

Banco del Estado de Chile

Type of Engagement: Annual Review

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Introduction

In April 2024, Banco del Estado de Chile (“BancoEstado”) issued a Sustainability Bond (the “2024 Sustainability Bond”) and raised CLP 35,629 million to finance and refinance projects to support the transition to a low-carbon economy. In 2024, BancoEstado engaged Sustainalytics to review the projects financed with proceeds from the 2024 Sustainability Bond (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and whether BancoEstado complied with the reporting commitments in the BancoEstado Sustainability Financing Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in March 2024.²

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and BancoEstado's reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs from the Framework

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Green Buildings, e.g. green mortgage credits (Crédito para Ecoviviendas)	Financing/investments related to the acquisition of homes with an energy efficiency rating (Calificación Energética de Viviendas) of C or superior, validated by the Ministry of Housing and Urban Planning (MINVU). The C rating category is given to homes with ex-post energy savings of over 40% compared to an average baseline consumption of 19.20 kWh/year	<ul style="list-style-type: none"> i Number of mortgages extended ii Estimation of annual energy savings (MWh) iii Estimation of annual Greenhouse Gas (GHG) emissions reduced or avoided (tCO₂e)
Renewable Energy, e.g. Loans for Green Energy (Crédito para Energías Limpias)	Financing/investments related to renewable energy including: <ul style="list-style-type: none"> i Solar power (photovoltaic and CSP) ii Wind power (onshore and offshore) iii Small-scale hydropower with the life-cycle GHG emissions <50gCO₂e/kWh, power density greater than 10W/m² and that are run-of-river without artificial reservoir or low storage capacity 	<ul style="list-style-type: none"> i Installed capacity (MW) ii Estimation of annual Greenhouse Gas (GHG) emissions reduced or avoided (tCO₂e)

¹ BancoEstado, “BancoEstado Sustainability Financing Framework”, (2024), at: <https://investor.bancoestado.cl/documents/green-and-social-bond/bancoestado-sustainability-financing-framework-eng-march-2024-3.pdf>

²Sustainalytics, “Second-Party Opinion, BancoEstado Sustainability Financing Framework”, (2024), at: [bancoestado-sustainability-financing-framework-spo-eng-march-2024-3.pdf](https://www.sustainalytics.com/second-party-opinion/bancoestado-sustainability-financing-framework-spo-eng-march-2024-3.pdf)

	<p>iv Non-waste and waste (limited to forestry and agricultural residues) biomass operating at life-cycle GHG emissions <100gCO₂e/kWh with feedstock not derived from sources that compete with food sources or carbon pools such as high biodiversity value land. Additionally, when applicable, wood pellets are sourced from FSC or PEFC-certified operations.</p>	
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Issuer’s Responsibility

BancoEstado is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from BancoEstado’s Sustainability Bond. The work undertaken as part of this engagement included collection of documentation from BancoEstado and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by BancoEstado. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by BancoEstado.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,³ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. BancoEstado has disclosed to Sustainalytics that the proceeds from the 2024 Sustainability Bond were fully allocated as of April 2024.

³ Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of projects to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of projects or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	BancoEstado reported on at least one KPI per use of proceeds category.	None

Appendices

Appendix 1: Allocation Reporting

Table 3: Allocation of proceeds from the 2024 Sustainability Bond

Use of Proceeds Category	Project Description	Number of Projects	Net Proceeds Allocation (CLP million)
Green Buildings	Projects C or superior	138	8,429.75
Renewable Energy	Wind (Onshore)	1	27,200.00
Total Amount Allocated			35,629.75
Total Proceeds Unallocated			0.00
Total Net Proceeds Raised			35,629.75

Appendix 2: Reported Impact

Table 4: Reported Impact from the 2024 Sustainability Bond

Use of Proceeds Category	Environmental Impact Reported
Green Buildings	<p>A total of 138 mortgages were extended, based on energy efficiency ratings for green buildings. Of this total,</p> <ul style="list-style-type: none"> I. 8 mortgages were allocated to buildings with an energy efficiency rating of A+; II. 15 mortgages were allocated to buildings with an energy efficiency rating of A; III. 30 mortgages were allocated to buildings with an energy efficiency rating of B; IV. And 85 mortgages were allocated to buildings with an energy efficiency rating of C.
Renewable Energy	<ul style="list-style-type: none"> I. Parque Eólico San Pedro I: 18 wind turbines with an installed capacity of 36 MW. II. Parque Eólico San Pedro II: 13 wind turbines with an installed capacity of 65 MW. III. Wind Generation Project: An estimated capacity of 151 MW.

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