscal properties have been designated for the development of NCRE projects, through direct awards and public bidding processes. The current installed capacity on public lands represents 41% of the country's total operating capacity (wind and solar, with 21% and 49%, respectively).

8 https://www.energia.gob.cl/sites/default/files/estrategia_de_flexibilidad.pdf

9 <https://energia.gob.cl/pelp/repositorio>

Green Hydrogen

On November 3, 2020, the Ministry of Energy published the National Green Hydrogen Strategy, which seeks to take advantage of the opportunity to produce and export green hydrogen and its derivatives, which include ammonia, methanol, and synthetic fuels.

Through three stages, it is intended to accelerate the use of green hydrogen in key national applications by 2025, enter the export market by 2030 and be the leading global exporter of green hydrogen at a cheap production cost.

In June 2022, it was launched the Green Hydrogen Explorer¹⁰, with the objective of reducing cost and terrestrial barriers of green hydrogen production, as well as to promote the development of new projects.

In April 2024, it was launched the National Action Plan of Green Hydrogen (2023-20230)¹¹, which considers short and long term objectives, with clear responsibilities and accountability. This tool allows the identification of strategic networks to focus and prioritize the work of different institutions.

Although the participation of this technology in the current matrix is low, it is expected it will increase in the future.

c. Measures to increase the participation of women in boards of directors

Women's participation in decisionmaking positions is critical to promoting gender equality and diversity and inclusion. During the current administration, 94 new members appointed on the board of public companies were women. The Government

of President Boric also introduced "Chile para Todos" (Chile for All), a comprehensive and inter-sectional plan to promote gender equality. The five main measures of the "Chile para Todas" plan includes: i) Enactment of the Parental Responsibility and Effective Payment of Maintenance Debts Law 2; ii) Flexible start times for people who have children under 12 years of age under their care 3; iii) Special permits for caregivers of children under 12 years of age; iv) Reduced working hours for domestic employees; v) Development of 40 care and protection centers

The implementation of the CMF General Standards N°386 and N°461 raised disclosure standards for the companies it oversees. They incorporate a "Report of Social Responsibility and Sustainable Development", that provides indicators on the diversity of the board, senior management, and the entire organization, along with indicators on gender pay gaps, and information requirements on sustainability and corporate governance in environmental, social and governance topics. Chile has also made progress in increasing female participation in historically male-dominated sectors, with the auctions and projects of the Ministry of Public Works including gender factors, as well as the "Energía + Mujer" initiative from the Ministry of Energy. Through the use of public-private partnerships, the "Energía + Mujer" initiative aims to rectify gaps and barriers of the advancement of women in the energy sector, with the goal of promoting more diverse leadership and management.

Finally, there is a bill under discussion in Congress to establish a mandatory quota for women participation on boards of all companies under the scope of the CMF. The original bill, titled "Más Mujeres en Directorios" (more women on Boards of Companies), established a suggested quota of 20.0% for the first three years. Then, in the fourth and fifth year, the suggested quota will increase to 40.0%. The bill is under discussion of the Congress.

¹⁰ <https://hidrogenoverde.minenergia.cl/>

¹¹ <https://www.planhidrogenoverde.cl/>



4

Governance and Calculation

a. GHG emissions: Methodology and main sources of information

GHG and precursor gas estimates for Chile's National GHG Inventory, 1990–2020 series, were made in line with the 2006 IPCC Guidelines for National Greenhouse Gas Inventories¹² and own calculation books for estimation based on the same guidelines: including key category analysis, uncertainty assessment, completeness assessment and recalculations.

In addition, Chile's National GHG Inventory has been prepared in compliance with the reporting requirements of the Convention's Guidelines for Biennial Update Reports from Parties not included in Annex I to the Convention¹³ and the Guidelines for the Preparation of National Communications from Parties not included in Annex I to the Convention¹⁴. In an additional effort, the country reviewed and considered, during the update process, the provisions included in the Modalities, procedures, and guidelines for the transparency framework for actions and support referred to in Article 13 of the Paris Agreement¹⁵ (MPG). Particularly the provisions in paragraphs 17–58 were reviewed, trying to comply with these to establish possible needs in view of the delivery of the first Biennial Transparency Report.

b. Governance and Calculation of NCRE Participation

The data on NCRE and total participation in the energy matrix (energy effectively produced) is publicly available, at the website of the National Electric Coordinator (the Coordinator)¹⁶.

These numbers are produced with the coordination of the Coordinator, with the participation of third parties, which ensures the transparency of the number. As mentioned, the internal information review process includes internal actors of the electricity market, i.e. the Coordinator, the generating companies and an external panel of experts. Each generating company reviews the information on electricity generation on a monthly basis due to the fact that the Coordinator prepares the economic balances of energy from which the remuneration of each company is calculated.

In case of divergencies between the companies and the Coordinator, there is an independent body known as the Panel of Experts, which resolves any conflicts that may arise between actors in the sector. The Panel of Experts of the General Electricity Services Law is an autonomous collegiate body created in 2004 by Law No. 19,940, with strict and regulated jurisdiction. Its function is to resolve, through opinions with binding effect, discrepancies and conflicts that, pursuant to law, arise due to the application of the electricity and gas services legislation and that the electricity, gas services and other authorized companies submit to the panel. To assure transparency, the Panel of Experts is made up of seven professionals, five of whom must be engineers or economists, and two must be lawyers, in each case, with extensive professional experience.

¹² Retrieved from www.ipcc-nggip.iges.or.jp/public/2006gl/spanish

¹³ Annex to Decision 17/COP 8. Retrieved from <http://unfccc.int/resource/docs/spanish/cop8/cp807a02s.pdf>

¹⁴ Annex III of Decision 2/COP17. Retrieved from <http://unfccc.int/resource/docs/2011/cop17/spa/09a01s.pdf>

¹⁵ Decision 18/CMA.1. Retrieved from https://unfccc.int/sites/default/files/resource/CMA2018_3a02S.pdf

¹⁶ <https://www.coordinador.cl/reportes-y-estadisticas/#Estadisticas>

These professionals are appointed by the Court for the Defense of Free Competition, through a public competition process. Finally, their appointment is made by resolution of the Ministry of Energy.

c. Governance and Calculation of the Participation of Women in Boards of Directors

All companies under the scope of the CMF must comply its General Regulation and provide all necessary information and questionnaires requested by the CMF. This reporting requirement includes information on the breakdown of workers by gender and information on salary equity.

Thus, performance of KPI 3 is published in the annual Gender Indicator of Chilean Companies Report (Reporte de Indicadores de Género de las Empresas en Chile), based on the data provided by the companies to the CMF. The reporting process includes the participation of the International Labour Organization and the NGO Chile Mujeres to support the integrity of the data provided and to avoid errors through the collection and reporting process. The information is provided by individual companies and reviewed by the Chilean Financial Market Commission, with any incorrect information delivery being subject to legal penalties.

