

Caja Los Andes

Type of Engagement: Annual Review

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Introduction

Between July 2022 and November 2023, Caja Los Andes (“CLA”) issued three social bonds and obtained two loans (collectively, the “Financing Instruments”) to finance retail loans that seek to achieve positive socio-economic outcomes for the target populations. In December 2023, CLA engaged Sustainalytics to review the projects financed with proceeds from the Financing Instruments and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the Caja Los Andes Social Financing Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in July 2022.² This is Sustainalytics’ first annual review of allocation and reporting of the Financing Instruments issued under the Framework.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the Financing Instruments based on whether they:

1. Met 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

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Access to Financial Services	<p>Issue or finance retail loans provided to individuals or families that are members of Caja (including workers and retirees) and (i) have limited access to credit, (ii) are low-income individuals, or (iii) are elderly individuals or women who also have low income or limited access to credit or are low-income individuals for the following pre-determined purchases:</p> <ul style="list-style-type: none"> • Expenditures to purchase or access medicines, treatments, health equipment, mental health services, preventative care, emergency response, and other healthcare services offered at hospitals, clinics, healthcare centers, eldercare centers, laboratories and childcare. • Education expenses, including vocational training, online learning, workshops for retirees and other educational services, systems or equipment provided in universities, colleges and schools. • Expenditures related to the expansion and maintenance of housing. 	<ul style="list-style-type: none"> • Amount of social loans provided to the target population • Amount of housing enhancements financed for each target population

¹ The Framework is available on Caja Los Andes’ website at:

<https://ww2.cajalosandes.cl/cs/groups/public/documents/document/znjh/bwv3/~edisp/social-bond-framework.pdf>

² Sustainalytics, “Second-Party Opinion, CLA”, (2022), at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/caja-los-andes/caja-los-andes-social-financing-framework-second-party-opinion-\(english\)/caja-los-andes-social-financing-framework-second-party-opinion-\(english\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/caja-los-andes/caja-los-andes-social-financing-framework-second-party-opinion-(english)/caja-los-andes-social-financing-framework-second-party-opinion-(english))

	<ul style="list-style-type: none"> Expenditures to purchase or maintain durable consumer goods, including basic household appliances, sanitation infrastructure, and internet and telecommunications-related hardware. 	
Access to Financing	<p>Issue or finance retail loans provided to microentrepreneurs for setting up or expanding MSMEs in Chile. These microentrepreneurs include individuals or families that are members of Caja (including workers and retirees) and (i) have limited access to credit, (ii) are lower-income individuals, (iii) are elderly individuals or women with limited access to credit or are low-income individuals; or (iv) entrepreneurs or small business owners who identify as women.</p>	<ul style="list-style-type: none"> Amount of social loans provided to the target population

Issuer’s Responsibility

CLA is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

Independence and Quality Control

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

Sustainalytics relied on the information and the facts presented by CLA. 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 CLA.

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 reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Framework.

³ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. 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 the projects funded with proceeds from the Financing Instruments to determine if projects aligned with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded with proceeds from the Financing Instruments to determine if impact of projects was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

Appendix

Appendix 1: Allocation and Reported Impact

Between July 2022 and November 2023, CLA raised USD 416.3 million in proceeds through Financing Instruments that include three social bonds and two loans. As of December 2023, all proceeds have been allocated to finance or refinance retail loans to the target populations, as defined in the Framework.

Table 3: Net Proceeds Raised from the Financing Instruments

Serial No.	Financing Instrument	Issued or obtained in:	Amount raised per instrument (USD million)
1	Social Bond – BCAJBG0522	Jul 2022	74.9
2	Social Bond – BCAJBP0922	Nov 2022	31.7
3	Social Bond – BCAJBR0123	May 2023	124.8
Net proceeds from bonds issued (USD million):			231.3
4	Social Syndicated Term Loan	Nov 2023	145.0
5	Bank Loan – BBVA	Nov 2023	40.0
Net proceeds from loans obtained (USD million):			185.0
Net Proceeds from the Financing Instruments (USD million):			416.3

Table 4: Net Proceeds Allocation and Reported Impact

Use of Proceeds Category	Eligibility Criteria	Allocation of Net Proceeds (USD million)		
		2022	2023	Total
Access to Financial Services	Loans to individuals or families with low credit	195.4	120.0	315.4
	Loans to individuals or families with low income	17.0	30.9	47.9
	Loans to women or elderly with low credit	168.2	98.7	267.0
	Loans to women or elderly with low income	42.5	79.2	121.7
	Loans to women or elderly with low credit and low income	43.3	76.6	119.9
Access to Finance	Retail loans to microentrepreneurs for setting up or expanding MSMEs in Chile	0.0	0.0	0.0
Total amount of loans financed or refinanced by CLA per the Framework criteria (USD million):		466.4	405.5	416.3⁴

⁴ Pro-rata computation on proceeds to USD 416.3 million given that a total of ~USD 871.9 million was allocated by CLA to assets (re)financed.

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