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Ministry of Finance releases the 2020 Green Bond Report

Santiago, August 9 2021. The Ministry of Finance published the “*Allocation, Eligibility & Environmental Impact, 2020 Report*”, for the green bonds issued in 2019 and 2020. These issuances allowed Chile to become the first country in the Americas to issue debt instruments under this category, reflecting Chile’s continued commitment to the Sustainable Bond market.

The Report is based on the commitments established in the Sustainable Bond Framework of the Republic of Chile, which sets the guidelines for the issuance of green, social and sustainable bonds, and according to which the Ministry must report annually to investors and to the public on the allocation of resources and their respective environmental impact. This Framework is an update of the Green Bond Framework, which sought to broaden the spectrum of ESG-type initiatives to be financed through these instruments by allowing the issuance of Social and Sustainable Bonds.

In line with the Framework and international best practices, the allocation of resources was satisfactorily verified by an international auditing firm specialized in this area. Upon the finalization of the Report, the Republic will begin the process with Climate Bonds Initiative (CBI) to obtain post-issuance verification. Once this verification has been obtained, it will be reported in due course.

Resource allocation

In relation to the progress in the allocation of resources for the certified portfolio of projects, out of the US\$6,296 million raised in the issuances of green bonds in 2019 and 2020, US\$325 million were disbursed in 2018, US\$266 million in 2019 and US\$343 million in 2020, totaling US\$935 million in green expenditures (26% of the total committed). It is estimated that in a period not higher than 5 years from the year of issuance, the total resources obtained in the issuances will be totally allocated.

The projects financed in the Clean Transportation category include electro-mobility projects in the Metropolitan Public Transportation System, the Santiago-Rancagua Metrotren and new or extension of Metro lines. Regarding the latter, stands out the 22 km. extension of Line 3 of the Metro network, already in operation, benefiting 660 thousand people. The clean transportation projects portfolio includes the financing of Line 7 and the extension of Metro Lines 2 and 3, which are not yet operational. Disbursements for these projects totalized US\$ 887.5 million.

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In addition, a total of US\$ 47.1 million were allocated to Renewable Energy, Green Buildings and Water Management projects both nationwide and in some cities in northern Chile.

Environmental Impact

The Report also includes estimates of the environmental impact associated with the assigned resources. The most relevant are the following:

- Clean Transportation projects have avoided the emission of at least 344,357 tCO₂e annually, as well as 45.4 tMP_{2.5} in Santiago.
- The Renewable Energy sector projects have avoided the emission of at least 2,015 tCO₂e, producing more than 496.8MWh of clean energy.
- Green Building projects have avoided the emission of at least 26 tCO₂e annually.
- The Water Management projects have maintained 100% of the hydrometeorological stations operational and 100% of the inspection required by the Superintendence of the Environment.

Bonds included in the Report

As mentioned above, the Ministry of Finance issued a total of US\$6,296 million equivalent in green bonds between 2019 and 2020. This amount was issued in two operations during the month of June 2019 and two operations in January 2020. The operations of June 2019 included the issuances of a US\$1,418 million-dollar bond due in 2050 and a €861 million euro bond due in 2031. The operations of January 2020 included the issuances of a euro bond maturing in 2040 for €1,269 million and the reopening of a green euro bond maturing in 2031 for €694 million, as well as a US\$750 million of a dollar bond due in 2032 and a reopening of US\$900 million of a green dollar bond due in 2050.

It is worth noting that these operations achieved record demand and historically low rates, with a broad participation of investors specialized in "green" instruments.

As with the 2019 Green Bonds report, the figures included in this report have been audited by EQA, a CBI accredited entity, through an independent verification statement. This document is published as an annex to the report.

More information about the Republic of Chile's green bonds is available on the institutional website:

- Report: <https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/sustainable-bonds/reports/allocation-eligibility-environmental-impact-2020-report>

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- General Information: <https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/sustainable-bonds>

