

Second-Party Opinion

Entel Sustainable Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Entel Sustainable Financing Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021, and Social Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Access to Basic Infrastructure, Access to Essential Services, COVID-19 Pandemic Relief, Renewable Energy, Energy Efficiency, Clean Transportation, Green Buildings, Pollution Prevention and Control – are aligned with those recognized by both the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 7, 9, 11, and 12.



PROJECT EVALUATION / SELECTION Entel's Finance, Accounting, Risk Management, Human Resources and Sustainability departments are responsible for selecting eligible projects, with final approval provided by the Company's Chief Financial Officer. The company's environmental and social risk management processes are applicable across all allocations made under the Framework. Sustainalytics considers this risk management system to be adequate and the process for project evaluation and selection to be aligned with market practice.



MANAGEMENT OF PROCEEDS The company's Finance, Accounting, Human Resources and Sustainability departments are responsible for tracking allocations. Entel has set a lookback period of 24 months prior to issuance for refinancing. Pending allocation, the proceeds may be used for the payment of outstanding debt or capital management activities. This is in line with market practice.



REPORTING Entel intends to report on allocation of proceeds on its website on an annual basis until full allocation. In addition, Entel is committed to reporting on relevant impact metrics. Sustainalytics views the allocation and impact reporting as aligned with market practice.

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Issuer Location	Santiago, Chile

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For inquiries, contact the Sustainable Finance Solutions project team:

Ijeoma Madueke (Toronto)
Project Manager
ijeoma.madueke@sustainalytics.com
(+1) 647 317 3631

Amala Devi (Toronto)
Project Support

John-Paul Iamonaco (Toronto)
Project Support

Guilherme Grunthal (Toronto)
Client Relations
susfinance.americas@sustainalytics.com
(+1) 646 518 9623

Introduction

Empresa Nacional de Telecomunicaciones S.A. (“Entel”, or the “Company”) is a full-service provider of telecommunications services and digital solutions across Chile and Peru. Headquartered in Santiago, Chile, the Company delivers wired and wireless services to more than 18.2 million customers and had 9,000 employees as of December 2020.

Entel has developed the Entel Sustainable Financing Framework (the “Framework”) under which it intends to issue green, social and/or sustainability bonds and loans, and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that reduce the carbon footprint of its operations and increase connectivity for underserved groups.

The Framework defines social eligibility criteria in the following three areas:

1. Access to Basic Infrastructure
2. Access to Essential Services
3. COVID-19 Pandemic relief

The Framework defines green eligibility criteria in the following five areas:

1. Renewable Energy
2. Energy Efficiency
3. Clean Transportation
4. Green Buildings
5. Pollution Prevention and Control

Entel engaged Sustainalytics to review the Entel Sustainable Financing Framework, dated August 2021, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2021 (SBP)¹, Green Loan Principles 2021 (GLP), and Social Loan Principles 2021 (SLP)². This Framework will be published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021 and Social Loan Principles 2021, as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.10.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

¹ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

² The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>

³ The Entel Sustainable Financing Framework is available on Empresa Nacional de Telecomunicaciones S.A. ’s website at: <https://informacioncorporativa.entel.cl/investors>

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

As part of this engagement, Sustainalytics held conversations with various members of Entel's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Entel representatives have confirmed (1) they understand it is the sole responsibility of Entel to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Entel.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Entel has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Entel Sustainable Financing Framework

Sustainalytics is of the opinion that the Entel Sustainable Financing Framework is credible, impactful and aligns with the four core components of the GBP, SBP, GLP, and SLP. Sustainalytics highlights the following elements of Entel's Sustainability Bond Framework:

- Use of Proceeds:
 - The eligible categories – Access to Basic Infrastructure, Access to Essential Services, COVID-19 Pandemic Relief, Renewable Energy, Energy Efficiency, Clean Transportation, Green Buildings, Pollution Prevention and Control – are aligned with those recognized by the GBP, SBP, GLP, and SLP.
 - Within the Access to Basic Infrastructure category, Entel intends to finance investments in the construction, improvement, acquisition, maintenance and/or operation of facilities, networks, and equipment needed to provide connectivity including wired and wireless internet access. The Company is contemplating deployment and/or expansion of 5G network, 4G network and fiber-optic technology.
 - The investments are intended to address the lack of adequate access to broadband networks for low-income underserved communities in remote locations and/or with low population density. The Framework specifies that the target population will meet one of the following additional eligibility criteria: (i) small/rural towns with populations under 150,000; (ii) urban districts with populations in the bottom two economic quintiles; and/or (iii) areas of high scientific value as defined by the Chilean regulator of telecommunications⁵.

⁵ Entel has confirmed that these areas may include seaports, universities, aerodromes for aircrafts as well as areas that the country has under scientific investigation such as wetlands.

- Sustainalytics notes that connectivity in remote and low-income communities is recognized as an important service, and therefore considers that such projects are likely to have positive social impacts.
- The Access to Essential Services category is focused on digital inclusion and relates to investments in the construction, improvement, acquisition, maintenance and/or operation of facilities and equipment required to provide fixed wireless broadband service in areas where there is no availability of wired services. Expenditures under this category are targeted at Chile's designated "red connectivity zones" which correspond to localities with inadequate internet access. Sustainalytics views activities aimed at digital inclusion as having positive social impact and contributing to the socio-economic advancement of low-income populations, noting that Entel explicitly intends that beneficiaries refer to members of the bottom two socio-economic quintiles in the targeted regions.
- As part of its COVID-19 Pandemic Relief expenditures, Entel is looking to channel financing towards programs and/or initiatives that alleviate negative impact to its customers and the communities within which it operates.
 - As part of this category, the Company intends to provide devices and data plans free of charge to vulnerable groups including senior citizens and/or patients in hospitals. Entel has confirmed an at-cost approach will be referenced for allocation in this regard. Sustainalytics considers the provision of internet access at no cost to populations in need as aligned with market practice.
 - Under the Framework, the Company contemplates expenditures related to supplementary health and safety measures for employees and customers. This may include personal protective equipment and installing acrylic separators for face-to-face operations. Sustainalytics considers efforts towards ensuring the health and safety during COVID-19 as aligned with market practice, noting the exceptional context of the global pandemic.
- Entel contemplates Renewable Energy expenditures related to the construction, development, expansion, production, acquisition, maintenance, operation installation and/or sourcing of renewable energy to power the Company's network, data centers and associated infrastructure. This includes wind and solar sources as well as small scale hydro projects with an installed capacity less than 25 MW and life cycle emissions lower than 100 gCO_{2e}/kWh. These investments are in line with market practice.
 - In addition to direct investments in renewable energy projects, Entel intends to procure electricity via power purchase agreements (PPAs). The Company confirms that PPAs will be long-term agreements greater than 5 years, which Sustainalytics views as providing greater assurance of positive impacts and aligned with market practice.
- Under the Energy Efficiency category, the Company intends to finance a range of projects that lead to a minimum energy efficiency improvement of 30%. This may include electric powered machinery, and/or LED lighting at Entel's facilities. Projects within this category will also focus on monitoring, minimizing and controlling energy consumption.
 - The Company intends to finance energy management systems such as Per Outlet Power Sensing which involves power monitoring per individual outlet and/or device which provides more accurate tracking of energy use. Sustainalytics notes that direct device-level monitoring is likely to provide more robust information for energy management.
 - Sustainalytics views positively that the Company specifies a minimum threshold improvement for these investments and considers that projects being contemplated as aligned with market practice for telecommunications companies.
- Entel is considering investments in the Clean Transportation category related to upgrading zero direct emissions transport systems, the purchase of electric vehicles as well as supporting infrastructure such as charging stations.
 - Financing and/or refinancing of transport systems refers to electromobility initiatives developed under the Ministry of Energy and implemented by the Energy Sustainability

- Agency to promote the use of electric vehicles in Chile as part of its National Electromobility Strategy.⁶
- Sustainalytics considers activities that promote the use of electric vehicles to be aligned with market practice.
 - Within the Green Buildings category, the Company contemplates expenditures related to the acquisition, financing, construction and/or retrofitting of buildings.
 - Entel intends to use reputable third-party certification schemes to determine green building eligibility. The Framework specifies minimum standards of LEED Gold, BREEAM Excellent and HQE Excellent. Sustainalytics views these schemes as credible and the minimum selected levels to be aligned with market practice. See Appendix 1 for an overview of Sustainalytics' assessment of these certifications.
 - For retrofitting investments, the Framework specifies that these will lead to the buildings achieving 20% emissions reduction and/or energy performance improvements over a baseline such as ASHRAE 90.1 2010. This is in line with market practice.
 - Pollution Prevention and Control investments may include waste prevention, waste reduction, and waste recycling projects. The Framework specifies that these support the segregation of waste.
 - For electronic waste (e-waste) recycling of Entel's electronic devices and network equipment, the Company intends to implement these under a robust waste management process and in conjunction with certified third parties. This is to ensure proper handling and risk mitigation which Sustainalytics considers to be in line with market practice.
 - Sustainalytics notes the importance of the waste hierarchy in assessing the impact of waste management projects and highlights positively the prioritization of waste diversion to deliver positive environmental impacts.
 - Project Evaluation and Selection:
 - Eligible projects under the Framework will be identified and assessed by selected members from Entel's Finance, Accounting, Risk Management, Human Resources and Sustainability departments. Final approval will be provided by Entel's Chief Financial Officer.
 - To evaluate the environmental and social risks for the allocation of proceeds, the Company intends to rely on company-level policies and procedures. Sustainalytics considers these risk management processes to be adequate.
 - Based on the dedicated representatives and management oversight, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - Allocation of the proceeds of financings will include financing or refinancing of eligible projects made by Entel up to 24 months prior to issuance. This will be overseen by the Company's Finance, Accounting, Human Resources and Sustainability departments. Entel intends to allocate proceeds within 36 months after each issuance, which is in line with market practice. Pending full allocation, net proceeds will be used for payment of outstanding indebtedness or other capital management activities.
 - Based on the clear definitions of how proceeds are managed and disclosure around temporary use of proceeds, Sustainalytics considers this to be aligned with market practice.
 - Reporting:
 - Within one year of issuance and until proceeds have been fully allocated, Entel will report on allocations annually on its website via Sustainable Financing Report. Allocation reporting will include amount of proceeds allocated by project and/or category, amount of unallocated proceeds and share of financing vs refinancing.
 - The Company also intends to report on key environmental and/or social impact metrics for each category listed in the Framework. This includes number of wireless connections, growth in network infrastructure, renewable energy share of energy consumption and annual GHG emissions reduced/avoided (tonnes of CO₂e)

⁶ For more information, refer to Plataforma de Electromovilidad at: <https://energia.gob.cl/electromovilidad/introduccion>

- Sustainalytics considers the allocation and impact reporting commitments to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Entel Sustainable Financing Framework aligns with the four core components of the GBP, SBP, GLP, and SLP. For detailed information please refer to Appendix 2: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Entel

Contribution of Framework to Empresa Nacional de Telecomunicaciones S.A. 's sustainability strategy

Sustainalytics is of the opinion that Entel demonstrates a commitment to sustainability through its vision to facilitate a "responsible transformation of the society through technology".⁷ The Company set sustainability as a key component of its business strategy in 2018 and developed a corresponding sustainability plan to complement this strategy in 2019. Entel's 2020 Integrated Report outlines its performance on the following focus areas of its sustainability strategy that align with the Framework:

- As part of its efforts to bridge the digital divide, Entel focuses on improving connectivity and digital education in underserved areas. Towards these goals, in 2020, Entel mentored 100 SMEs in Chile through their digitalization process via its entrepreneurship program, E-makers. Furthermore, over one-third of the Company's points of facilities in Chile are located in rural or isolated areas of the country indicating a commitment to providing access to basic services.⁸
- Entel prioritizes energy efficiency at its facilities in order to reduce the Company's overall carbon footprint. Recognizing that networks and datacenters account for the highest electricity consumption at its operations, the Company has set a target to achieve a power-use effectiveness (PUE) of less than 1.35 in new installations in 2021 down from 1.75. About 67% of the energy used at Entel's datacenters is generated from renewable sources. The Company is also exploring the use of renewable energy to power other aspects of its operations.
- Entel follows a combination of repair, reuse and recycle strategies to reduce and/or manage electronic waste as well as promote circular economy practices. The Company has over 290 recycling points in Chile and 151 in Peru. In 2020, Entel Chile recycled over 9,800 kilograms of electronic waste; 5,000 kilograms of plastics; and 59,800 kilograms of cardboard.
- In response to addressing COVID-19 pandemic related challenges, in 2020, Entel deployed digital solutions such its Epivigila platform towards disease notification and traceability, artificial intelligence and geo-intelligence systems to monitor physical distancing in crowded places, and study municipality-level mobility patterns respectively. The Company also collaborated with other organizations to deploy Ch\$ 37 million towards startup enterprises addressing health, education, employment and community challenges during the pandemic.

Based on the above, Sustainalytics is of the opinion that the Entel Sustainable Financing Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities. Sustainalytics encourages Entel to set timebound, quantifiable short and long-term sustainability targets.

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key risks associated with the eligible projects, could include biodiversity risks associated with infrastructure development, management of hazardous waste, occupational health and safety, supply chain risks, data privacy and security, and exacerbation of existing inequalities due to insufficient targeting.

Sustainalytics is of the opinion that Entel is able to manage and/or mitigate potential risks through implementation of the following:

⁷ Entel, "Integrated Report 2020", at: https://entel.modyocdn.com/uploads/e64d3cee-1ce4-48df-9e15-d7e4785279d7/original/210618_EntelEnglish_MC_OK_INTERMEDIA.pdf

⁸ Points of Presence are interface or access points where two or more communication entities share a connection, such as the access points that allow users to connect to their Internet service providers.

- Entel has in place an Environmental Policy that establishes guidelines on the management of risks to the environment from its operations and activities.⁹ Through this policy, Entel articulates its commitments across five key principles – (i) aligning its business strategy with the UN sustainability strategies; (ii) proactively implementing international best practices to handle environmental issues; (iii) continuous improvement through its Environmental Management System; (iv) ensuring transparency towards its stakeholders such as regulators, collaborators, community, clients etc.; and (v) creating shared value for the company and its stakeholders.
- Entel ensures compliance with all applicable government regulations to manage and dispose hazardous waste where the Company operates. In 2020, Entel managed 178,036 kilograms of such waste, and 50,855 kilograms of hazardous waste such as batteries, cells and battery banks.¹⁰
- Entel has a Health and Safety Policy¹¹ that outlines its commitment to provide a safe work environment to all employees and contractors. All of Entel's operations fall under the Company's Occupational Health and Safety Preventive Management System and its division for Management and Development of Contractors carries out annual field-level audits of its contractors. Furthermore, the Company has had zero fatal accidents in 2019 and 2020 as well as a drop in the accident rate to 0.14% in 2020 from 0.51% in 2019.¹²
- Entel's procurement policy is embedded in its corporate Code of Ethics,¹³ and requires that all suppliers must responsibly manage stakeholder considerations of the community and the environment where it operates, and work towards their sustainable development through technology. In Chile and Peru, the Company is a part of the United Nations Global Compact and adheres to its ten principles, including those related to protection of human rights across its value chain.
- In 2018, Entel conducted a human rights due diligence analysis across its operations and has integrated the identified considerations in its work with various stakeholders across procurement, sourcing and use of its products and services.
- Entel's infrastructure and systems that support its cloud services are certified under the ISO 270001 information security standard. Furthermore, the protection of customer information and personal data is guided by the Company's corporate-level data management and governance policy, developed in 2019.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Entel has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All eight use of proceeds categories are aligned with those recognized by GBP, SBP, GLP or SLP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Impact of Network Connectivity in Remote and Low-Income Areas in Latin America

Digital connectivity and access to internet services are important for community access to essential services like healthcare and education, as well as critical components for community development and socio-economic inclusion.¹⁴ According to the World Economic Forum, there is a direct correlation between internet access, job creation, and poverty reduction.¹⁵ In Latin America, it is estimated that while 90% of the region is covered by mobile broadband, only about 50% of the population has internet access.¹⁶ In Chile, where Entel's

⁹ Entel's Environmental Policy, which has been shared with Sustainalytics and reviewed confidentially.

¹⁰ Entel, "Integrated Report 2020", at: https://entel.modyocdn.com/uploads/e64d3cee-1ce4-48df-9e15-d7e4785279d7/original/210618_EntelEnglish_MC_OK_INTERMEDIA.pdf

¹¹ Entel's Health and Safety Policy has been shared with Sustainalytics and reviewed confidentially.

¹² Entel, "Integrated Report 2020", at: https://entel.modyocdn.com/uploads/e64d3cee-1ce4-48df-9e15-d7e4785279d7/original/210618_EntelEnglish_MC_OK_INTERMEDIA.pdf

¹³ Entel's Code of Ethics, which has been shared with Sustainalytics and reviewed confidentially.

¹⁴ Generation Unlimited, (2001) "Digital Connectivity, Connecting schools to the internet and empowering young people with digital skills", at: <https://www.generationunlimited.org/our-work/promising-ideas-innovation/digital-connectivity>

¹⁵ World Economic Forum (2016), "How digital connectivity is transforming Latin America", at: <https://www.weforum.org/agenda/2016/06/how-digital-connectivity-is-transforming-latin-america/>

¹⁶ GSMA, "The mobile economy: Latin America", (2020), at: <https://www.gsma.com/mobileeconomy/latam/>

operations are primarily located, 43% of households do not have a fixed residential internet connection as of June 2020.¹⁷

As part of these connectivity efforts, Chile's Transportation and Telecommunications Ministry has set a target to implement 5G network across the country which also includes connecting 366 areas with 4G technology via a public tender. Other projects being contemplated by the Chilean government include (i) La Fibra Óptica Austral, a submarine communications cable to link Chile with the rest of the world, improving connectivity; and (ii) the Wifi ChileGob 2.0 which will add 1,200 new public Wifi points across the country.¹⁸ These initiatives are intended to address the connectivity issues faced by Chileans.

Sustainalytics is of the opinion that by targeting remote areas and lower socio-economic segments in Chile and Peru, Entel's investments in telecommunications infrastructure can contribute positively to key social development challenges in Latin America by facilitating increased access to essential services for people and communities that do not currently have internet access.

Importance of energy efficiency investments in the telecommunication industry

The telecommunication services industry is in the midst of a global transformation, driven by the rollout of 5G technology, a new wireless standard expected to enable faster connection speeds and significantly improve bandwidth and lower latency. Notably, large telecom networks are energy-intensive to operate, and the deployment of 5G will impose even greater electricity demands due to the need for increased equipment installation and data processing capacity. The International Energy Agency estimates that between 2010 and 2020, "the number of internet users worldwide has doubled while global internet traffic has grown twelve-fold."¹⁹ The rapid increases in data traffic will likely translate to an increasing energy consumption in the sector which contributes to approximately 2% of global carbon emissions.²⁰

The largest single energy demand for traditional telecommunications service providers is the electricity needed to run network base stations, with telephone exchanges, core networks, and datacenters comprising significant loads and representing on average 20-40% of the operational expenditures.²¹ It is estimated that datacenters consume 10 to 50 times more energy per unit of floor space than commercial office buildings.²² In February 2021, Chile's government passed the Chilean Law on Energy Efficiency (CLEE) under which the Company will establish the first National Energy Efficiency Plan with a goal of reducing energy intensity for Chile by at least ten per cent by 2030 compared to a 2019 baseline.²³

Sustainalytics is of the opinion that Entel's investments in projects that could result in increased energy efficiency will positively contribute to reducing the environmental footprint of the telecommunications services industry and contribute towards Chile's targets.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the Entel Sustainable Financing Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Access to Basic Infrastructure	9. Industry, innovation and infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support

¹⁷ CHV Noticias, "Thousands of families without Internet access because they live in red areas", (2021), at:

https://www.chvnoticias.cl/reportajes/zonas-rojas-sin-internet-42-comunas_20210330/

¹⁸ The Government of Chile, "The Government will connect 366 areas in Chile through a 5G public tender", (2020), at: <https://www.gob.cl/en/news/government-will-connect-366-areas-chile-through-5g-public-tender/>

¹⁹ The International Energy Agency (IEA), "Data Centres and Data Transmission Networks", (2020), at: <https://www.iea.org/reports/data-centres-and-data-transmission-networks>

²⁰ S&P Global, "ESG Industry Report Card: Telecoms", (2020), at: <https://www.maalot.co.il/Publications/GRB20200824143602.pdf>

²¹ The International Energy Agency (IEA), "Data Centres and Data Transmission Networks", (2020), at: <https://www.iea.org/reports/data-centres-and-data-transmission-networks>

²² Berkeley National Laboratory, "United States Data Center Energy Usage Report", http://eta-publications.lbl.gov/sites/default/files/lbnl1005775_v2.pdf

²³ The Government of Chile, "President Piñera enacts the Energy Efficiency Law in Chile: "The time for diagnoses is over; now is the time for action, commitment and resolve", (2021), at: <https://www.gob.cl/en/news/pinera-enacts-the-energy-efficiency-law-in-chile-the-time-for-diagnoses-is-over-now-is-the-time-for-action-commitment-and-resolve/>

		economic development and human well-being, with a focus on affordable and equitable access for all
Access to Essential Services	9. Industry, innovation and infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
COVID-19 Pandemic Relief	9. Industry, Innovation and Infrastructure	9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020
Renewable Energy	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and clean energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Clean Transportation	11. Sustainable cities and communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Green Buildings	11. Sustainable cities and communities	11.c Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials
Pollution Prevention and Control	12. Responsible consumption and production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Conclusion





Entel has developed the Entel Sustainable Financing Framework under which it may issue sustainability bonds and/or loans and use the proceeds to finance projects that reduce emissions, promote waste management and improve access to basic communication infrastructure and services. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impact.

The Entel Sustainable Financing Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Entel Sustainable Financing Framework is aligned with the overall sustainability strategy of the company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 9, 11, and 12. Additionally, Sustainalytics is of the opinion that Entel has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Empresa Nacional de Telecomunicaciones S.A. is well-positioned to issue sustainability bonds and that that Entel Sustainable Financing Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021), Social Bond Principles (2021), Green Loan Principles (2021), and Social Loan Principles (2021).

Appendices

Appendix 1: Assessment of Green Building Certifications

	LEED ²⁴	BREEAM ²⁵	HQE ²⁶
Background	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	The Haute Qualité Environnementale or HQE (High Quality Environmental standard) is a standard for green building in France, based on the principles of sustainable development first set out at the 1992 Earth Summit. The standard was launched in 2005 and is controlled by HQE and certificate is issued by Cerway/ Certivea/ Cerqual.
Certification levels	Certified Silver Gold Platinum	Pass Good Very Good Excellent Outstanding	Pass Good Very good Excellent Exceptional
Areas of Assessment	Energy and atmosphere Sustainable Sites Location and Transportation Materials and resources Water efficiency Indoor environmental quality Innovation in Design Regional Priority	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation	Energy Environment (Site, Components, Worksite, Water, Waste, Maintenance) Comfort (Hydrothermal, Acoustic, Visual, Olfactory) Health (Spaces quality, Air Quality, Water Quality) Principles of Equivalence
Requirements	Prerequisites (independent of level of certification) + Credits with associated points These points are then added together to obtain the LEED level of certification There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).	Prerequisites depending on the levels of certification + Credits with associated points This number of points is then weighted by item ¹⁸ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score. BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	Prerequisites (independent of level of certification) + Points-based performance level: Performing and High Performing The Prerequisite level is obtained when all the minimum requirements for a target are met, while the Performing and High Performing levels are obtained based on a percentage of points given per target, allowing for flexibility. Based on the total number of stars obtained per area, an overall HQE level is then given. Environmental certificates are assigned at all stages of the building life cycle, and on-site audits are required.
Performance display	 		

²⁴ LEED, "LEED Rating System", at: <https://www.usgbc.org/leed>

²⁵ BREEAM, "How BREEAM Certification Works", at: <https://www.breeam.com/discover/how-breeam-certification-works/>

²⁶ HQE, "Introduction to HQE™ certification", at: <https://www.behqe.com/cerway/essentials>

Accreditation	LEED AP BD+C LEED AP O+M	BREEAM International Assessor BREEAM AP BREEAM In Use Assessor	HQE Construction Certification Referent HQE Operations Certification Advisor
Qualitative considerations	Widely recognised internationally, and strong assurance of overall quality.	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.	HQE certification has the greatest number of targets concerning individuals. The "Comfort" and "Health" related themes are the most developed in this scheme. The HQE scheme recognises European and international standards (in particular the ISO and ASHRAE standards).

Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name: Empresa Nacional de Telecomunicaciones S.A.

Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable: Entel Sustainable Financing Framework

Review provider's name: Sustainalytics

Completion date of this form: September 03, 2021

Publication date of review publication:

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds – Access to Basic Infrastructure, Access to Essential Services, COVID-19 Pandemic relief, Renewable Energy, Energy Efficiency, Clean Transportation, Green Buildings, Pollution Prevention and Control – are aligned with those recognized by both the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 7, 9, 11 and 12.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |

- | | |
|---|---|
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): COVID-19 Pandemic relief |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Entel's Finance, Accounting, Risk Management, Human Resources and Sustainability departments are responsible for selecting eligible projects, with final approval provided by the Company's Chief Financial Officer. Entel's environmental and social risk management processes are applicable across all allocations made under the Framework. Sustainalytics considers this to be adequate and the process for project evaluation and selection to be aligned with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Entel's Finance, Accounting, Human Resources and Sustainability departments are responsible for tracking allocations. Entel has set a lookback period of 24 months prior to issuance for refinancing. Pending allocation, the proceeds may be used for the payment of outstanding debt or capital management activities. This is in line with market practice.

Tracking of proceeds:

- Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

Entel intends to report on allocation of proceeds on its website on an annual basis until full allocation. In addition, Entel is committed to reporting on relevant impact metrics. Sustainalytics views the allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (please specify):

Information reported:

- Allocated amounts
- Sustainability Bond financed share of total investment
- Other (please specify): The share of proceeds used for financing vs refinancing, a selection of brief project descriptions, the outstanding amount of net proceeds to be allocated to Eligible Green or Social Projects at the end of the reporting period

Frequency:

- Annual Semi-annual
 Other (please specify):

Impact reporting:

- Project-by-project On a project portfolio basis
 Linkage to individual bond(s) Other (please specify):

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |
| <input type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Waste prevented, minimized, reused, recycled, or processed/ treated |

Frequency:

- Annual Semi-annual
 Other (please specify):

Means of Disclosure

- | | |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Sustainability Financing report |
| <input checked="" type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): Assurance on whether the use of net proceeds from any Sustainable Bonds/Loans are consistent with the eligibility criteria set in the Framework | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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