

Tanner Servicios Financieros SA

Type of Engagement: Annual Review

Date: 20 December 2024

Engagement Team:

Adam Segreti, adam.segreti@morningstar.com

Lokesh Jain, lokesh.jain@morningstar.com

Introduction

In October 2023, Tanner Servicios Financieros SA (“Tanner” or the “Issuer”) developed the Tanner Sustainability Financing Framework (the “Framework”)¹ under which Tanner issued a UF² one million (USD 39,122,539)³ sustainable bond (the “2023 Sustainable Bond”) to finance or refinance existing and future projects aimed at supporting Chile’s transition to a low-carbon economy and promoting socioeconomic advancement. In December 2024, Tanner engaged Sustainalytics to review the projects financed with proceeds from the 2023 Sustainable Bond (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and whether Tanner complied with the reporting commitments outlined in the Framework. Sustainalytics provided a Second-Party Opinion on the Framework in October 2023.⁴ This is Sustainalytics’ first Annual Review of the 2023 Sustainable Bond.

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and Tanner’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

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Socioeconomic Advancement & Empowerment: MSME Financing, Woman-Owned MSMEs, Young-Owned MSMEs & Migrant-Owned MSMEs	Loans, factoring and leasing related to projects, assets, initiatives and financing that support enhanced access to affordable, non-discriminatory financial services for target populations, specifically for MSMEs, Women-Owned MSMEs, Young-Owned MSMEs & Migrant-Owned MSMEs	<ol style="list-style-type: none"> i. Number of loans to the target population ii. Amount (USD) of loans granted to the target population

¹ Tanner Servicios Financieros SA, “Sustainability Financing Framework October 2023”, at: <https://cdn-tanner.azureedge.net/wp-tanner-dev/2023/10/documento-framework-sostenibilidad.pdf>

² UF stands for Unidad de Fomento, which is a unit of account used in Chile. It is a non-circulating currency that is constantly adjusted for inflation. The Central Bank of Chile calculates UF based on the consumer price index.

Central Bank of Chile, “Unidad de Fomento”, at: https://si3.bcentral.cl/estadisticas/Principal1/Metodologias/EMF/UF_EN.pdf

³ The exchange rates used are based on the value of UF as of 29 November 2024 (1 UF = CLP 38,235.24) and the prevailing dollar exchange rate on that same date (1 USD = CLP 977.32).

Central Bank of Chile, “Daily Indicators”, at: <https://si3.bcentral.cl/Indicadoresiete/secure/Indicadoresdiarios.aspx?Idioma=en-US>

⁴ Sustainalytics, “Second-Party Opinion, Tanner Sustainability Financing Framework”, (2023), at: https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/tanner-sustainability-financing-framework_second-party-opinion.pdf?sfvrsn=a9094e46_1

Issuer's Responsibility

Tanner 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 the Tanner Sustainability Financing Framework. The work undertaken as part of this engagement included collection of documentation from Tanner and review of said documentation to assess conformance with the Tanner Sustainability Financing Framework.

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

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,⁵ 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 Tanner Sustainability Financing Framework. Tanner has disclosed to Sustainalytics that the proceeds from the 2023 Sustainability Bond were fully allocated as of November 2023.

Detailed Findings

Table 2: Detailed Findings

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

⁵ 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.

Appendix

Appendix 1: Allocation and Reported Impact

Use of Proceeds Category	Eligibility Criteria	KPI: Number of Beneficiary Companies	KPI: Allocated Amount of Net Proceeds (USD)
Socioeconomic Advancement & Empowerment: MSME Financing, Woman-Owned MSMEs, Young-Owned MSMEs & Migrant-Owned MSMEs	Women-Owned MSMEs	473	28,780,156.75
	MSMEs ⁶	236	10,511,764.90
Total Allocated Proceeds (USD)			39,291,921.65 ⁷
Total Unallocated Proceeds (USD)			0
Total Proceeds Raised (USD)			39,122,539.19

⁶ Eligible MSMEs designated separately under the Framework that do not meet the criteria for Women-Owned MSMEs

⁷ A pro-rata computation was used in attributing allocations to bond size given the difference between Tanner's total allocation to assets (re)financed (USD 39,291,921.65) versus the 2023 Sustainable Bond size (USD 39,122,539.19).

Disclaimer

Copyright ©2024 Sustainalytics, a Morningstar company. All rights reserved.

The information, methodologies, data and opinions contained or reflected herein (the “Information”) are proprietary to Sustainalytics and/or its third-party content providers and may be made available to third parties only in the form and format disclosed by Sustainalytics. The Information is not directed to, nor intended for distribution to or use by India-based clients and/or users, and the distribution of Information to India resident individuals and entities is not permitted.

The Information is provided for informational purposes only and (1) does not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (2) does not constitute investment advice nor recommends any particular investment, nor represents an expert opinion or negative assurance letter; (3) is not part of any offering and does not constitute an offer or indication to buy or sell securities, to select a project nor enter into any kind of business transaction; (4) is not an assessment of the economic performance, financial obligations nor creditworthiness of any entity; (5) is not a substitute for professional advice; (6) has not been submitted to, nor received approval from, any relevant regulatory or governmental authority. Past performance is no guarantee of future results.

The Information is based on information made available by third parties, is subject to continuous change and no warranty is made as to its completeness, accuracy, currency, nor the fitness of the Information for a particular purpose. The Information is provided “as is” and reflects Sustainalytics’ opinion solely at the date of its publication.

Neither Sustainalytics nor its third-party content providers accept any liability in connection with the use of the Information or for actions of third parties with respect to the Information, in any manner whatsoever, to the extent permitted by applicable law.

Any reference to third party content providers’ names is solely to acknowledge their ownership of information, methodologies, data and opinions contained or reflected within the Information and does not constitute a sponsorship or endorsement of the Information by such third-party content provider. For more information regarding third-party content providers visit <http://www.sustainalytics.com/legal-disclaimers>

Sustainalytics may receive compensation for its ratings, opinions and other services, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics maintains measures designed to safeguard the objectivity and independence of its opinions. For more information visit [Governance Documents](#) or contact compliance@sustainalytics.com.

This deliverable, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the opinion wholly or in part, the distribution of the opinion, either free of charge or against payment, or the exploitation of this opinion in any other conceivable manner.

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

About Morningstar Sustainalytics

Morningstar Sustainalytics is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds, which incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. For more information, visit www.sustainalytics.com.

