

Green, Social and Sustainable Bonds

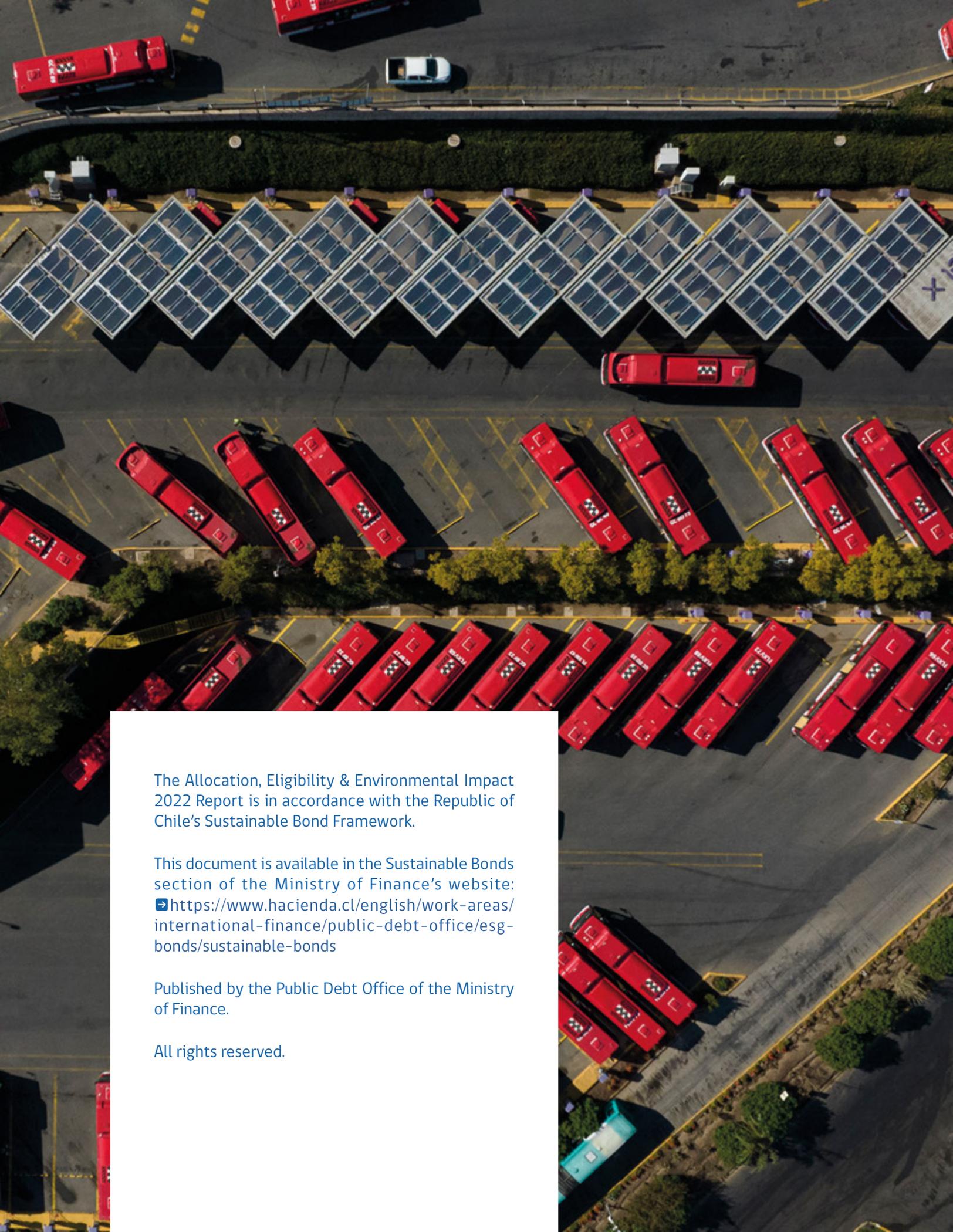
Allocation, Eligibility & Environmental Impact
2022 Report



Ministerio de Hacienda

Gobierno de Chile





The Allocation, Eligibility & Environmental Impact 2022 Report is in accordance with the Republic of Chile's Sustainable Bond Framework.

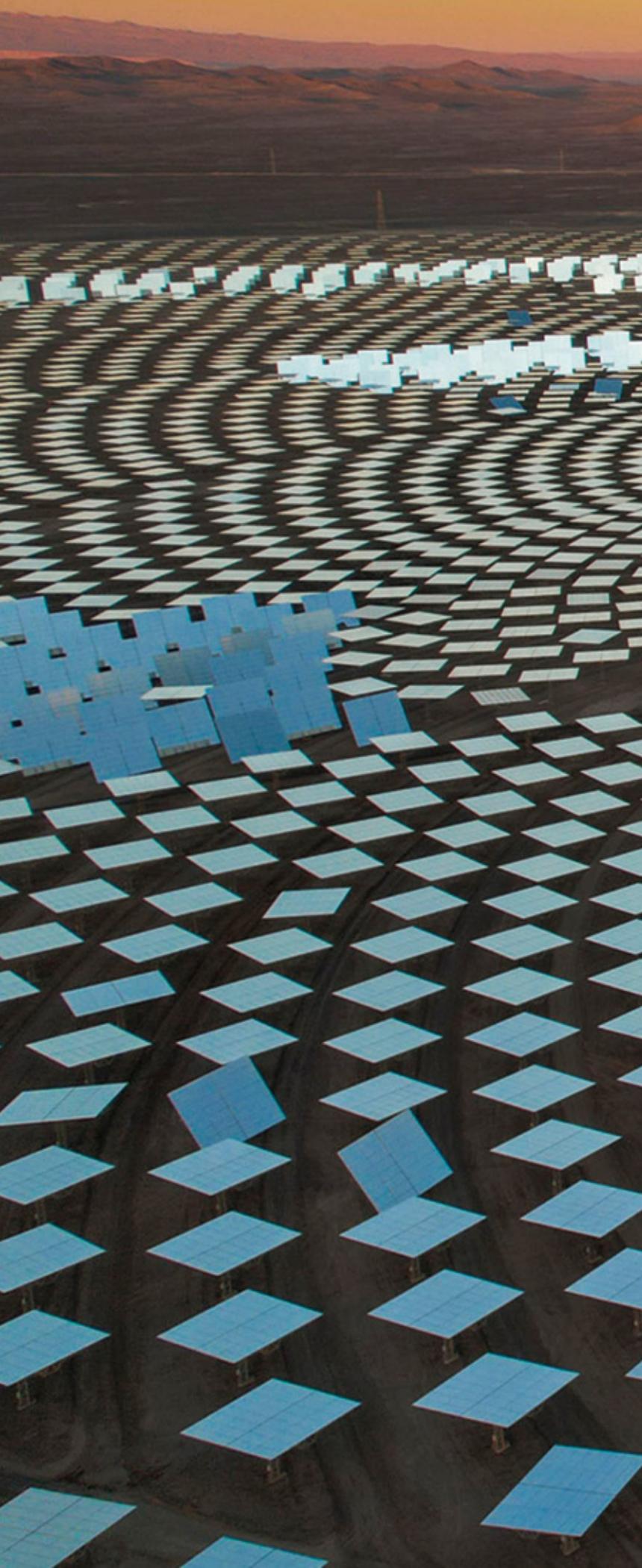
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<https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/esg-bonds/sustainable-bonds>

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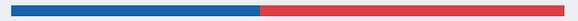
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01

Introduction



During the last 5 years, the Republic of Chile has demonstrated great effort related to ESG issues, including different 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. Although not part of this Report, Chile has also issued SLB Bonds, which demonstrates the high complexity of the financial tools developed by Chile, as well as the strong commitment to climate related instruments.

As of the end of October 2023, Chile had issued nearly US\$44.5 billion in ESG bonds, an amount that is among the largest in the world and reflects Chile's full commitment to aligning its financial strategy with climate and social action.

In line with the Sustainable Bond Framework, the Ministry of Finance committed to publishing three reports related to its green, social and sustainable emissions. These are:

- Allocation Report: which provides information about the allocation of resources (executed expenses) until the funds are completely allocated.
- Eligibility Report: reporting on the compliance of the projects with the eligibility criteria described in the Use of Resources section in the current Framework.
- The current report details the eligibility of green projects, required to comply with the CBI standard. Regarding the eligibility of social bonds, this is in accordance with what is established in the Sustainable Bond Framework.

- Impact Report: Prepared together with the Ministry of the Environment (only green projects), and the Microeconomic Unit of the Ministry of Finance (social projects), which reports on the impact indicators related to green and social projects.

All these documents must be published annually, covering all the information available until the end of the year prior to publication. Through this document, which contains in a consolidated manner the Allocation, Eligibility and Impact Report for all the expenditures and projects executed up to December 2022, this commitment is fulfilled.



02

Background of the Report



A. Sustainable Bond Framework

This Report has been made in accordance with the provisions included in the Sustainable Bond Framework¹. This document establishes the obligations that the government, fulfils as a Sustainable issuer.

The green expenses defined as eligible in the Framework establishes the eligible sectors for the inclusion of projects in the bonds. The green sectors included are as follows:

- i.** Clean Transportation.
- ii.** Energy Efficiency.
- iii.** Renewable Energies.
- iv.** Living Natural Resources, Land Use and Marine Protected Areas.
- v.** Efficient and climate resilient water management.
- vi.** Green Buildings.

The social sectors included are:

- i.** Support for older adults or persons with special needs who belong to vulnerable sectors.
- ii.** Support for low-income families.
- iii.** Support for human rights victims.
- iv.** Support for the community through job creation.
- v.** Access to basic housing.
- vi.** Access to education.
- vii.** Food security.
- viii.** Access to Essential Health Services.
- ix.** Social programs designed to prevent and/or alleviate unemployment stemming from the socioeconomic crisis, even through the potential effect of financing of the SMEs and micro finances.

B. Historical issuances and scope of this report

As of December 31, 2022 the Ministry of Finance had issued US\$17.9 billion in social Bonds, US\$7.6 billion in Green Bonds and US\$6.7 billion in sustainable Bonds. This corresponds to a total of US\$32.2 billion in ESG bonds.

1 Available at: <https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/sustainable-bonds/chile-s-sustainable-bond-framework>

I. Green Bonds

Table 1 | Green Bond Issuances.

Item	2019 Issuances			2020 Issuances		
	EUR-2031	USD-2050	EUR-2031 (R)	EUR-2040	USD-2032	USD-2050 (R)
Amount	€ 861	US\$ 1,418	€ 694	€ 1,269	US\$ 750	US\$ 900
Pricing day (T)	June 15, 2019	June 16, 2019	January 23, 2020	January 23, 2020	January 22, 2020	January 22, 2020
Settlement Date	July 2, 2021 (T+6)	June 25, 2019 (T+6)	January 29, 2020 (T+6)	January 20, 2020 (T+6)	January 27, 2021 (T+3)	January 27, 2021 (T+3)
Maturity	July 2, 2031	January 25, 2050	July 2, 2031	January 29, 2040	January 27, 2032	January 25, 2050
Coupon/Yield	0.830%/0.830%	3.500%/3.530%	0.830%/0.695%	1.250%/1.299%	2.550%/2.571%	3.500%/3.275%
Price	100.000%	99.439%	101.477%	99.14%	99.784%	104.277%
Spread	MS+50	T+95	MS+50	MS+80	T+80	T+105

Item	2021 Issuances	
	EUR-2031 (R)	USD-2032 (R)
Amount	€ 400	US\$ 750
Pricing day (T)	January 19, 2021	January 19, 2021
Settlement Date	January 22, 2021 (T+3)	January 22, 2021 (T+3)
Maturity	July 2, 2031	January 27, 2032
Coupon/Yield	0.830%/0.399%	2.550%/1.962%
Price	104.399%	105.682%
Spread	MS+60	T+87

II. Social Bonds

Table 2 | Social Bonds issuances.

	2020 Issuances	
Item	CLP-2028	CLP-2033
Amount	\$1,040,000	\$560,000
Pricing day (T)	November 19, 2020	November 19, 2020
Settlement Date	November 23, 2020 (T+2)	November 23, 2020 (T+2)
Maturity	October 1, 2028	October 1, 2033
Coupon/Yield	2.30%/2.50%	2.8%/3.4%
Price	98.68%	94.08%
Spread	–	–

	2021 Issuances					
Item	CLP-2024	CLP-2028	EUR-2027	EUR-2029	EUR-2036	EUR-2051
Amount	\$1,061,000	\$1,500,000	€ 1,000	€ 918	€ 750	€ 1,250
Pricing day (T)	December 9, 2021	June 30, 2021	July 21, 2021	September 14, 2021	July 21, 2021	January 19, 2021
Settlement Date	December 13, 2021 (T+2)	July 2, 2021 (T+2)	July 26, 2021 (T+3)	September 21, 2021 (T+5)	July 26, 2021 (T+3)	January 22, 2021 (T+3)
Maturity	June 1, 2024	October 1, 2029	July 26, 2027	January 21, 2029	July 26, 2036	January 22, 2051
Coupon/Yield	5.80%/5.70%	5.00%/4.60%	0.100%/0.296%	0.555%/0.555%	1.300%/1.310%	1.250%/1.298%
Price	100.400%	102.700%	98.932%	100.000%	99.865%	98.814%
Spread	–	–	MS+60	MS+70	MS+110	MS+125

	2021 Issuances					
Item	USD-2033	USD-2041	USD-2041 (R)	USD-2061	USD-2061 (R)	USD-2071
Amount	US\$ 2,250	US\$ 1,700	US\$ 1,000	US\$ 1,500	US\$ 500	US\$ 1,000
Pricing day (T)	July 22, 2021	May 4, 2021	July 22, 2021	January 19, 2021	July 22, 2021	September 14, 2021
Settlement Date	July 27, 2021 (T+3)	May 7, 2021 (T+3)	July 27, 2021 (T+3)	January 22, 2021 (T+3)	July 27, 2021 (T+3)	September 21, 2021 (T+5)
Maturity	July 27, 2033	May 7, 2041	May 7, 2041	January 22, 2061	January 22, 2061	September 21, 2071
Coupon/Yield	2.550%/2.577%	3.100%/3.302%	3.100%/3.139%	3.100%/3.116%	3.100%/3.329%	3.250%/3.420%
Price	99.723%	97.060%	99.426%	99.636%	94.989%	95.941%
Spread	T+130	T+115	T+130	T+127	T+140	T+158

III. Sustainable Bonds

Table 3 | Sustainable Bond Issuances.

	2021 Issuances
Item	USD-2053
Amount	US\$ 1,500
Pricing day (T)	March 30, 2021
Settlement Date	April 15, 2021 (T+10)
Maturity	April 15, 2053
Coupon/Yield	3.500%/3.500%
Price	100.00%
Spread	T+111.9

	2022 Issuances			
Item	USD-2027	CLP-2034	USD-2034	USD-2052
Amount	US\$ 1,500	US\$ 1,500	US\$ 1,500	US\$ 1,000
Pricing day (T)	January 27, 2022	October 20, 2022	January 27, 2022	January 27, 2022
Settlement Date	January 31, 2022 (T+2)	October 24, 2022 (T+2)	January 31, 2022 (T+2)	January 31, 2022 (T+2)
Maturity	January 31, 2027	May 1, 2034	January 31, 2034	January 31, 2052
Coupon/Yield	2.750%/2.763%	7.000%/6.950%	3.500%/3.507%	4.000%/4.055%
Price	99.940%	101.23%	99.932%	99.050%
Spread	T+110	-	T+170	T+195

C. Awards and Recognitions

The Ministry of Finance, in particular its Public Debt Office, has received various awards and recognitions for specific transactions, its strategy in public debt management and innovation in the development of financial instruments, in particular for the issuance of Green, Social and Sustainable Bonds, as well as their Sustainability Linked Bonds (SLB). The following is a list of some awards and recognitions

- Sovereign Green Bond Pioneer 2023 - Climate Bond Initiative
- Sustainability Linked Bond of the Year 2022, Environmental Finance
- Global Capitals Bond Awards 2022 - Overall Most Impressive Emerging Market Issuer.
- Global Capitals Bond Awards 2022 - Most Impressive Latin America Green/Social Responsible Investing Debt Issuer.
- Environmental Finance Bond Award 2022: Social bond of the year - Sovereign.
- Sovereign Issuer of the Year/Local Currency Deal of the Year, LatinFinance Deals of the Year Awards 2021.
- Sovereign Funding Team of the Year, Bonds & Loans Latin America & Caribbean Awards 2021.
- Most Impressive Latin American Green /SRI Debt Issuer, GlobalCapital Bond Awards 2021.
- Largest Emerging Market Certified Climate Bond in 2020, Climate Bonds Initiative Awards 2021.
- Green Finance 2019, The Banker.
- Green Bond of the Year Sovereign, Environmental Finance Bond Award 2019.
- Financing, Netexplo Smart Cities Accelerator UNESCO 2019.
- Sovereign Issuer of the Year, LatinFinance Awards 2019.
- Best Public Debt Office/Sovereign Debt Management Office in Latin America, GlobalMarkets Awards 2019.
- Green Bond of the Year for Latin America, GlobalCapital Sustainable and Responsible Capital Market Awards 2019.
- Recognition for innovation in sustainable finance 2019, Spanish Observatory of Sustainable Financing.



03

Green Projects Included



A. Green Portfolio

Chile has certified its green portfolio with CBI, with a strong focus on clean transportation, clean energies and Green buildings.

The portfolio considered in the issuances made by the republic considers the following projects:

- Metro Line 3 (Metro de Santiago).
- Metro Line 3, extension (Metro de Santiago).
- Metro Line, 2 extension (Metro de Santiago).
- Metro Line 7 (Metro de Santiago).
- Electromobility projects in metropolitan mobility system (RED).
- Renewal of Train Parts.
- Metro Line 8 (Metro de Santiago).
- Metro Line 9 (Metro de Santiago).
- Alameda-Melipilla Commuter Rail, National Railway Company (EFE).
- Alameda-Chillan Commuter Rail, National Railway Company (EFE).
- Coronel-Lota Commuter Rail, National Railway Company (EFE).
- Metro Reconstruction (Metro de Santiago).
- Metro Line 4, Extension (Metro de Santiago).
- Installation of Solar Thermal Systems.
- Installation of PV Panels.
- Solar panels in public buildings.
- Green building.
- Projects on water resources analysis and conservation.

The description of these projects could be found in previous reports. In this report, we are included for first time expenditures associated with Metro Line 9 of Metro de Santiago, initiated in 2022. Metro Line 9 is part of the investment to be made by Metro de Santiago, and it is expected to have 19 Km and 14 stations, connecting different zones of Santiago through a connection to Metro Line 1, included in the project.



04

Social Programs Included



The Social portfolio is aligned with the Chilean priorities, having a strong focus on pension and education support. For this report, we have followed the same projects included in the previous report, with certain exceptions due to changes observed in 2022.

First, in this report have been excluded the expenditures associated to the transitory measures adopted during the situation derived from the COVID pandemic, in particular, those related to the Capitalization of the Fund for Small Enterprises (FOGAPE) and the expenditures related to the Emergency Family Income, because both programs were associated with the COVID situation, and no more expenditures were made.

In addition, some changes were implemented in the Chilean social system, which indirectly affects the figures reported here. In February 2022 started the implementation of a Universal Guaranteed Pension, which affected 3 of the items previously reported:

- Regarding the **Basic pension for people with especial needs** and the **Pension support for people with special needs**, the programs were maintained, but the vulnerability requisites to apply were relaxed. While the previous target was the 60% of the most vulnerable population, it was modified to 80%.
- In the case of the **Basic pension for elderly people** and the **Pension support for elderly people**, the target was modified from 60% to 90%, and they were replaced by the universal Guaranteed Pension.

Thus, in the case of the Pension support for elderly people and the basic pension for elderly people, the data reported include information up to the moment the programs were replaced by the Universal Guaranteed Pension. Regarding the programs oriented to Support people with special needs, all the disbursements made in 2022

are included, because there was a continuity in the programs and because the targeting considers other non-economic factors, which assure the social purpose of the projects.

Thus, the projects included in 2022 expenditures are the following:

- **Pension support for elderly people and people with special needs**, considering expenditures up to the moment it was replaced by the Universal Guaranteed Pension, in the case of the Pension support for elderly people.
- **Basic pension for people with especial needs.**
- **Basic pension for elderly people**, considering expenditures up to the moment it was replaced by the Universal Guaranteed Pension.
- **Permanent support for low-income Families.**
- **Family Subsidy.**
- **Solidarity Fund for Housing.**
- **Preferential Grant for Education**
- **Foods in Schools.**

More information on the programs could be found in the previous report.



05

Allocation Report

The allocation report includes the expenditures effected to the total Green portfolio certified by CBI and associated with Chilean issuances, as well as the social projects described in the Sustainable Framework and detailed below in the Social Bonds section. This document reports the execution between January 2018 and December 2022.

The bonds will follow a distribution according to its ESG characteristic and the year of issuance. Thus, this document reports the allocation of the 2019, 2020 and 2021 Green Bonds; 2020, 2021 and 2022 Social Bonds, and 2021 and 2022 Sustainable bonds.

For the allocation of expenditures, to the amount informed in the previous report (2020 Allocation Report), it has been added new expenditures. The **total green expenditures disbursed in 2022 reached US\$616 million**, and the **social expenditures reached US\$5,107 million**. Considering these amounts, the expenditures have been allocated according to the following rules:

Social Expenditures:

- All the pending amounts have been allocated to the Sustainable Bonds issued in 2021, which reached US\$5,146. Following previous experience regarding the composition of green/social expenditures in the case of sustainable bonds, we have allocated 90% of the total issued to social sectors. Thus, it is expected that the rest (10% of the total) will be allocated to green sectors.
- There were no social issuances in 2022. Thus, no expenditures were allocated to these bonds.

Green Expenditures:

- US\$53 million have been allocated the pending amounts associated with the Sustainable Bond issued in 2021. Thus, the allocation for this bond is complete.
- The rest of the amount was allocated on a pro rata basis, according to the total stock of: Sustainable Bonds issued in 2022, Green Bonds Issued in 2019, Green Bonds issued in 2020 and Green Bonds issued in 2021.
- There were no green issuances in 2022. Thus, no expenditures were allocated to these bonds.

It is worth to note that, in line with previous reports, the allocation is informed in a notional basis, according to sets of bonds determined by their type and year of issuance. Thus, for example, all green bonds issued in 2019, are called for these purposes, the "2019 Green Bonds". Regarding the US\$617 million of green expenditures included in this report, US\$53 million were allocated to the 2021 Sustainable Bonds, US\$228 million to the 2022 Sustainable Bonds, US\$105 million to the 2019 Green Bonds, US\$174 million to the 2020 Green Bonds and US\$57 million to the 2021 Green bonds.

A. Green Bonds

The information of this report was provided by the different Ministries. Due to the Budget purpose of this information, and considering the annual character of the Budget Law, the information is provided annually.

In aggregated terms, of the **US\$7,584 million issued in Green Bonds**, up to 2022 US\$325 million of expenditures were allocated to green projects in 2018, US\$266 million in 2019, US\$346 million in 2020, US\$288 million in 2021 and US\$336 million in 2022, **totaling US\$1,561 million**.

According to the methodology previously explained, 2019 Green Bonds reached a total disbursed of 35,1%, of which 13.7% correspond to refinancing and 21.4% to financing.

In the case of 2020 Green Bonds, they reached 14.7%, of which 3.4% corresponds to refinancing and 11.3% to financing. At the same time, it has been allocated 12.0% of the total amount issued in 2021 Green Bonds, of which 0.1% corresponds to refinancing and 11.9% to financing. Figure 1 shows a summary of the expenditures, the amounts pending to execute and the percentage of advance for each of the 3 groups of Green Bonds.

Considering the total amount issued in Green Bonds, and the total committed to disburse, there are still US\$6,024 million to execute. Figure 2 shows the pending amounts to disburse in each green sector, as well as an estimated timeline for their execution. As mentioned, projects related to water management and renewable energies are fully executed. In the case of clean transportation, there is still 82% to disburse, due to the long-term characteristics of these projects.

Figure 1 | Expenditures in Green Bonds (USD MM).

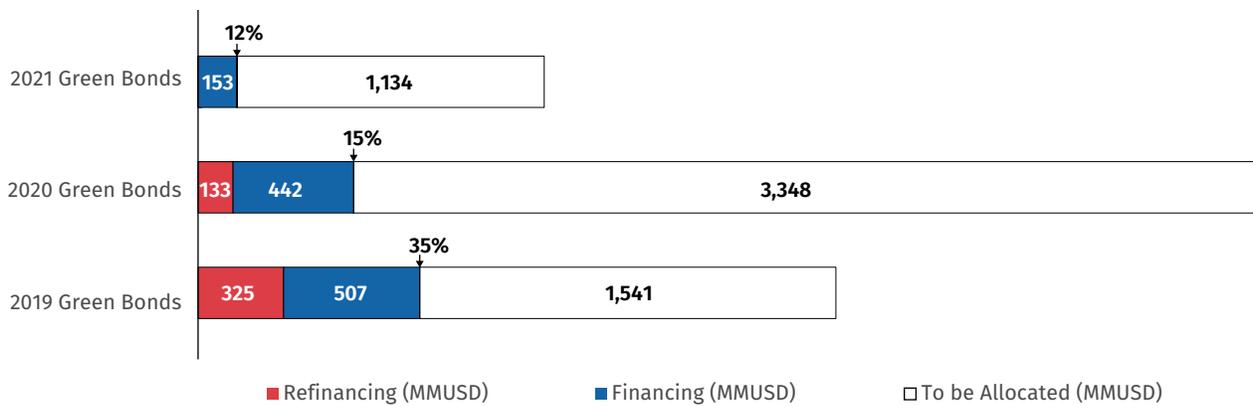
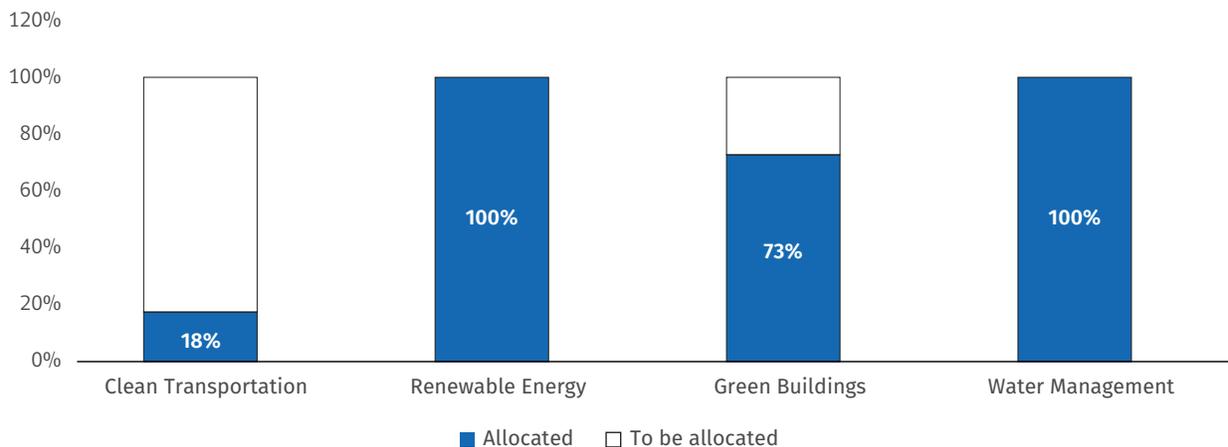


Figure 2 | Expenditures by Green Sector.



According to the established in the Framework, and in order to avoid delays or reallocation in green projects, the certified portfolio reaches around US\$9.6 billion, higher than the total amount issued in total.

Considering the financial projections, it is expected to fully assign the expenditures in 5 years, for each group of Bonds. In line with the established in the Framework, until the full allocation green expenditures into the associated to Green Bonds,

the Ministry of Finance and the Budget Office, as appropriate, will manage the funds according to the State Financial Management Law (Ley de Administracion Financiera del Estado) and the other applicable Law.

Table 4 shows a summary of the allocation per year of each project included in the 2019, 2020, 2021 and 2022 green portfolio. The detail could be found in the corresponding notes.

Table 4 | Green Allocation Summary, as of the end of 2022.

Green Sector	Project	2018 Expenditures (in 2018 US\$ MM)	2019 Expenditures (in 2019 US\$ MM)	2020 Expenditures (in 2020 US\$ MM)	2021 Expenditures (in 2021 US\$ MM)	2022 Expenditures (in 2022 US\$ MM)	Accumulated Expenses (sum, USD MM)	To be allocated (in 2022 US\$ MM)	Execution Term
Clean Transportation	Metro Line 3	236.7	123.8	0.9	1.8	-0.2 (*)	363.0	0	Finished
	Metro Line 3, Extension	70.2	40.2	41.0	63.1	60.6	275.2	103.3	2025
	Metro Line 2, Extension	7.7	50.7	74.7	64.2	49.9	247.2	162.0	2024
	Line 7 of Metro	3.8	20.7	93.8	53.2	259.1	430.6	2,097.4	2027
	Electromobility projects in RED system	0.2	5.2	20.1	25.8	40.0	91.3	318.4	2031
	Renewal of Train Parts	0.0	5.0	0.7	23.5	0.0	29.2	0.0	NA
	Metro Line 8	0.0	0.0	0.0	0.1	2.5	2.5	1,897.0	2029
	Metro Line 9	0.0	0.0	0.0	0.0	3.8	3.8	1,777.1	2033
	Alameda-Melipilla Commuter Rail	0.0	2.8	10.1	49.2	87.3	149.4	1,101.1	2026
	Alameda-Chillan Commuter Rail	0.0	0.0	0.0	0.4	17.4	17.8	103.1	2023
	Coronel-Lota Commuter Rail	0.0	0.0	0.0	0.0	0.0	0.0	32.5	2025
	Metro Reconstruction	0.0	0.0	78.9	56.2	39.1	174.2	74.2	2023
	Metro Line 4, Extension	0.0	0.0	0.0	0.0	0.0	0.0	403.8	2029
	Renewable Energy	Installation of Solar Thermal Systems	0.1	0.1	0.0	0.0	0.0	0.2	0.0
Installation of PV Panels		0.8	0.0	0.0	0.0	0.0	0.8	0.0	Finished
Solar Thermal Energy		0.5	0.5	0.1	0.0	0.0	1.1	0.0	Finished
Green Buildings	Green Buildings 1	0.3	10.5	14.9	10.1	0.0	35.9	NA	NA
	Green Buildings 2	0.0	0.0	7.8	29.8	39.8	77.4	NA	NA
Water Management	Analysis and Conservation of Water Resources	4.9	6.5	4.0	6.4	17.8	39.5	41.7	NA
Total		325,4	266,0	347,1	383,6	617,1	1.939,3	8,337.5	

(*) It corresponds to an ex-post adjustment.

1. Electromobility projects in metropolitan mobility system (RED)

The expenditure status of electromobility projects is detailed in table 5:

Table 5 | Summary of Electromobility projects expenditures.

Project	2018 Expenditure (US\$ MM)	2019 Expenditure (US\$ MM)	2020 Expenditure (US\$ MM)	2021 Expenditure (US\$ MM)	2022 Expenditure (US\$ MM)	Accumulated Expenditure (US\$ MM)
Electromobility I	0.2	3.2	4.5	4.0	6.2	18.1
Electromobility II	0.0	1.6	3.5	3.1	4.8	13.1
Electromobility III	0.0	0.4	7.4	6.7	10.4	25.0
Electromobility IV	0.0	0.0	4.7	12.0	18.6	35.2
Total	0.2	5.2	20.1	25.8	40.0	91.3

2. Sustainable Public Buildings

Below is the list of buildings included and the current state in which they are.

Table 6 | Green Building Projects with expenditures in 2022.

Group 1
Replacement of Vocational institute, Chillán
Replacement of Firework Station for the 2nd Company of Valdivia

Group 2
Construction of the Regional Comptroller's Office, Tarapacá Region
Replacement of Consistorial Building, Tierra Amarilla
Replacement SENAME facilities, Coquimbo
Construction of Police Station in Forestal Alto, Viña del Mar
Design for construction of prosecutor's office in San Fernando
Replenishment of the Police Complex, Concepción
Construction of health facilities for police, Araucanía - Angol
Rural School of Compu, Quellon
GYM Replacement and Improvements to Sport Center "September 18th"
Police Station Construction Design Consulting, South Providencia
Construction of Bus Station, Ranco
Replacement of 5th Police Station, Quirihue
Replacement of Caren Medical Center, Coquimbo
Construction of Comptroller's Regional Headquarters, Coquimbo
Replacement Fire Station 2nd Company, Marchigue
Design for Reposition of San Jose del Carmen School, Palmilla Rancagua
Construction of Justice Building, Rancagua - O'Higgins Region
Replacement of Police Headquarters, Curicó
4th Police Station, Curanilahue
Construction of Police Headquarters, Talcahuano
Replacement of Criminal Investigation Department Headquarters, Puerto Varas
CESFAM Replacement, Niebla, Valdivia
Construction of San Miguel Anthropological Museum, Arica y Parinacota
Replacement Police Station, Huambalí, Ñuble

3. Analysis and Conservation of Water Resources

The following Table includes all Water Management Projects with expenditures in 2022:

Table 7 | Water Management projects with expenditures in 2022.

Project
Analysis for the implementation of the national plan of water research (*)
Analysis for the implementation of basin plans for water resources management (*)
Conservation measurement network of glaciological parameters
Conservation and maintenance of the national hydrometric network
Fluviometric stations conservation and major national repairs
Conservation of inventory of water rights affected to payment taxes for non-use
Conservation of public inventory of effective use of underground and surface water
Conservation of the national water resources protection network
Conservation of the hydrometeorological network
Conservation of the water network and hydrogeology
Conservation of the groundwater network
Conservation of the data collection network through third parties
Lake network conservation
Conservation of the data transmission network in real time
Conservation of the sediment metric network
Construction and expansion of the monitoring network of Maule region
Conservation of fluviometric stations and major repairs - recovery plan
Conservation and maintenance national hydrometric network - recovery plan
Conservation of the glaciological parameter's measurement network - recovery plan
Conservation of the hydrometeorological network - recovery plan
Lake network conservation - recovery plan
Conservation of the groundwater network - recovery plan
Conservation of the water network and hydrogeology - recovery plan
Conservation of water inventory affected to payment due to non-use of water rights - recovery plan
Analysis for the national formulation of water management strategic plans

(*) Mixed and renamed as "Analysis for the implementation of Strategic plans of the national basin"

B. Social Bonds

As previously mentioned, **in 2022 there were no issuances of social bonds**. Social Bonds issued during 2020 and 2021 are fully allocated, and the details is published in the 2021 [Allocation, Eligibility & Environmental Impact Report](#)

In aggregate terms, out of US\$17,889 million raised in social bonds, US\$10,564 million were disbursed in 2020 and US\$7,390 million in 2021, totaling 100% of the amount issued in social bonds².

The detail regarding financing and refinancing is presented in Figure 3.

Social sectors included in 2022

Although no social expenditures related to social bonds are included in this report, there were social expenditures made in 2022 associated to sustainable bonds.

Regarding the sectors in which the disbursements were made, they are concentrated in the Programs to Support elderly people or people with special needs in vulnerable sectors, which accumulated 27% in 2022 for both years, and in Access to basic housing, which accounted for 23% of the total. Figure 4 presents a breakdown of social expenditures.³

Figure 3 | Total disbursed in 2020 & 2021 Social Bonds (USD million).

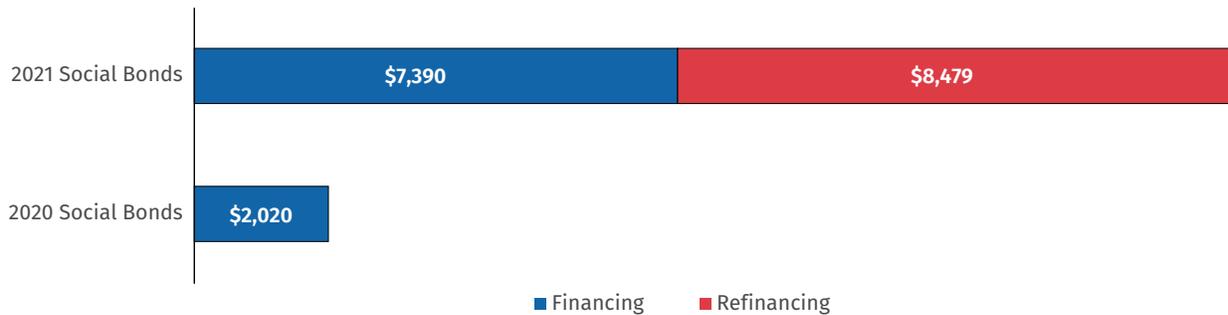
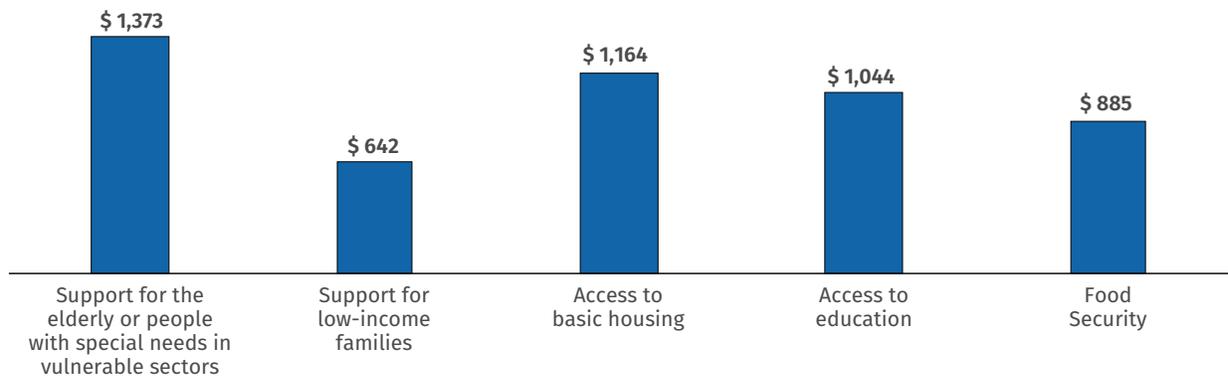


Figure 4 | Expenditures by Social Sector, per year (USD million).³



² Although the projects considered for Sustainable and Social bonds are the same, this amount only includes the disbursement in Social Bonds. Total social expenditures are higher.

³ All this disbursement was allocated to Sustainable Bonds.

Regarding the specific disbursement in each project, Table 8 presents a summary of social sectors included in the 2020–2022 period⁴.

C. Sustainable Bonds

For the allocation of expenses in the case of the Sustainable Bond issued in 2021, and in line with the previous report, 10% of the amount was allocated to green items and 90% to social items. The total social expenditures allocated to this bond reached US\$1,349 million (all allocated in 2021, under the concept of financing). On the other hand, green expenditures allocated to this bond have reached US\$150 million, of which: i) US\$1 million, corresponding to refinancing, was allocated in 2021, ii) US\$96 million were allocated, also in 2021, as financing, and iii) US\$53 million were allocated in 2022 as financing. Thus, 100% of this 2021 Sustainable Bond has been allocated.

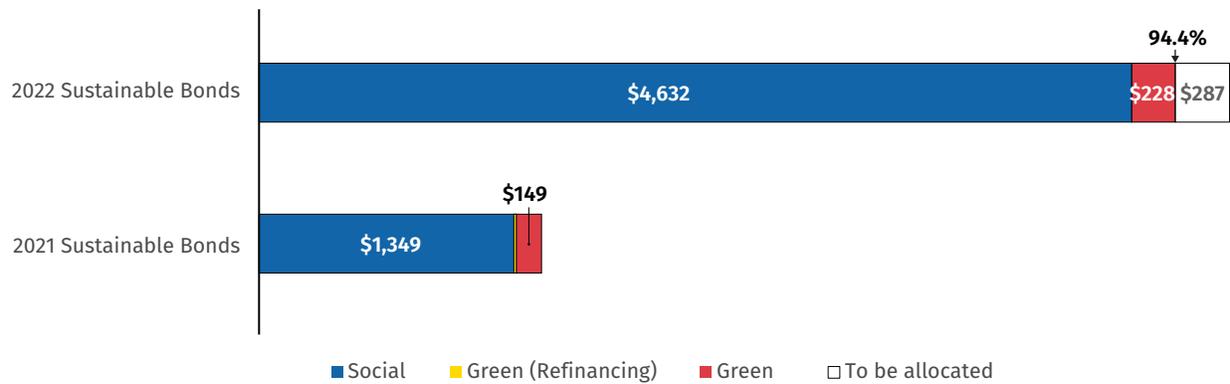
In the case of the 2022 Sustainable Bonds, which total US\$5,146 million, 90% of this amount (US\$4,632 million) was allocated in 2022 as social expenditures. It is expected that the rest of the amount, equivalent to 10% (US\$515 million), will be allocated to green items. In 2022, there were allocated US\$227 million of green expenditures as financing. Thus, there are still US\$287 million to be allocated. Figure 5 shows the allocation details for Sustainable Bonds.

⁴ Includes the portion of expenses allocated to Sustainable Bonds. The amount considers also the total audited social expenses, which is slightly higher than that imputed to Social and Sustainable Bonds.

Table 8 | Summary of Social Expenses Disbursement as of December, 2021 (2020–2021).

Social Sector	Project	Expenditure in 2022 (USD MM)
Support for the elderly or people with special needs in vulnerable sectors	Pension support for elderly People and Pension support for people with special needs	775
	Basic solidarity pension for elderly people	90
	Basic solidarity pension for people with especial needs	508
Support for low-income families	Permanent support for low-income families	191
	Family subsidy (SUF)	451
Access to basic housing	Solidarity fund for housing	1,164
Access to education	Preferential grant for education	1,044
Food Security	Foods in schools	885
Total		5,107

Figure 5 | Sustainable Bonds Allocation (USD MM).





06

Green Projects Eligibility Report

In accordance with the Sustainable Bond Framework and the CBI standard V. 3.0, the Green Projects Eligibility Report gives an account of the eligibility of the projects included in this report, informs possible modifications and establishes an explicit link with the CBI standard.

A. Compliance with the Use of Resources and the Description of Sectors

Clean Transportation

The MoF confirms that all the projects included under this category include investments in public infrastructure or assets related to electric public transport and/or subsidies or measures to incentivize for the use of public transport. There is no new relevant information regarding these projects that would allow evaluating their exclusion from the selected portfolio.

Renewable Energy

The MoF confirms that all the projects included under this category include investment in projects for the development of non-fossil energy sources, in wind/solar energy projects that include generation and storage and/or training projects and the increase of technical capacities in training centers for renewable energy installation. There is no new relevant information regarding these projects that would allow evaluating their exclusion from the selected portfolio.

Efficient and climate-resilient water management

The MoF confirms that all the projects included under this category seek to preserve water resources. It also includes stations to monitor the correct, clean and efficient operation of said resources. There is no new relevant information regarding these projects that would allow evaluating their exclusion from the selected portfolio.

Green Buildings

The MoH confirms that all the projects included under this category include the design and construction of public buildings certified under the National Environmental Quality and Energy Efficiency Certification System for buildings for public use, as well as the modernization of these buildings in accordance with the “Sustainable Building” Certification. There is no new relevant information regarding these projects that would allow evaluating their exclusion from the selected portfolio.



07

Impact Report



A. Environmental impact of the green portfolio

This report gives an account of the progress, in environmental terms, of the implementation of the projects financed through the issuance of Chilean Sovereign Green Bonds. The information contained herein is presented in accordance with the requirements established in the "Green Bond Framework", published on May 20, 2019, and sub-

sequently adapted through the "Chile Sustainable Bond Framework".

The projects financed through the Bonds in the Ministries of Transport and Telecommunications and Public Works are reported here. This report estimates the contribution in reducing greenhouse gas emissions for the projects listed in Table 9, where a brief description of their objectives is presented.

Table 9 | Summary of projects considered in the environmental report, by ministry, project line, name and description.

Ministry	Project Line	Program/ Project name	Description
Public Works	Green Buildings	Sustainable Buildings	Projects and architectural works that consider the "Sustainable Building Certification" (CES). The objective of the system is to evaluate, qualify and certify the degree of environmental sustainability of the building, understanding this as the capacity of a building to achieve adequate levels of internal environmental quality, with an efficient use of resources and low generation of waste and emissions. Among the 76 projects reported by the MOP, design, replacement, and construction works under CES certification are included, which present different stages of progress, with four possible ones: i) Certified; ii) Precertified; iii) Registered; and iv) Not Registered. Certified projects are those that are operational, and therefore achieve reductions. Those that are pre-certified, registered and not registered, in some cases, have information that allows projecting GHG emission reductions once they are operational
	Water Management	Water Resources Management	It considers the report of the 2021 management indicators committed in the framework of the Management Control System of the Budget Office. Specifically, it focuses on the following indicators: i) Pronouncement and environmental inspections; ii) research and evaluation of water resources; and iii) operational hydrometeorological stations.

Ministry	Project Line	Program/ Project name	Description
Transport and Telecommunications	Clean Transportation	Construction of Metro Line 3	It contemplates 22kms, which includes 18 underground stations, 6 of which are stations connected to lines 1, 2, 4, 5 and 6. The layout extends through 6 districts of Santiago. The number of users is estimated at 660,000.
		Extension of Metro Line 3	Extension of Metro Line 3 by 3.8 km, building 3 new stations towards the district of Quilicura. This will benefit nearly 200,000 residents.
		Incorporation of electromobility in the Public Transport of Santiago I	Incorporation of 100 electric buses to the Santiago Public Transport System (Transantiago), including an electric charging terminal and 40 smart bus stops (USB port, Wi-Fi, variable information panels and energy through solar panels)
		Incorporation of electromobility in the Public Transport of Santiago II	Incorporation of 100 electric buses to the Santiago Public Transportation System (Transantiago), plus 2 electric charging terminals.
		Incorporation of electromobility in the Public Transport of Santiago III	Incorporation of 200 electric buses to the Santiago Public Transportation System (Transantiago), plus 1 electric charging terminal.
		Incorporation of electromobility in the Public Transport of Santiago IV	Incorporation of 365 electric buses to the Santiago Public Transportation System (Transantiago), plus electric charging terminals.
	Clean Transportation	Tender of Buses for the Metropolitan Public Transport System (RED)	The tender implies the incorporation of 992 electric buses, 82 short buses and 910 medium buses, which will be integrated into the system in 2022.

The sectoral ministries identified in Table 9 presented a report with quantitative environmental information, corresponding to the results of the year 2022 (or the latest available), in accordance with the operation of the projects, and the effective availability of data. It is important to note that the impact report presents information on the projects that are operational, achieving reductions in greenhouse gas emissions, local pollutants, and management results in accordance with institutional commitments.

Each sectoral ministry in charge of the implementation of projects financed by the bonds, applied an ad hoc methodology for estimating environmental impact, reporting, according to the information available, those indicators designed by each sector for

tracking and monitoring progress. The main aspects reported are mainly related to the activity or measure committed, the reductions in emissions (pollutants and/or greenhouse gases), the reduction of energy consumption, and the fulfillment of institutional objectives and goals in relation to the project.

In the case where the information is not provided, it means that the impact calculation is still under development, or because the project is not still in force.

Projects of the Ministry of Transport and Telecommunications

The information presented was constructed based on the studies required for the environmental impact assessment process for each of the projects

presented, for which the public company Metro requested the collaboration of the Transportation Planning Secretariat (SECTRA) of the MTT. These evaluations correspond to projections calculated from transport simulations (baseline situation and project). Once the calculations of the emission levels for the base scenario and the project have been obtained, the comparison of pollutant emissions, including greenhouse gases (GHG), is made.

The projects associated with EFE and Metro do not have studies or information that allows es-

timating the actual emissions reduction, so the results presented are based on information estimated some years ago, prior to the start of the project.

For electromobility projects, the reduction in emissions from electric buses was obtained from the modeling carried out for the "Fourth Annual Report on Atmospheric Emissions of the RED Bus System Year 2021", assuming that in the case without the project, the buses would have been renewed by buses with Euro VI technology.

Table 10 | Summary of Environmental Impact projects Transport sector.

Project	Indicator	Result
Construction of Metro Line 3	Km. of new lines	22.0
	Number of users	660,000
	Reduced annual GHG emissions (tCO ₂ e)	170,300
	Atmospheric pollution avoided (ton PM _{2.5})	7.4
Extension of Metro Line 3	Km. of new lines	3.8
	Number of users	200,000
	Reduced annual GHG emissions (tCO ₂ e)	1,246
	Atmospheric pollution avoided (ton PM _{2.5})	0.2
Incorporation of electromobility in the Public Transport of Santiago I	Number of buses replaced	100
	Reduced annual GHG emissions (tCO ₂ e)	2,980
	Atmospheric pollution avoided (ton PM _{2.5})	0.0291
Incorporation of electromobility in the Public Transport of Santiago II	Number of buses replaced	100
	Reduced annual GHG emissions (tCO ₂ e)	2,980
	Atmospheric pollution avoided (ton PM _{2.5})	0.0291
Incorporation of electromobility in the Public Transport of Santiago III	Number of buses replaced	200
	Reduced annual GHG emissions (tCO ₂ e)	5,961
	Atmospheric pollution avoided (ton PM _{2.5})	0.0582
Incorporation of electromobility in the Public Transport of Santiago IV	Number of buses replaced	365
	Reduced annual GHG emissions (tCO ₂ e)	10,879
	Atmospheric pollution avoided (ton PM _{2.5})	0.1063
Tender of Buses for the Metropolitan Public Transport System (RED)	Number of buses replaced	992
	Reduced annual GHG emissions (tCO ₂ e)	24,350
	Atmospheric pollution avoided (ton PM _{2.5})	0.238

Projects of The Ministry of Public Works

The information provided by the Ministry of Public Works for the year 2022 is presented here. To carry out the energy savings calculations, the “Evaluation and Qualification Manual, Version 1 (2014)” of the National Environmental Quality Certification System was used, from the Nation-

al Certification System for Environmental Quality and Energy Efficiency for Public Buildings. The creation of energy consumption reduction estimates was carried out by the Construction Institute, in accordance with the process defined for Sustainable Building Certification (CES). The results for the projects of the Ministry of Public Works are presented in Table 11.

Table 11 | Summary of Environmental Impact projects Transport sector.

Project	Indicator	Calculation Form	Result
Sustainable Public Building (EPS). Corresponds to projects and works of architecture that consider Sustainable Building Certification (CES).	Percentage of energy savings in EPS projects.	Percentage of electric consumption reduction with respect to reference levels	Year 2022: 11,059 tCO _{2eq} /year
Water Resources Management through the General Directorate of Waters (DGA)	Pronouncements and environmental inspections	Percentage of environmental inspections carried out, with respect to the total number of environmental inspections requested by the Superintendence of the Environment	Year 2021: 93.3%
	Research and Assessments on Water Resources	Percentage of studies completed in year t with respect to studies scheduled to be completed in year t for the management of aquifers or new water sources	Year 2021: 100%
	Operational Hydrometeorological Stations	Percentage of hydrometeorological network stations that remain operational during year t, with respect to the total number of stations that make up the hydrometeorological network.	Year 2021: 98.4%

B. Social impact of social programs

This report gives an account of the social projects selected to be financed through the issuance of Social Bonds, as well as through the social component of the Sustainable Bonds. These issuances began in 2020, as part of the modifications made to the Sustainable Bond Framework and have continued in the following years.

Annually, the Budget Office and the Ministry of Social Development and Family, through the Undersecretary of Social Evaluation, monitor the programmatic offer of the State's social and non-social programs. This monitoring process tracks the performance and implementation of programs financed with public resources based on the information declared by each ministry and public service. The analyzed information includes records on the population effectively benefited, the goods and services provided, the expenditure executed by beneficiary and results achieved, among others. This process is developed annually, and for this report the information was collected between January and April 2023, which shows the results of the execution of the programs for 2022. The results of the monitoring process are

presented through the Integrated Data Bank of Social and Non-Social Programs. In certain cases, the aforementioned is complemented with information from the Superintendency of Pensions.

In order to characterize part of the potential beneficiary population of the programs that receive financing from social bonds, a set of indicators is presented for households located within the 60 and 80% of lowest income. For reference, indicators for the national average are also presented.

During 2022, a new version of the Socioeconomic Characterization Survey (CASEN) was published, which allows for more up-to-date information on the main characteristics of the population segments. It should be noted that social programs generally use the Social Household Registry to select their beneficiaries according to their degree of vulnerability. This relies on administrative records to verify household income, and also incorporating other variables, such as information on members with special needs, the possession of certain assets, among others. Because not all the information is observable through the CASEN Survey, autonomous income quintiles are used as an approximation to these segments of the population (see Table 12).

Table 12 | Characterization of CASEN 2022 survey households, by autonomous income quintile.

Average Indicator (by household)	First three quintile of autonomous incomes (households in the 60% of lowest income)	First four quintiles of autonomous income (households in the lowest 80% of income)	National Average CASEN Survey, 2022
Number of members	3.13	3.00	2.84
Per capita autonomous income	187,230	267,189	512,886
Total autonomous income (\$)	314,118	389,545	642,236
Autonomous Income (% of total income)	59.6%	68.6%	79.9%
Household with at least one older adult (% of total)	34.6%	31.6%	28.1%

Source: Prepared for this report, based on Casen Survey, 2022

The data shows significant differences between households belonging to the 60% of households with the lowest income, and those belonging to the 80%, and the gap obtained when comparing that subset of households with the national average is greater. Among the notable aspects, we can mention: i) the average national household has a smaller number of members than the other two groups studied; ii) the average household income at the national level is significantly higher, and the presence of older adults is slightly reduced; iii) the dependence on non-autonomous income⁵ in lower-income households is greater, which is an example of the greater dependence they have on external income, mainly monetary transfers from the State. In this area, it is seen that households belonging to the 60 and 80% with the lowest income have an autonomous income that represents 60 and 69% of their total income, respectively. When analyzing this percentage for the average household at the national level, this figure reaches 80%, which is consistent with the focus of direct transfers on these household segments.

Through the issuance of 2020 Chilean State Social Bonds, eleven social programs were financed. Of these programs, nine are permanent, while two had the purpose of preventing and/or alleviating the socioeconomic consequences of the pandemic. Thus, out of the initial eleven programs, nine remain operational during 2022.

In February 2022, the implementation of the Universal Guaranteed Pension (PGU) began, which incorporates certain changes in four of the nine programs. These belong to what is called the Solidarity Pillar of the Pension System, and their changes are detailed below:

- With regard to the Basic solidarity pension for people with especial needs and the Pension support for people with special needs, these programs were maintained, but the vulnerability threshold was expanded from 60 to 80%, increasing the amount of the benefit.
- In the case of the Basic solidarity pension for elderly people and the Pension support for elderly people, these were merged and incorporated into the Universal Guaranteed Pension (PGU). The above also implied the expansion of the vulnerability threshold from 60% to 90%, along with an increase in the amounts to be given and the maximum self-financed pension to be considered in the benefit.
- Regarding the implementation of the changes, in the case of the programs oriented to people with special needs, these started in February, while the implementations of programs oriented to elderly people was gradual, between February and July. In both cases, the modifications implied an increase in the number of beneficiaries and in the average contribution per beneficiary.
- Notwithstanding the above, due to the design of the Solidarity Pension Contribution for elderly people, there is a group of beneficiaries who receive a higher pension in this program, compared to the final pension they would receive through the PGU. The Solidarity Pension Contribution continues to be delivered to this group.

Thus, in line with the Allocation Report, the information is presented up to the time they were in force. The above applies to the Basic solidarity pension for elderly people and the Pension sup-

⁵ Autonomous income is defined as all payments received by the household, resulting from both work and asset ownership. These include salaries and wages (monetary and others), earnings from independent work, self-provision of goods produced at home, income, interest, retirements, pensions, and current transfers between private individuals. The total household income is defined as the sum of the monetary income - which corresponds to the sum between the autonomous income of the household and the monetary transfers that the household receives from the State - and its imputed rent. The value imputed for rent is equivalent to the rent that would be paid on the market for a home similar to the one occupied

port for elderly people since these were replaced by the new Universal Guaranteed Pension. In relation to the programs for people with special needs, all the 2022 expenditures are informed. This is because, despite the changes in criteria, their execution has continued uninterrupted. On the other hand, for old-age programs, all the information available during the year is presented, excluding the Universal Guaranteed Pension.

Table 13 shows the social programs to be financed by the issuance of Social and Sustainable Bonds. The information comes from the Integrated Data Bank of Social and Non-Social Programs of the Ministry of Social Development and Family and focuses on showing the number of beneficiaries for the year 2022, along with the average annual contribution per beneficiary.

Table 13 | Beneficiaries and average contribution of measures financed through the issuance of social bonds, in force during 2022. Figures in millions of 2023 pesos.

Name of the Project	2022	
	Number of beneficiaries	Annual average contribution per beneficiary
Pension Support for Elderly People	293,796	1,926,558
Pension Support for People with Special Needs	78,911	2,196,849
Basic solidarity pension for elderly people	409,643	203,884
Basic solidarity pension for people with especial needs	181,115	2,547,203
Permanent support for low-income families	1,497,848	118,348
Family subsidy (SUF)	2,098,558	196,618
Solidarity fund for housing	63,434	17,221,459
Preferential grant for education	2,157,077	528,538
Foods in schools	3,990,168	210,278

Source: Integrated Data Bank of Social and Non-Social Programs, Ministry of Social Development and Family.



08

External Auditor Report – EY



Independent Limited Assurance Report (Free translation of the report originally issued in Spanish)

On the disbursements made in green, social and sustainable projects, information contained in section V. Allocation Report, more specifically in tables 4 Summary of Green Allocation and table 9 Summary of Disbursement of Social Expenditures, respectively, of the 2022 Green, Social and Sustainable Bond Allocation Report, prepared by the Ministry of Finance of the Republic of Chile

To the Ministry of Finance of the Republic of Chile,

Scope of Work

We have been contracted by “Ministerio de Hacienda de Chile” (the Chilean Ministry of Finance) to perform a Limited Assurance work, as defined by International Standards on Assurance Engagements, hereinafter referred to as “the work” to report on disbursements made in green, social and sustainable projects, information contained in section V. Allocation Report, more specifically in tables 4 Summary of Green Allocation and table 9 Summary of Disbursement of Social Expenditures, respectively, of the Report on the Allocation of Green, Social and Sustainable Bonds for the fiscal year 2022, prepared by the Ministry of Finance for the period between January 1 and December 31, 2022, linked to the Green, Social and Sustainable Bonds issued during the financial years 2019, 2020, 2021 and 2022.

Other than described in the preceding paragraph, which sets out the scope of our engagement, we have not carried out assurance procedures on the remaining information included in the 2022 Green, Social and Sustainable Bond Allocation Report and, consequently, we do not express a conclusion on that information.

Criterion applied by the Ministry of Finance

In determining the disbursements related to green, social and sustainable projects, information contained in section V, mentioned above, of the 2022 Green, Social and Sustainable Bond Allocation Report, the Ministry of Finance applies the criteria established on page 37 “Allocation Report”, section VI. Reports of Chile’s Sustainable Bond Framework of November 2020, which includes, on pages 38 and 39, respectively, the examples of green and social indicators by eligible category that may qualify to be financed and/or refinanced.

The green sectors included in Chile’s Sustainable Bond Framework correspond to:

- Clean transportation.
- Energy efficiency.
- Renewable energies.
- Natural resources, land use and marine protected areas.
- Water management.
- Green Buildings (Green Buildings).

The social sectors included in Chile's Sustainable Bond Framework correspond to:

- Support for the elderly or people with special needs in vulnerable situation.
- Support for low-income families.
- Support for victims of Human Rights.
- Supporting the community through job creation.
- Access to affordable housing.
- Access to education.
- Food security.
- Access to Essential – health.
- Social programs designed to prevent and/or alleviate unemployment derived from socioeconomic crises, including through the potential effect of financing small and medium sized entities and micro finances.

Ministerio de Hacienda's responsibilities

The Chilean Ministry of Finance's administration is responsible for determining, selecting the criteria and presenting the disbursements made in green, social and sustainable projects, information contained in section V. Allocation Report, more specifically in tables 4 Green Allocation Summary and table 9 Social Expenditure Disbursement Summary, respectively, of the Green Bond Allocation Report. Social and Sustainable 2022, in accordance with the criteria established in the Sustainable Bond Framework of November 2020, in all significant aspects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of disbursements made in green, social, and sustainable projects, based on the provisions contained in section V. Allocation Report, referred to above, so that the expenses incurred during the 2022 financial year are free from material misrepresentations, whether due to fraud or error.

EY Responsibilities

Our responsibility is to present the findings on the disbursements related to green, social and sustainable projects, information contained in section V. Allocation Report, more specifically in tables 4 Green Allocation Summary and table 9 Social Expenditure Disbursement Summary, respectively, of the Green, Social and Sustainable Bond Allocation Report 2022, based on evidence obtained directly from the Ministry of Finance.

We conducted our work in accordance with the requirements set forth in the International Standard for Assurance Engagements other than audits or reviews of historical financial information, Limited Assurance (ISAE 3000), and the terms of reference for this work as agreed with the Chilean Ministry of Finance's administration in Contracting Letter dated August 03, 2023.

These standards require us to plan and carry out our work to present the findings as to whether we are aware of any significant changes that need to be made to the disbursements made in green, social and sustainable projects, information contained in section V. Allocation Report, referred to above, or to inspect that the disbursements made during the year meet the criteria applied by the Ministry of Finance in order to issue a report.

The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We consider the evidence obtained to be sufficient and appropriate to provide a basis for our findings of limited safety.

Our Independence & Quality Control

The Partners of EY Chile team who have participated in this commitment have maintained our independence from the Chilean Ministry of Finance and confirm that we have complied with the ethics requirements of the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Council for Accounting Professionals (IESBA) and have the required competencies and experience to conduct this limited assurance work.

EY also applies International Quality Control Standard 1 (IQCS 1), Quality Control for Firms Conducting Audits and Reviews of Financial Statements and Other Assurance or Related Services Work and, accordingly, maintains a comprehensive quality control system that includes documented policies and procedures regarding compliance with ethics requirements, professional standards and applicable legal and regulatory requirements.

Description of the procedures carried out

Procedures performed in limited assurance work vary in nature and timing and are less far-reaching than those performed in reasonable assurance work. Consequently, the level of assurance obtained in a limited assurance work is substantially lower than what would have been achieved if reasonable assurance work had been performed.

Our procedures were designed to obtain a limited level of security on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we consider the effectiveness of management's internal controls in determining the nature and scope of our procedures, our assurance work was not designed to provide assurance about internal controls. Our procedures did not include testing controls or procedures related to input verification or data calculation within IT systems.

A limited assurance work consists of conducting inquiries, mainly with the persons responsible for preparing reports on the disbursements made in green, social and sustainable projects, information contained in section V. Allocation Report, more specifically in tables 4 Summary of Green Allocation and table 9 Summary of Disbursement of Social Expenditures, respectively, of the 2022 Green, Social and Sustainable Bond Allocation Report, in addition to the review of related supporting information and the application of analytical or other appropriate procedures.

Our procedures included:

- Interviews with the staff responsible for preparing the Green, Social and Sustainable Bond Allocation Report for the 2022 financial year to understand the main criteria and premises used.
- Understanding of the systems and procedures for monitoring and controlling the expenses executed.
- Analysis and inquiries, with the respective entities, in relation to the variation of the expenditure executed in 2022 with respect to the expenditure executed in 2021.
- Validation of¹ evidence, documents, files, reports, databases and corporate policies that support the quantitative data of the disbursements made in certain green, social and sustainable projects.
- Interviews with representatives of the entities, within the framework of the disbursements made during the 2022 financial year in relation to the development of green, social and sustainable projects to also understand the nature of the disbursements made and to clarify doubts arising from the sampling review process such as, for example;
 - a. Interviews with Ms. Daniela Massó, Head of Integration and Process Control at Metro S.A.
 - b. Interviews with Mr. Eduardo Aguilar Cares, Head of Technical Audit of the Comptroller's Office, and with Mr. Rodrigo Aguirre Ávila, Deputy Manager of Enablers and Budget Management of Empresa de Ferrocarriles del Estado (EFE).
 - c. Interviews with Mr. Felipe Castillo Cea, Head of the Budget and Accounting Subdepartment of the General Directorate of Water – MOP.
- We obtained a Letter of Representation signed by the advisor to the public debt office of the Chilean Ministry of Finance, Mr. Victor Gonzalez.

Our findings

Based on our procedures and the evidence obtained from the Ministry of Finance, we are not aware of any significant modifications that should be made to the disbursements made in green and social projects during the 2022 financial year. However, we consider it important to mention that from the review carried out in relation to the expenses associated with the "Clean Transport" category, we identified a difference in Metro S.A. (hereinafter "Metro") and Empresa de

¹ In the first instance, the EY team determined the samples based on the expenditure base provided by the Administration, selecting projects for Green Buildings, Clean Transport (Metro, RED Electric Buses and EFE Company) and Efficient Management of Water Resources". Due to the magnitude of the information involved, the Administration requested to determine subsamples for the "Green Buildings" project families (the entirety of a set of Buildings categorized as a subsample were inspected), "Clean Transport" (only for Metro de Santiago projects) and on the "Efficient Water Resources Management" family of projects. This, considering that it was not feasible for the teams in charge to collect in the short and/or medium term all the backups of the original sample, and that it would not be feasible to carry out the review in a prudent time by the EY team, given the magnitude of backups needed. For the samples and subsamples determined, we obtained evidence from Payment Statements, Invoices, Contracts, and Execution Reports, which were used as support to support the expense movements executed during the 2022 fiscal year.

Likewise, the EY team did not carry out a verification of the systems where records are kept of the expenses executed by period, because the Ministry of Finance pointed out that it was unfeasible, due to the time of the review, to be able to carry out this cross-checking of information.

Ferrocarriles del Estado (hereinafter "EFE") in terms of the criteria used to recognize expenses for the 2022 fiscal year, versus the period in which the invoices were received or accrued.

On the one hand, EFE registers 17 movements as part of the expenditure executed in 2022, which were accrued and provisioned in that period, but whose invoices were received during the 2023 financial year. On the other hand, Metro registers 6 invoices as part of the 2022 expense, which were accrued in the 2021 financial year but were paid in the 2022 financial year, the period in which the invoices were received.

By way of summary, the criterion used by Metro is based on the date of payment and the period in which the expense was accrued, and on the other hand, the criterion used by EFE is in relation to the date of accrual of the expense.

Restricted Use

This report is intended solely for the information and use by Chilean Ministry of Finance's administration and is not intended to be and should not be used by anyone other than the specified party.

EY Audit Ltda.



Chris Heidrich
FAAS Lead Partner.

Santiago, November 13, 2023

Appendix A – Green Allocation Summary, as of December 2022

Section V. Allocation Report, specifically Table 4 Green Allocation Summary, presents the disbursements made between January 1 and December 31, 2022 (2022 Expenditure), whose resources were obtained through the Green Bonds issued in 2019, 2020 and 2021 and the Sustainable Bonds issued in 2021 and 2022 which includes the following detail of green projects:

Green Sector	Project	Expenditure 2022 (in USD MM 2022)
Clean Transportation	Metro Line 3	(0.2)
	Metro Line 3 Extension	60.6
	Metro Line 2 Extension	49.9
	Metro Line 7	259.1
	Electromobility in Metropolitan Public Transport	40
	Rolling Stock Renewal	-
	Metro Line 8	2.5
	Metro Line 9	3.8
	Metrotren Alameda – Melipilla	87.3
	Metrotren Alameda – Chillán	17.4
	Metrotren Coronel – Lota	-
	Metro Reconstruction	39.1
	Metro Line 4 Extension	-
	New RED Bus Tender	-
Renewable energy	Installation of Solar Thermal Systems	-
	Installation of Photovoltaic Panels	-
	Solar Panels on Public Buildings	-
Green Buildings (Green Buildings)	Green Public Buildings	0.04
	Green Public Buildings 2	39.8
Efficient and climate-resilient management of water resources	Analysis and Conservation of Water Resources	17.8

Appendix B - Summary of disbursement of social expenditures as of December 2022.

Section V. Allocation Report, specifically Table 9 Summary of Disbursement of Social Expenditures, presents the disbursements made between January 1 and December 31, 2022, whose resources were obtained through the Social Bonds issued in 2020 and 2021 and the Sustainable Bond issued in 2021, which includes the following details of social projects:

Sector Social	Projects	Expenditure 2022 (in USD MM 2022)
Support for older adults or people with special needs belonging to vulnerable sectors	Pension support for elderly people and pension support for people with special needs	775
	Basic Solidarity Pension for elderly people	90
	Basic Solidarity Pension for people with special needs	508
Supporting Low-Income Families	Permanent support for low-income families	191
	Family subsidy	451
Access to basic housing	DS49 Solidarity fund for housing	1.164
Access to education	Preferential Grant for education	1.044
Food safety	Foods in schools	885

