



Chile's Sustainable Bond Framework

March, 2026







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Introduction and Strategic Context

The Republic of Chile is committed to advancing sustainable development through a comprehensive strategy that integrates environmental protection, social inclusion, and economic resilience. Recognizing that climate change, biodiversity loss, and social vulnerability constitute systemic and interconnected challenges, Chile has embedded sustainability as a key pillar of its public policy and fiscal strategy.

Over the past decade, Chile has progressively strengthened its commitment to mitigating climate change and to environmental protection. It has clearly recognized the imminent need to transition towards a low-carbon economy, and as part of its actions, various ministries, including the Ministry of Finance, have established dedicated units to integrate climate considerations into their respective policy mandates.

In this context, the Ministry of Finance, responsible for fiscal policy, has taken on a key role in ensuring that fiscal and financial policies support Chile's environmental commitments, while maintaining prudent fiscal management and macroeconomic stability. A key milestone in this strategy was the establishment of Chile's first **Green Bond Framework** in 2019, which provided a structured mechanism for channeling public and private capital flows to environmentally sustainable assets. This framework paved the way for Chile to become the first country in the Americas to issue a sovereign green bond, setting a benchmark for thematic sovereign debt markets.

Building on this experience, in 2020 Chile expanded its framework to incorporate social categories alongside green expenditures, resulting in the **Sustainable Bond Framework**. This expansion enabled the Republic to carry out its inaugural sovereign social bond issuance that same year, positioning itself as a pioneer in sustainable sovereign finance.

The following year (2021), Chile further diversified its thematic instruments with the issuance of its first sustainability bond in international markets. This instrument allowed the Republic to combine both green and social eligible expenditures within a single issuance, providing greater flexibility in funding projects.

In 2022, Chile became the first sovereign worldwide to issue a Sustainability-Linked Bond (SLB), issuing US\$2 billion under a structure linked to greenhouse gas emissions and the share of renewable electricity generation. The **SLB Framework** was subsequently updated in 2023 to incorporate a gender-based KPI and further revised in 2025 to include a biodiversity KPI aligned with Chile's national conservation commitments.

This progressive development of Chile's thematic bond frameworks reflects the broader evolution of the country's policy architecture and international commitments. The enactment of the **Framework Law on Climate Change** (Law No. 21,455), published in June 2022, established carbon neutrality and climate resilience by 2050 as legally binding objectives, supported by sectoral mitigation and adaptation plans, carbon budgets, and a Long-Term Climate Strategy. Chile's updated **Nationally Determined Contribution (NDC)** for the 2025–2035 period, submitted in 2025 under the Paris Agreement, reinforces an absolute emissions pathway and a defined cumulative carbon budget, further aligning fiscal policy and sustainable finance instruments with the country's climate ambition.

As part of this legal framework, Chile has developed a **Financial Strategy for Climate Change** (Estrategia Financiera frente al Cambio Climático, EFCC), led by the Ministry of Finance. Published in March 2022, the EFCC aims to align public and private capital flows with national mitigation and adaptation goals. This Strategy was updated in 2024 and is currently undergoing the corresponding review process before the Comptroller (Contraloría General de la República).

Throughout its history, and since its first ESG issuance, Chile has demonstrated in each version of its Framework a higher degree of sophistication, being a pioneer in the sustainable market while allowing to align its issuances with its sustainable strategy. This has implied continuous updates to the Sustainable Bond Framework, in order to include projects that reflect its priorities. **Through this version of the Sustainable Bond Framework, Chile further strengthens its ambitions by introducing for the first time the possibility to finance projects related to housing and public building in sustainable material, tackling objectives such as decarbonization, as well as incentives to the local industry in projects with a high social impact.** As part of the present update, Chile incorporates a new eligible green category: **Sustainable Timber Construction**. This category focuses on recognizing the superior environmental performance of timber as a low-carbon alternative to traditional, carbon-intensive materials such as concrete and steel.

Furthermore, it incorporates a significant social dimension by prioritizing high-efficiency infrastructure, ensuring that public resources are directed toward sustainable and resilient solutions. Finally, this update acknowledges the potential of this sector to strengthen the local industry, foster innovation, and generate employment, supporting regional development and sustainable economic growth.

One of the key instruments supporting the implementation of this Strategy is the issuance of thematic bonds. These instruments have enabled Chile to mobilize and allocate capital in support of the envi-

ronmental and social priorities defined within its national agenda. At the same time, it has enhanced market access and firmly positioned the Republic among the global leaders in sovereign sustainable finance.

By strengthening the integration between fiscal policy, environmental ambition, and capital markets, Chile seeks to continue mobilizing domestic and international investment toward a sustainable, inclusive and resilient future.

1. Budgetary and Debt Management Structure

Chile's sustainability agenda is implemented within a robust fiscal and budgetary framework designed to preserve macroeconomic stability, ensure debt sustainability, and provide resilience against economic shocks.

Chile's budgetary framework is primarily governed by the Political Constitution of the Republic of Chile, the Financial Administration of the State Law (Decreto Ley N° 1,263 de 1975, Ley Orgánica de Administración Financiera del Estado), and the **Public Sector Budget Law** (Ley de Presupuestos del Sector Público). Approved annually by Congress, this Law authorizes the Government's revenues and expenditures for the corresponding fiscal year. It defines the allocation of public resources across ministries, agencies, and programs, and sets the maximum level of authorized indebtedness.

In this context, public debt management is conducted by the Ministry of Finance through its **Debt Management Office** (Oficina de la Deuda Pública), which is responsible for designing and implementing the sovereign funding strategy, managing refinancing, currency and interest rate risks, and maintaining a prudent maturity profile.

The proceeds of Chile's sovereign borrowings, including green, social, sustainable, or sustainability-linked bonds, are used to finance the Public Sector Budget. Consequently, expenditures are executed through budgetary programs defined in the annual Budget Law, which are aligned with the Government's program and national public policy priorities.

As the approval of the Budget Law takes place on a yearly basis, the execution of budgetary programs is limited to the fiscal year in which resources are authorized. The continuation of multi-year programs or projects depends on their inclusion and approval in subsequent annual Budget Laws by Congress.

Thus, the projects considered under this Framework will involve, directly or indirectly, the approval within the Budget Law of each year and are subject to potential modifications.



Chile's International Commitments and National Sustainability Framework

Chile's sustainable finance strategy is anchored in a comprehensive set of international commitments and a robust domestic policy framework that integrates climate ambition, social inclusion, and fiscal responsibility.

2.1 International Commitments

Chile has maintained a tradition of international cooperation, ratifying a series of treaties throughout its history. In the field of environmental governance, Chile became a Party to the core agreements adopted at the 1992 United Nations Conference on Environment and Development (Rio Earth Summit). Chile also ratified the United Nations Framework Convention on Climate Change (UNFCCC) and the Convention on Biological Diversity (CBD) in 1994, thereby establishing the foundation of its international climate and biodiversity commitments. Subsequently, Chile ratified the Kyoto Protocol in 2002, reinforcing its participation in the global architecture for greenhouse gas mitigation under legally binding commitments.

Regarding social commitments, Chile supported the adoption of the Universal Declaration of Human Rights (1948), which was complemented by the International Covenant of Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, both of which Chile ratified in 1972, along with the 1989 Convention on the Rights of the Child, ratified in 1990. Additionally, the country is a Party to the Ibero-American Multilateral Agreement on Social Security (Convenio Iberoamericano de Seguridad Social), which is complemented by 25 agreements with different countries. In this way, parts of those agreements included in the currently-in-effect Political Constitution, which establishes a set of fundamental rights for all people, including the right to live in an environment free of pollution, the right to health protection, the right to education, freedom of employment, and the right to social security.

In September 2015, along with 193 member countries of the United Nations (UN), Chile adopted the **2030 Sustainable Development Agenda** and committed to advancing the 17 Sustainable Development Goals (SDGs), recognizing the interdependence between economic growth, environmental protection, and social inclusion.

The SDGs are useful not only for establishing the country's commitments in social, environmental, and developmental matters but also for defining a general framework as the basis upon which to design policies and initiatives that would guarantee sustainable and even inclusive growth. In line with this commitment, Chile has periodically reported on its progress and, in 2023, presented its third Voluntary National Report on the 2030 Sustainable Development Agenda.

Chile also ratified the **Paris Agreement** in February of 2017, by means of Supreme Decree No. 30 of the Ministry of Foreign Affairs. This Agreement requires country members to update national commitments every five years, and Chile formally submitted its updated Nationally Determined Contribution (NDC) for 2025-2035 period.

Additionally, Chile has adhered to key international environmental and governance agreements that reinforce transparency, accountability, and environmental protection. These include the Escazú Agreement, which strengthens access to environmental information, public participation, and access to justice in environmental matters; as well as commitments undertaken within the Organization for Economic Co-operation and Development (OECD) which promote high standards in environmental governance and sustainable public policy. By aligning its policies with OECD guidelines, Chile not only enhances its environmental practices but also attracts foreign investment by demonstrating a commitment to sustainable development. Furthermore, Chile actively participates in international dialogues and partnerships aimed at combating climate change, sharing best practices, and innovating in sustainable technologies. This proactive stance positions Chile as a leader in regional sustainability efforts, showcasing its dedication to addressing global environmental challenges while fostering socio-economic development.

Chile has also strengthened its biodiversity commitments in line with the **Kunming–Montreal Global Biodiversity Framework**, particularly Target 3 ("30x30"), which calls for the effective conservation of at least 30% of terrestrial and marine areas by 2030. Biodiversity protection, sustainable land use, and ocean conservation are considered essential to climate stability and long-term economic resilience.

In September 2023, Chile signed the Agreement on the Conservation and Sustainable Use of Biodiversity in Areas Beyond National Jurisdiction (BBNJ). This landmark agreement aims to establish a legal framework for the protection and sustainable management of marine biodiversity in areas that are not under any national jurisdiction. By signing this agreement, Chile underscores its commitment to sustainable development, recognizing that the conservation of marine ecosystems is essential for the well-being of current and future generations. This initiative not only fosters the sustainable use of marine resources but also aligns with global efforts to combat biodiversity loss, ensuring that healthy and resilient oceans can support both ecological and economic sustainability.

Chile has established trade agreements with multiple economies, the majority of which include environmental chapters. These chapters emphasize the importance of the mutual supportiveness between trade and environment policies as well as cooperation as a tool to enhance the relationship with trade partners.

In general terms, most of the Environment Chapters consider the effective enforcement of environmental laws, non derogation clauses, striving to having high level environmental protection under those laws. There are also clauses to collaborate on issues related to climate change and biodiversity, conservation, fisheries, among others. Environment chapters are included in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the United States - Chile Free Trade Agreement, the Canada - Chile Free Trade Agreement, and the European Union–Chile Association Agreement among others.

On the other hand, Chile has established trade agreements with multiple economies, the majority of which include environmental chapters. These chapters emphasize the importance of sustainable development and environmental protection, requiring signatories to uphold high environmental standards and collaborate on issues related to climate change and biodiversity conservation. Such agreements include the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the United States–Chile Free Trade Agreement (TLC), and the European Union–Chile Association Agreement.

2.2 National Sustainability Framework

Chile's international commitments are operationalized through a comprehensive domestic legal and policy architecture.

Chile's climate policy is anchored in the Framework Law on Climate Change (Law No. 21,455, 2022), which establishes carbon neutrality and climate resilience by 2050 as legally binding national objectives. The law institutionalizes:

- A Long-Term Climate Strategy (ECLP);
- National carbon budgets;
- Sectoral mitigation and adaptation plans;
- Regional climate governance instruments;
- Periodic updates of the Nationally Determined Contribution.

This framework ensures continuity, accountability, and cross-ministerial coordination in the fulfillment of Chile's climate commitments.

In 2025, **Chile's Nationally Determined Contribution (NDC)** was updated for the period 2025–2035, marking the first NDC submitted under the country's Framework Law on Climate Change. The updated NDC reinforces five integrated pillars: mitigation, adaptation, integration, means of implementation, and a social pillar focused on just transition and sustainable development. This reflects Chile's recognition that climate policy must be socially inclusive and territorially balanced, ensuring that the transition toward a low-carbon economy generates opportunities while mitigating distributional impacts.

In the 2025 NDC, Chile further deepens the social approach introduced in the 2020 NDC. Among its main commitments are the implementation of the **National Strategy for a Just Socio-Ecological Transition (ENTSEJ)** for the 2025–2035 period, the development by 2028 of a methodology to assess the impacts of climate change and climate policies on employment, the systematic integration of social, environmental, and economic cost-benefit analysis into climate policy instruments, and the incorporation of ancestral knowledge and good practices of Indigenous Peoples.

This update incorporated structured citizen participation processes, thereby reinforcing transparency, institutional accountability, and procedural legitimacy.

In accordance with the Framework Law on Climate Change, Chile is also mandated to develop and periodically update a **Financial Strategy for Climate Change** (Estrategia Financiera frente al Cambio Climático, EFCC), led by the Ministry of Finance. Originally published in 2022, the strategy aims to align public and private capital flows with national mitigation and adaptation objectives.

During 2023 and 2024, the Strategy was revised pursuant to the legal mandate established under the Framework Law, leading to the formulation of the EFCC 2024. This updated version reflects the requirements set forth by the Law and is currently undergoing the corresponding review process before the Comptroller General of the Republic (Contraloría General de la República).

The Strategy is structured around three pillars:

1. Improving climate-related information and expenditure tracking;
2. Promoting green and sustainable financial instruments;
3. Strengthening the competitiveness and resilience of the financial system.

A key vehicle for the implementation of this strategy is the **Public–Private Green Finance Roundtable**, a formal coordination platform established in 2019. By bringing together the Ministry of Finance, financial regulators, and private financial institutions, this roundtable ensures that Chile's sustainable finance architecture remains at the forefront of international market standards and investor expectations.

In parallel, with the creation of the interministerial body, called **Natural Capital Committee**, Chile has progressively incorporated the concept of natural capital into its sustainability agenda, recognizing ecosystems, forests, water resources, and biodiversity as strategic assets for long-term economic resilience. This holistic approach ensures that the Financial Strategy not only targets carbon neutrality but also promotes the restoration and sustainable management of the natural assets that underpin Chile's prosperity.

Furthermore, in May 2025, Chile officially published its **Taxonomy of Environmentally Sustainable Economic Activities (T-MAS)**, establishing a science-based and internationally aligned classification system to identify which economic activities are being carried out in a sustainable manner, in the Chilean context. The T-MAS enhances transparency, prevents greenwashing and provides clear technical criteria to guide capital allocation decisions, supporting both public policy and private investment strategies.



Rationale for Thematic Bond Issuances

Since 2019, Chile has established itself as one of the most active and consistent sovereign issuers in the ESG market. As of January 2026, the Republic had issued approximately USD 59.4 billion in thematic bonds¹, making ESG instruments a significant and growing portion of its total outstanding debt.

Thematic or ESG-labelled bonds serve as a strategic tool to reinforce the alignment between fiscal policy and Chile's environmental and social commitments. They provide a structured mechanism for allocating resources toward nationally defined environmental and social priorities, ensuring that public financing is directed in a manner consistent with the country's long-term development objectives.

Beyond policy alignment, thematic bonds also deliver tangible effects in capital markets. They have contributed to diversifying Chile's investor base by attracting dedicated ESG investors and expanding participation across different regions and mandates. Strong and sustained demand has demonstrated investor confidence in Chile's institutional framework and sustainable financing strategy, reinforcing the Republic's positioning in international markets.

At the same time, ESG issuance enhances transparency and governance standards through robust reporting, external verification, and adherence to internationally recognized principles, including those of the International Capital Market Association (ICMA). This governance architecture strengthens accountability in the use of public resources and reinforces Chile's image as a credible, reliable, and forward-looking sovereign issuer.

Furthermore, the issuance of these bonds serves as a catalyst for the domestic sustainable finance market, setting a benchmark for the corporate sector and adapting the investor ecosystem in this regard.

¹ In particular, USD 7.5 billion in Green Bonds, USD 32.4 billion in Social Bonds, USD 6.5 billion in Sustainability Bonds, and USD 13.1 billion in Sustainability-linked Bonds.

At the national level, ESG instruments have contributed directly to advancing Chile's structural development priorities. The proceeds raised have enabled the implementation of projects and programs that reduce greenhouse gas emissions, expand renewable energy generation, strengthen clean transportation systems, and enhance climate resilience. Equally important, in the social dimension, these instruments have supported improved access to housing, education, healthcare, and social protection systems, while sustainability-linked structures incentivize progress toward national targets such as renewable energy expansion, emissions reduction, gender equality, and biodiversity protection.

As a sovereign issuer with a strong track record of prudent macroeconomic management and continued access to international capital markets, Chile seeks to ensure that its funding strategy remains cost-effective, diversified, and resilient. In this context, ESG issuances complement conventional debt instruments and form part of the broader sovereign financing strategy anchored in long-term fiscal sustainability and disciplined debt management.



Green and Social Pillars

The Framework is organized into two main pillars: **Green and Social**.

This approach reflects Chile's structural exposure to climate-related risks, which present material challenges to long-term economic and fiscal stability, while also acknowledging the imperative of addressing persistent social vulnerabilities.

4.1 Green Pillars

Recognizing the global urgency of environmental challenges, Chile has established a clear commitment to transitioning toward a low-carbon resilient economy, as reflected in its Framework Law on Climate Change and its updated Nationally Determined Contribution.

In line with this legal framework, the Republic has implemented a series of structural reforms and sector-specific strategies. The following developments represent the key pillars of Chile's current environmental policy and the primary areas for strategic investment.

➤ Accelerated Energy Transition

Chile is advancing an accelerated energy transition aimed at decarbonizing its power sector and expanding clean energy capacity. As of 2025, **non-conventional renewable energy sources accounted for approximately 42% of total electricity generation in Chile's National Electric System (SEN)**, up from less than 10%, en vez de 10 percent a decade earlier. This expansion has been driven primarily by the significant growth of solar and wind capacity, positioning Chile among the regional leaders in renewable deployment.

Chile has committed to the **progressive phase-out of coal-fired power plants no later than 2040**, with a substantial share of installed coal capacity already scheduled for retirement during the current decade. This transition is supported by the continued expansion of renewable generation, grid modernization, and the strengthening of transmission infrastructure to integrate variable energy sources.

In parallel, Chile is developing large-scale energy storage solutions to enhance system flexibility and reliability. In 2022, the Law of Energy Storage was approved (Law No. 21,505), which favors the storage of NCRE energies, avoiding its waste, and includes a transitory reduction of certain regulations

On December 27, 2024, Law No. 21,721, the **"Energy Transition Law"** was published in the Official Gazette. This law aims to modernize and optimize the regulation of the electricity sector in Chile, promoting efficiency, transparency, and responsiveness to users' demands and needs. The Energy Transition Law (i) incorporates the energy storage systems as part of the means connected to distribution and transmission networks; (ii) introduces specific criteria to zonal transmission expansion based on impact, capacity, and location; (iii) excludes necessary and urgent works from the normal planning process, establishing cost limits and technical requirements for their approval and bidding processes; and (iv) amends procedures and criteria for expansion works, including that generation companies may propose and finance expansion works under their responsibility to maximize the use of their generation capacity. Moreover, the law addresses transmission delays in regions like Ñuble and Maule, supports decarbonization, and ensures the resilience of transmission infrastructure. The law aims to attract significant investments, create jobs, and improve the quality of life in the region, positioning it as a hub for sustainability and economic development.

Electrification of the transport sector is also advancing. Santiago has consolidated its position as the city outside China with the largest electric bus fleet in the world, with more than **3,500 electric buses** incorporated into the metropolitan public transport system as of 2025.

The country has also implemented the **National Green Hydrogen Strategy (2020)**, which aims to position Chile among the world's leading producers and exporters of green hydrogen by leveraging its abundant solar and wind resources. The forthcoming 2026 update of the strategy seeks to accelerate project deployment, strengthen regulatory frameworks, and attract international investment in hydrogen production and derivatives.

➤ Biodiversity

In September 2023, Law No. 21,600 created the Biodiversity and Protected Areas Service (Servicio de Biodiversidad y Áreas Protegidas). Among other matters, the new public service will be in charge of the National System of Protected Areas, will manage a National Fund for Biodiversity, and will have the power to impose sanctions in case of infringement of the new law. The initiative for this new legislation comes from the recommendations of the OECD (Organization for Economic Co-operation and Development), and the Escazú Agreement, and also to complete the environmental institutional framework which currently includes the Environmental Superintendency (Superintendencia del Medio Ambiente) and the Environmental Assessment Service (Servicios de Evaluación Ambiental).

➤ Water

In April 2022, Chile enacted Law No. 21,435, introducing a structural reform of the Water Legal Code (Código de Aguas). The reform reaffirmed water use rights as property rights while establishing that newly granted rights will be time-bound, up to 30 years and automatically renewable unless non-use or sustainability concerns are demonstrated by the General Water Directorate. The law also formally recognized the human right to water and sanitation, prioritizing water for human consumption and subsistence purposes, and strengthened the authority of the General Water Directorate to intervene in water distribution during declared water scarcity situations.

In May 2024, Law No. 21,671 further amended the Water Legal Code to expedite and strengthen the enforcement of decrees related to water scarcity zones, reinforcing institutional capacity to respond to prolonged drought conditions and climate-driven water stress.

➤ Sustainable construction

The construction and buildings sector represents one of Chile's most significant opportunities for reducing both operational and embodied carbon across the economy. Buildings account for a substantial share of national energy consumption and greenhouse gas emissions, and the transition toward lower-carbon construction practices has become a central pillar of Chile's climate strategy. Public buildings certified under the National System for Environmental Quality and Energy Efficiency Certification (Sistema de Certificación de Calidad Ambiental y Eficiencia Energética para Edificios de Uso Público, CES) are required to demonstrate measurable reductions in energy consumption and greenhouse gas emissions relative to conventional construction benchmarks, establishing a regulatory foundation for green building investment at scale)

Chile has progressively built a policy and legal architecture to support the transition toward lower-carbon construction. The Energy Efficiency Law (Law No. 21,305, 2021), the 2024 update of the Thermal Regulation, and the commitment under Chile's 2025–2035 NDC to adopt a National Timber Construction Strategy by 2028 collectively signal timber as a strategic material in Chile's decarbonization pathway. A detailed treatment of this agenda is provided in Section 5 (Sustainable Timber Construction).

2. Social

Complementing its environmental strategy, the Republic of Chile has placed social development at the core of its national agenda. This approach recognizes that resilience must be addressed from a multidimensional perspective, moving beyond income-based metrics to tackle structural vulnerabilities in health, education, and social protection.

Guided by these principles, the Republic published the **Sustainable Bond Framework** in 2020, broadening its thematic bond strategy beyond an exclusively environmental focus. This institutional update provided the necessary financial architecture to ensure that Chile's financing activities are consistently aligned with its broader social and equity objectives.

Chile has translated these social objectives into actionable policies through structural reforms designed to promote the equitable delivery of essential services. These advancements, summarized below, illustrate the Republic's current focus on reducing multidimensional vulnerability through its social policy framework:

➤ Support for vulnerable groups

Different policies have facilitated progress in the country's social agenda. In terms of surmounting poverty, direct transfers have been promoted for different groups, particularly those of extreme vulnerability. Also, a series of measures has been designed such as *Chile Solidario* and the Subsystem of Securities and Opportunities (*Subsistema de Seguridades y Oportunidades*), which aims to provide support and opportunities for social integration for different sectors of extreme vulnerability. Additionally, Chile has intensified the delivery of targeted transfers to overcome poverty. One of the most important programs has been the Unique Family Subsidy (*Subsidio Único Familiar*), which has existed for nearly 40 years and to which other programs have been added that supplement employment income, through conditional transfers. In this last group, it is important to mention the Women's Employment Bond (*Bono al Trabajo de la Mujer*) and the Youth Employment Subsidy (*Subsidio al Empleo Joven*), which progressively increases the incomes of workers from the most vulnerable groups to encourage participation in the formal labor market.

➤ Pensions

Demographic dynamics have posed significant challenges for pension systems worldwide, including Chile. In 2022, Chile implemented the Universal Guaranteed Pension (PGU) through Law No. 21,419. The PGU replaced the previous Basic Solidarity Pension (PBS) and Solidarity Pension Contribution (APS) and established a state-financed, non-contributory benefit for individuals aged 65 and over who belong to the 90% lowest-income population and meet residency requirements. The benefit is administered by the Instituto de Previsión Social (IPS) and complements contributory pensions, establishing a minimum income floor in old age.

In March 26, 2025, Law No. 21,735 was published in the Official Gazette enacting a reform to the Chilean Pension System (the "Reform"). The main amendments introduced by the Reform include, among others:

1. *New Employer Contribution:* An 8.5% contribution on taxable wages, with a gradual implementation over nine years. Of this percentage, 4.5% will be allocated to individual savings accounts, gradually increasing to 6% over 30 years. The remaining 4% will be managed by the Autonomous Pension Protection Fund ("FAPP") and divided into two components: (i) 1.5% allocated to a contribution with protected returns ("Contribution with Protected Returns"), and (ii) 2.5% allocated to the Disability and Survivorship Insurance (SIS) and compensation for women due to higher life expectancy.
2. *Benefit for Contributed Years:* This benefit is designed to enhance pensions for current retirees and those retiring within the next 30 years. Eligible individuals are expected to receive an additional payment of 0.1 UF per contributed year, up to a maximum of 2.5 UF per month. This benefit is expected to be temporary and financed through the 1.5% Contribution with Protected Returns.

3. *Compensation for Women Due to Life Expectancy Differences:* To help close the pension gap between men and women, the reform introduces a compensation mechanism ensuring that individuals with the same retirement age, savings, and family structure receive equal pension amounts. To incentivize later retirement, full compensation is expected to be granted if women retire at 65 years old, and a proportional percentage of the benefit if they retire before they are 65 years old.
4. *Increase in the Universal Guaranteed Pension:* The PGU (Pensión Garantizada Universal, will increase to Ps. 250,000 per month and will be implemented gradually among different age groups of the population.
5. *Changes to multi-funds:* The multi-funds plan for Chile's Pension Fund Administrators ("AFPs") will be replaced by generational-funds plans. Under this new model, each worker will be assigned to a specific fund based on their birth year. The investment strategy will be designed to automatically adjust risk levels, gradually reducing exposure to higher-risk assets as the individual nears retirement age.

➤ Health

In the health sector, one of the most important reforms of the last 20 years has been the Explicit Guarantees System (*Régimen de Garantías Explícitas*), or GES, implemented in 2005. The GES is based on four guidelines: universality, financial protection, equality, and opportunity, with this last aspect being one of the most relevant for the population. In its beginnings, the system covered 25 health problems. As of 2025, the GES covers 90 defined pathologies, including high-prevalence and high-impact diseases such as cancers, cardiovascular conditions, mental health disorders, and chronic illnesses.

In September 2022, Chile implemented a policy within the public health insurance system (FONASA) that eliminated copayments for services provided through the public healthcare network. This measure extended zero out-of-pocket payments to the lowest income groups, allowing all FONASA beneficiaries, approximately 80% of the population, to access public healthcare without copayments and strengthening financial protection in the system.

➤ Education

The educational system has seen a greater injection of public funds in recent years. The first step was the creation of the Preferential School Subsidy in 2008, which allocates funds according to the degree of vulnerability of students at those establishments. Along with the rest of the subsidies that finance the school education system, in 2015 the School Inclusion Law (*Ley de Inclusión Escolar*) went into effect, which, among a series of measures, eliminates co-payments at establishments subsidized by the State, increasing the proportion of public expenditure in education.

In higher education, the country has historically sought to increase scholarships for households that satisfy diverse requirements, which have been supplemented with loans at preferential interest rates with the State as guarantor. In 2016, free higher education went into effect for vulnerable households, which aimed to prevent excessive indebtedness by students during their higher education studies. Since its implementation, the allocation of free higher education benefits (*Gratuidad*) has steadily in-

creased. In 2025, the number of beneficiaries exceeded half a million students, accounting for 45.9% of undergraduate students.

Chile's Public Education System was established through Law No. 21,040 (2017), which created the System of Public Education and initiated the gradual transfer of public schools from municipal administration to decentralized Local Public Education Services (Servicios Locales de Educación Pública, SLEP). In 2026, amendments to Law No. 21,040 were approved to strengthen the implementation of Chile's Public Education System and the Local Public Education Services (SLEP). The reform improves governance, refines the transition process from municipal administration, enhances oversight mechanisms, and establishes a dedicated Public Education Infrastructure Fund through 2030. A permanent Teacher Tenure Law was also enacted, providing greater employment stability and reinforcing institutional sustainability within the public education system.

Law No. 21,753 was enacted in 2025, which modernized preschool education by prohibiting dual enrollment, creating a national registry of providers and their operators, granting legal recognition and standards to alternatives to the National Board of Preschools (Junta Nacional de Jardines Infantiles or JUNJI, the main public preschool institution in Chile), extending the deadline for official recognition of public institutions to 2034, strengthening the supervisory powers of the Superintendence of Education, and regulating preschool academic calendars.

➤ Gender

In August 2025, Law No. 21,757 was published, introducing progressive gender quotas to increase female representation on the boards of public stock corporations and special stock corporations under the supervision of the Financial Market Commission (Comisión para el Mercado Financiero or "CMF"). The law will enter into force on January 1, 2026, and will gradually limit the maximum representation of any single gender on boards to: (i) 80% during the first three years (2026–2028); (ii) 70% during years four through six (2029–2031); and (iii) 60% from year seven (2032) onward. Corporations must amend their bylaws to ensure compliance at board elections, report the composition of their boards to the CMF, and publicly disclose any non-compliance, with explanations, in the CMF's website and in their annual reports and institutional websites. Every four years, the CMF will review market compliance. If less than 80% of companies meet the thresholds or more than 5% maintain single-gender boards, a stricter regime will apply for four years to non-compliant companies, under which: (a) compliance with the maximum representation thresholds will become legally mandatory, with non-compliant elections required to be repeated, failing which the CMF may intervene, appoint directors, and impose sanctions; and (b) alternate and replacement directors must be of the same gender as the principal or departing director.

Definition of target population in social matters

As a tool for targeting, the Household Social Register (Registro Social de Hogares - RSH) is the main instrument for selecting beneficiaries of various social programs. For its construction, information reported by the members of each household is compiled to later be supplemented through diverse

administrative records. As of early 2025, the Social Registry of Households includes information on more than **17 million people (approximately 85% of the national population)**.

The households that make up the RSH are grouped into seven Socioeconomic Classification groups (CSE, from its Spanish acronym), in which each group represents a certain degree of vulnerability relative to the national population. The construction of the groups is based on the autonomous incomes generated by each household as a whole. Incomes are adjusted according to the household members, according to age and disability situation, if any, a figure known as the index of needs. At the same time, comparisons are made with diverse administrative records to correct information in terms of land tenure, vehicles or high-value health plans in relation to the national reality. In this way, seven levels of vulnerability are created, which represent the total national population.

The National Socioeconomic Characterization Survey (CASEN) is Chile's official household survey and the primary source for data on income distribution, poverty, and multidimensional vulnerability. CASEN results are used to inform and evaluate social policy, guide public resource allocation, and support evidence-based targeting of social expenditures, including those eligible under this Framework.

The 2024 CASEN survey introduced important methodological updates to strengthen poverty measurement. Income poverty lines were recalculated using the 2021–2022 Household Budget Survey, incorporating updated consumption patterns and revised nutritional standards. The methodology now differentiates between renter and non-renter households and excludes imputed rental income from owner-occupied housing. The multidimensional poverty index was also revised, assigning equal weights across five dimensions and expanding to 20 indicators, with a deprivation threshold of 25%.

According to the updated methodology, which introduces a more demanding standard, the income poverty rate stood at 17.3% in 2024, representing a decline of 3.2 percentage points compared to 2022. When this same methodological standard is applied retroactively to previous years, income poverty maintains a downward trajectory, with estimates of 22.5% in 2017, 28.3% in 2020, and 20.5% in 2022. For reference, under the previous methodology, income poverty would also have declined, reaching 4.9% in 2024, compared to 6.5% in 2022, 10.7% in 2020, and 8.5% in 2017.

In the case of extreme poverty, the updated 2024 methodology places the rate at 6.9%. When applied retroactively, the estimates also show a declining trend, reaching 9.2% in 2017, 14.3% in 2020, and 8.5% in 2022.

CASEN 2024 also formalizes the concept of severe poverty, defined as individuals simultaneously experiencing income poverty and multidimensional deprivation. In 2024, severe poverty affected 6.1% of the population, down from 7.8% in 2022, highlighting progress while underscoring the persistence of structural vulnerabilities.

Regarding income inequality, when considering monetary income, defined as autonomous income plus monetary transfers from the State, the Gini coefficient reached 0.46, reflecting a reduction in income inequality compared to 2017.



Sustainable Timber Construction

The 2026 update of this Framework formally introduces **Sustainable Timber Construction** as a new category of eligible green expenditures. This category encompasses both residential and non-residential buildings, aligning Chile's infrastructure development with its carbon neutrality goals and the need for more efficient, industrialized construction methods.

The inclusion of timber is justified by its superior environmental performance as a renewable material capable of storing carbon throughout its lifecycle, significantly reducing embodied emissions compared to traditional construction.

Furthermore, this category acknowledges the social role of such projects by prioritizing state-subsidized housing and public infrastructure, ensuring that the transition to a low-carbon economy also delivers high-quality and resilient spaces for the most vulnerable populations. Finally, this update recognizes the potential of timber construction as a catalyst for the domestic industry.

5.1 Strategic Vision and Policy Framework

The inclusion of this category in Chile's Sustainable Bond Framework is the result of a long-term state agenda to modernize the construction sector and support the country's climate commitments.

Since 2012, Chile has promoted a continuous strategic roadmap to advance sustainability in the construction sector through initiatives such as the Construction Innovation Program, the National Strategy for Sustainable Construction 2013–2020, and the Construye2025 Program, which articulates the public, private, and academic ecosystem to transform the industry toward greater productivity and sustainability. This trajectory has laid the foundations for the current climate and sectoral policy framework, aimed at consolidating a more efficient, resilient, and low-emission construction model.

The 2025–2035 Nationally Determined Contribution, establishes that Chile will adopt a **National Timber Construction Strategy by 2028**, aimed at consolidating the structural use of timber in public and private buildings. This political and technical recognition of timber as both a carbon sink and a substitute for emissions-intensive materials has catalyzed an agenda that combines sustainability, innovation, and territorial development. The Energy Efficiency Law (Law No. 21,305, 2021) and the 2024 update of the Thermal Regulation further strengthen this framework by establishing energy performance standards that favor industrialized construction solutions and materials with superior thermal performance, such as timber.

These initiatives are complemented by parallel efforts to strengthen institutional capacity and productive capabilities. The Ministry of Housing and Urban Development's (MINVU) Housing Emergency Plan incorporated a line of standardized industrialized housing (Viviendas Industrializadas Tipo – VIT) to increase productivity and shorten delivery times, while the Diseña Madera platform facilitates the safe adoption of certified timber solutions. In the field of innovation, the National Center of Excellence for the Timber Industry (CENAMAD), created by the National Agency for Research and Development (ANID) in 2021, promotes applied research and the development of advanced human capital. At the regional level, the Biobío Madera Program (CORFO–Regional Government, 2023–2025) is developing a roadmap to position the region as a hub for innovation in modern construction methods, complementing the Construye2025 Roadmap. This comprehensive network of policies, regulations, and programs consolidates a long-term State vision whereby, by 2035, timber construction will effectively contribute to avoiding greenhouse gas (GHG) emissions, increasing carbon sequestration, and enhancing productivity and sustainable territorial development.

In light of the progress achieved in the construction sector and the new commitments established under the NDC, the inclusion of Sustainable Timber Construction within the green pillar aims to promote the development of social housing and infrastructure through the use of certified timber and industrialized construction methods.

5.2 Environmental and Social Rationale

The construction sector in Chile represents one of the country's main sustainability challenges. It currently accounts for approximately 33% of national energy consumption and 30% of total CO₂ equivalent (CO₂e) emissions. In residential buildings, roughly one-third of total emissions originate from construction materials, with concrete being the main contributor, responsible for more than 54% of such emissions. This reinforces the importance of advancing decarbonization efforts in this sector.

In addition, these initiatives carry significant social importance. Chile faces a housing deficit estimated at more than 600,000 units (MINVU, 2023). Demographic trends, including sustained urban population growth and increasing demand in higher-density areas, require accelerated housing production, particularly within state-supported segments. In this context, construction industrialization emerges as a key tool to increase the speed and efficiency of housing delivery, reduce costs, and improve quality standards.

The incorporation of modern construction methods based on industrialization and process standard-

ization represents a strategic opportunity to modernize the sector and address productivity, sustainability, and housing challenges. Industrialized construction can reduce material costs by more than 50% and labor costs by approximately 30%, while shortening execution times and eliminating rework typically associated with traditional construction methods.

In this context, certified timber emerges as a key material for the transition toward a low-carbon economy. It is one of the few renewable materials capable of storing carbon, absorbing approximately 1.6 tons of CO₂e per ton of wood, compared to emissions of 0.9 and 2.5 tons generated by concrete and virgin steel, respectively. Moreover, its high insulation capacity, low structural weight, and suitability for dry construction processes make it particularly well-suited for sustainable and industrialized construction.

5.3 Institutional Support and Sustainable Sourcing

The development of this industry must be accompanied by sustainable and traceable forest management to ensure the availability and quality of the resource. Chile has a solid legal and technical framework: Law No. 20,283 on the Recovery of Native Forest and Forestry Development regulates logging and promotes conservation, while Forest Management Plans (PMF) ensure the protection of natural resources and ecosystem services.

Thanks to afforestation and promotion policies implemented since the 1970s, Chile has increased its forest area to approximately 14.7 million hectares of native species and 2 million hectares of introduced plantations, placing it among the 12 countries worldwide that have most expanded their forest area. These advances demonstrate that it is possible to reconcile industrial timber production with ecosystem protection, in line with the Sustainable Development Goals (SDGs) and Chile's commitments under its NDC.

In addition, the Production Development Corporation (CORFO), with technical and financial support from the Inter-American Development Bank, will develop the Sustainable Construction Support Program (US\$30 million). This program directly addresses systemic constraints that hinder the growth of sustainable timber construction in Chile by:

- i. Improving access to finance through mechanisms that facilitate credit access for companies across the value chain, with a focus on sawmills, women-led businesses, and firms with diverse workforces;
- ii. Developing and promoting standards, regulations, and criteria that incorporate sustainability and equity considerations, fostering technical modernization and the integration of environmental aspects; and
- iii. Promoting collaboration among firms and productive integration of SMEs.



Framework for Green, Social, and Sustainable Bond Issuances

The purpose of this document is to describe the Framework for Social Bonds, Green Bonds and Sustainable Bonds of Chile, based on the country's general strategy for climate change and social policies. This Framework may be updated by the Public Debt Office of the Ministry of Finance (*MoF*), to reflect evolving policy objectives and international best practices.

The Sustainable Bond Framework establishes the obligations that the government, through its Public Debt Office, must fulfill as the issuer. The bonds shall comply with legal and regulatory provisions applicable to sovereign debt issuances, as established by the Ministry of Finance pursuant to the State Financial Administration Law (*Ley de Administración Financiera del Estado -Decree-Law No. 1,263*) of 1975, article 3 of the Budget Law (*Ley No. 21,125*), along with subsequent Budget Laws.

Payments of capital and interest made on the issuances made under this Framework shall be the responsibility of the Treasury. Investors in bonds issued under this Framework bear no direct exposure to the performance of the underlying eligible projects or expenditures. Similarly, bonds issued under this Framework rank *pari passu* among each other and with other bonds of the State of Chile.

This Framework has been developed in accordance with the highest market standards, and its categories are aligned with established in the Framework are aligned with the Green Bond Principles (2025), the Social Bond Principles (2025), and the Sustainability Bond Guidelines (2021), as administered by the International Capital Markets Association (ICMA), as well as with the United Nations Sustainable Development Goals.

The core components of these principles are as follows:

- Use of Proceeds
- Evaluation and Project Selection Process
- Resource Management
- Reports; including a reference to External Reviews

Use of Proceeds

An amount equal to the net proceeds obtained from any government issue under this Framework shall be allocated to finance or refinance, in whole or in part, new or existing Green Expenditures and/or Eligible Social Expenditures (as defined below).

Green and Social Expenditures are disbursements included in the budget of the Central Government of Chile. These are aimed at promoting Chile's transition to climate resilient and low carbon economy.

Eligible Expenditures may include:

- Tax expenditures (fiscal exemptions and subsidies);
- Operational expenditures (funding for state agencies, local authorities and companies that contribute towards deployment of the country's social, environmental and climate strategy);
- Investments in real assets (land, energy efficiency, infrastructure, hospitals, etc.) and maintenance costs for public infrastructure;
- Intangible assets (research and innovation, human capital and organization);
- Transfers of capital to public or private entities.

I. Green Sectors

The Eligible Green Sectors defined under this Framework are included in Chile's Taxonomy for Environmentally Sustainable Economic Activities (T-MAS), published by the Ministry of Finance in 2025. The T-MAS identifies nine economic sectors,² and establishes, within each sector, a set of Eligible Economic Activities (Actividades Económicas Elegibles, AEE).

The Eligible Green Expenditures included in this Framework also map onto activities classified under the T-MAS, ensuring consistency between the sovereign green bond issuances and Chile's domestic sustainable finance classification system. This alignment strengthens the credibility of the use-of-proceeds approach and embeds this Framework within the broader national sustainable finance architecture.

² Agriculture, Livestock, Forestry and Fisheries/Aquaculture; Mining and Quarrying; Manufacturing Industries; Electricity, Gas, Steam and Air Conditioning Supply; Water Supply, Sewerage, Waste Management and Remediation; Construction; Transportation and Storage; Information and Communications; and Real Estate Activities.

According to the T-MAS, for an economic activity to be classified as environmentally sustainable it must simultaneously meet three Minimum Rules, assessed through their respective CTS:

- Substantial Contribution (CS): the activity must significantly contribute to one or more of the Environmental Objectives (OM) defined in the T-MAS, which include climate change mitigation, climate change adaptation, sustainable use of water resources, transition to a circular economy, pollution prevention and control, and conservation of ecosystems and biodiversity.
- Do No Significant Harm (NHDS): the activity must not cause material harm to any of the OMs other than the one to which it substantially contributes.
- Minimum Social Safeguards (SMS): the activity must comply with minimum standards on responsible business conduct, labour rights, human rights, and governance.

With respect to the projects to be financed under this Framework, compliance with the complete set of CTS is pursued through a gradual approach. This accurately reflects the T-MAS's purpose as a transition tool: the intent is not to demand full compliance from the outset, but to establish a clear pathway of continuous improvement towards increasingly demanding sustainability standards.

The following is a list of green sectors that can be relevant when classifying budgetary expenditures, and which could be classified as eligible Green Expenditures. Six sectors have been defined: (1) clean transport, (2) energy efficiency, (3) renewable energy, (4) natural resources, land use and use of protected marine areas, (5) efficient and climate resilient water management, (6) green buildings, and (7) sustainable timber construction (residential and non-residential buildings).



Green Sectors

Clean Transportation

Eligible Green Expenditures

Promote public transport and support for intermodal transport stations

Eligible green expenditures include:

- Investment in public infrastructure, assets associated with intermodal stations and electric public transport
 - ⦿ Metro lines: new lines, enlargement and renovation
 - ⦿ Electric buses, charging stations for electric vehicles
 - ⦿ Other public transport such as streetcars and trains
 - ⦿ Intermodal infrastructure to connect different means of clean public transportation, monitoring and control systems, passenger safety systems and infrastructure along with bicycle paths and parking
- Subsidies or incentives to promote public transportation

Environmental Benefits

- Climate change mitigation
- Air quality improvement
- Greenhouse gas emissions reduction through the promotion of low carbon means of transportation



Green Sectors

Energy Efficiency

Eligible Green Expenditures

Support improved energy efficiency in buildings and public spaces

Eligible green expenditures include:

- Investments in energy efficiency in public buildings which result in savings higher than 20%: including (but not limited to) retrofit, thermal insulation and/or upgrades of air-conditioning system
- Subsidies dedicated to energy efficiency improvements in housing, including (but not limited to) a) improvements on houses' insulation, b) solar heating systems, c) photovoltaic systems
- Public lighting improvements (e.g. replacements with LEDs)

Environmental Benefits

- Climate change mitigation
 - Energy savings
 - Greenhouse gas emissions reduction
-



Green Sectors

Renewable Energy

Eligible Green Expenditures

Promote the development of renewable energy technologies:

- Investments in projects for non-fossil fuel renewable energy sources, such as
 - ⦿ Wind energy (onshore)
 - ⦿ Solar energy (onshore)
 - ⦿ Small run-of-river hydro plants (under 25MW)
- Investments in solar/wind power projects (onshore) that include energy generation and storage (batteries)
- Training programs to increase technical knowledge in vocational education centers for renewable energy installations

Environmental Benefits

- Climate change mitigation
- Long-term provision of low-carbon infrastructure
- Greenhouse gas emissions reduction



Green Sectors

Living natural resources, land use and marine protected areas

Eligible Green Expenditures

Promote proper care in land use, biodiversity preservation and protected marine areas

The eligible green expenditures include:

- Forestry
 - ⊕ Programs for conservation and restoration of native and exotic forests
 - ⊕ Management and maintenance of National Parks and conservation areas
- Protection and oversight for protected marine areas (including research)

Environmental Benefits

- Climate change mitigation
 - Conservation and sustainable use of terrestrial ecosystems
 - Conservation of biodiversity and protection for terrestrial ecosystems
-



Green Sectors

Efficient and climate resilient water management

Eligible Green Expenditures

Promote sustainable water management to guarantee water supply

- Water distribution: installation or upgrade of water efficient irrigation systems, construction or improvement of sustainable infrastructure for potable water (including research or studies)
- Wastewater management: installation or improvement of wastewater infrastructure, including transport, treatment and elimination systems
- Conservation of water resources: including protection for water catchment zones and prevention of pollution that affects water supplies
- Systems for defense against river flooding: including building reservoirs to control water flows

Environmental Benefits

- Conservation of water resources
- Climate change adaptation
- Reduction of water consumption
- Climate change adaptation and resilience, considering extreme meteorological events



Green Sectors

Green buildings (ecological buildings)

Eligible Green Expenditures

Construction and modernization of public buildings, with a 30% minimum reduction in carbon

The eligible green expenditures include:

- Design and construction of public buildings certified under the National System for Certification of Environmental Quality and Energy Efficiency for buildings of public use (*"Sistema Nacional de Certificación de Calidad Ambiental y Eficiencia Energética para Edificios de Uso Público"*, CES)
- The costs associated with modernization of existing public buildings to comply with "Sustainable Building Certification" or to improve the current certification level

Environmental Benefits

- Climate change mitigation
 - Energy savings
 - Greenhouse gas emissions reduction
-



Green Sectors

Sustainable Timber Construction (Residential and non-residential Buildings³)

Eligible Green Expenditures

Promote the construction of residential and non-residential building projects (including public facilities) that incorporate timber as a main construction material, as a substitute for carbon-intensive materials (such as brick, metal, and concrete). All construction projects will achieve a minimum of 30% energy efficiency improvement

The eligible green expenditures include:

- Projects implemented through direct public procurement
- Projects implemented through demand-side subsidies

All timber used must originate from legal and traceable sources, in accordance with Chilean forestry and tax regulations, including:

- Approved forest management plans or equivalent authorizations issued by the competent authority; and
- Compliance with mandatory timber traceability requirements for production, transport and commercialization, as supervised by the Tax Service (Servicio de Impuestos Internos - SII)

Environmental Benefits

- Climate change mitigation
- Greenhouse gas emission reduction

³ With respect to the alignment of the Sustainable Timber Construction category with the T-MAS CTS, the gradual approach described above is similarly applied. In the near term, alignment will focus on Do No Significant Harm (NHDS) criteria related to pollution prevention and control, sustainable use of water resources during construction, and conservation of ecosystems and biodiversity. Over time, this will progressively extend to Substantial Contribution criteria at both the design and construction stages, water resource management at the operational phase, circular economy requirements, and Minimum Social Safeguards related to human rights due diligence and responsible business conduct. This pathway is designed to advance in step with the development of the technical, regulatory, and industry conditions — including traceability systems and supply chain capacities — that full alignment requires.

II. Social Sectors

The following is a list of Social Sectors that can be relevant when classifying budgetary expenditures, and which could be classified as eligible Social Expenditures. Nine sectors have been defined: (1) Support for vulnerable older adults, (2) Support for low-income families, (3) Support for the community through job creation, (4) Support for human rights victims, (5) Access to affordable housing, (6) Access to education, (7) Food security, (8) Access to essential health services and (9) Programs designed to prevent and/or alleviate unemployment derived from socioeconomic crisis, and financing SMEs and micro-finance.



Social Sectors

Support for the elderly or people with special needs in vulnerable situation

Eligible Social Expenditures

Finance basic pensions for the most vulnerable (those belonging to the 60% of the population with the lowest income according to the Social Registry of Households/*Registro Social de Hogares*). Some of the included programs are as follows:

- Basic Solidarity Pension for Elderly People and Solidarity Old-age pension (Pensión Básica Solidaria de Vejez y Aporte Previsional Solidario de Vejez)
- Basic Solidarity Disability Pension and Disability Pension Contribution (aimed at people certified as disabled by the Regional Medical Disability Commissions of the Superintendence of Pensions) (Pensión Básica Solidaria de Invalidez y Aporte Previsional de Invalidez)
- Transfers per Child (contribution to pensions for vulnerable mothers)

Social Benefits

- Improvement on social inclusion and cohesion
- Poverty reduction



Social Sectors

Support for low-income families

Eligibility Criteria

Finance actions and measures aimed at the country's most vulnerable families* using subsidies or contributions for low-income families, through programs such as:

- Aporte Familiar Permanente (Permanent Family Subsidy)
- Winter Support Payment

**one of the requirements is to be in the lowest 60% of the population in terms of income according to the Social Registry of Households (Registro Social de Hogares).*

Social Benefits

- Improvement on social inclusion and cohesion
 - Poverty reduction
-



Social Sectors

Support for human rights victims

Eligibility Criteria

Monetary transfers for beneficiaries of the State through the Human Rights Reparatory Laws (Leyes Reparatorias de Derechos Humanos) aimed at victims directly affected by human rights violations, exonerated politicians and family members of victims of human rights violations or political violence between 1973 and 1990.

Social Benefits

- Improvement on social inclusion and cohesion
-



Social Sectors

Support for the community through job creation

Eligibility Criteria

Financing of projects to generate employment in, for example, regions with the highest unemployment (unemployment levels above the national average), through the financing of intensive projects in the use of manpower aimed at generating a positive impact in the community. This includes, but is not limited to, projects such as the Programa Inversión en la Comunidad (Program for Investment in the Community).

Social Benefits

- Job creation
-



Social Sectors

Access to Affordable Housing

Eligibility Criteria

Financing for families of vulnerable sectors* for the acquisition, repair, enlargement, improvement and refurbishment of housing.

Eligible programs (or part of them) include:

- Solidarity Fund for Choosing Housing (Fondo Solidario de Elección de Vivienda)
- Housing Improvement – (Mejoramiento de Vivienda)
- Integrated System for Habitational Subsidy (Sistema Integrado de Subsidio Habitacional)
- Habitational Program for Social Integration (Programa Habitacional de Integración Social)

**Families in the 40% or 60% of the population with low incomes (depending on the program) according to the socioeconomic qualification established in the Social Registry of Households.*

Social Benefits

- Reduce inequalities
- Guaranteed access to affordable housing for vulnerable population
- Reduce homeless population



Social Sectors

Access to education

Eligibility Criteria

Financing of programs aimed at improving quality and access to nursery school, basic, middle and higher education for vulnerable children and young people* or those with special needs.

The eligible programs include:

- Free higher education (Gratuidad en Educación Superior)
- Preferential School Subsidy (Subvención Escolar preferencial)
- Conventional Modality of Kindergartens and Nursery Schools (Jardines Infantiles y Salas Cuna Modalidad Convencional)
- Classic Kindergarten Administered by Junji and through Fund Transfers (Jardín Clásico Administrado por Junji y Vía Transferencia de Fondos)
- Public Education Support Fund (Fondo de Apoyo a la Educación Pública)
- Bicentenary Scholarships (Beca Bicentenario)
 - ⊗ Free higher education
 - ⊗ Preferential school subsidy
 - ⊗ Kindergartens and nursery schools
 - ⊗ Pre-schools administered by Junji and through transference of funds
 - ⊗ Support funding for public education
 - ⊗ Bicentennial scholarship

**one of the requirements to be considered as a priority student pursuant to the definition by the National Board for School Aid and Scholarships (Junta Nacional de Auxilio Escolar y Becas - JUNAE), is to be in the 60% of the population with low incomes according to the Single Form for Socioeconomic Accreditation (Formulario Único de Acreditación Socioeconómica - FUAS) or the Social Registry of Households.*

Social Benefits

- Provide accessible and quality education to include nursery school, basic, middle, and higher education.
-



Social Sectors

Food Security

Eligibility Criteria

Financing of programs for access to healthy and nutritious food service for the most vulnerable users * of the educational system.

The eligible programs include:

- School food program (Programa de Alimentación Escolar)
- Food scholarship for higher education

** students from families in the most vulnerable 60% or those with greater economic disadvantage (according to the Social Registry of Households) who attend subsidized municipal or private universities or educational establishments (affiliated with the PAE) in the pre-basic, basic and middle levels of education.*

Social Benefits

- Guarantee access for vulnerable population to a healthy, sufficient, healthy and proper nutrition
- Avoid malnutrition



Social Sectors

Access to Essential Health Services

Eligibility Criteria

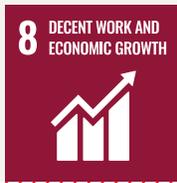
Financing the development of a healthcare network with both preventive and curative functions associated with locally declared states of emergency stemming from health events, including pandemics (i.e.: COVID-19).

The eligible social expenditures include:

- Construction and/or expansion of medical centers, laboratories and medical support infrastructure
- Purchase of medical consumables to deal with the pandemic (Personal Protection Elements - PPE), installation of modular beds, monitors, ventilators, diagnostic equipment, etc.)
- Expenditures that enable access and accessibility of diagnostics (i.e. free tests for beneficiaries of Fonasa, setting of a maximum price in private systems)
- Expenditures that enable strengthening of home care
- Reuse and/or conversion of services/installations for medical care in response to the pandemic
- Other expenditures associated with preventive care, treatment and public health in relation to the pandemic.

Social Benefits

- Guaranteed access to health care system
 - Strengthen the response of the health system in Chile to a pandemic (i.e.: COVID-19)
-



Social Sectors

Social programs designed to prevent and/or alleviate unemployment derived from socioeconomic crises, including through the potential effect of financing SMEs and micro finances.

Eligibility Criteria

Financing of programs aimed at supporting people whose income is strongly affected by socioeconomic crises stemming from a declaration of a State of Catastrophe⁴ by the national authorities (i.e.: pandemics, earthquakes, etc.), such as:

- Job Protection Law (Ley de Protección al Empleo)
- Support for Family Income (Bono de apoyo a los ingresos familiares)
- Emergency Family Support (Ingreso Familiar de Emergencia)
- Municipal Solidarity Fund (Fondo solidario municipal)

Loans or other financial support for Small and Medium-sized Enterprises (SMEs⁵) that face financial stress due to socioeconomic crises stemming from the declaration of a State of Catastrophe by the national authorities (i.e.: pandemics, earthquakes, etc.)

Social Benefits

- Strengthen family incomes
- Prevent or reduce unemployment

⁴ For the purposes of the bond, the declaration of a State of Catastrophe due to wars is excluded as an eligible expenditure.

⁵ According to the definition by the Internal Tax Service of Chile (Servicio de Impuestos Internos de Chile)

Exclusions

Any project, asset or expenditure associated with the following activities will be excluded from eligible expenditures:

- › Exploration and production of fossil fuels;
- › Energy generation exclusively based on burning fossil fuels or hybrid plants with more than 15% fossil fuel support;
- › Construction of rail infrastructure to transport fossil fuels;
- › Generation of nuclear energy;
- › Infrastructure for electricity transmission and electricity systems where an average of 25% or more is generated using fossil fuels;
- › Alcohol-related industries, arms, tobacco, gambling or palm oil;
- › The production or trade of any product or activity that is considered illegal according to national laws or regulations or international agreements and conventions;
- › Deforestation, degradation of forests;
- › Activities in protected areas or activities that violate indigenous rights.

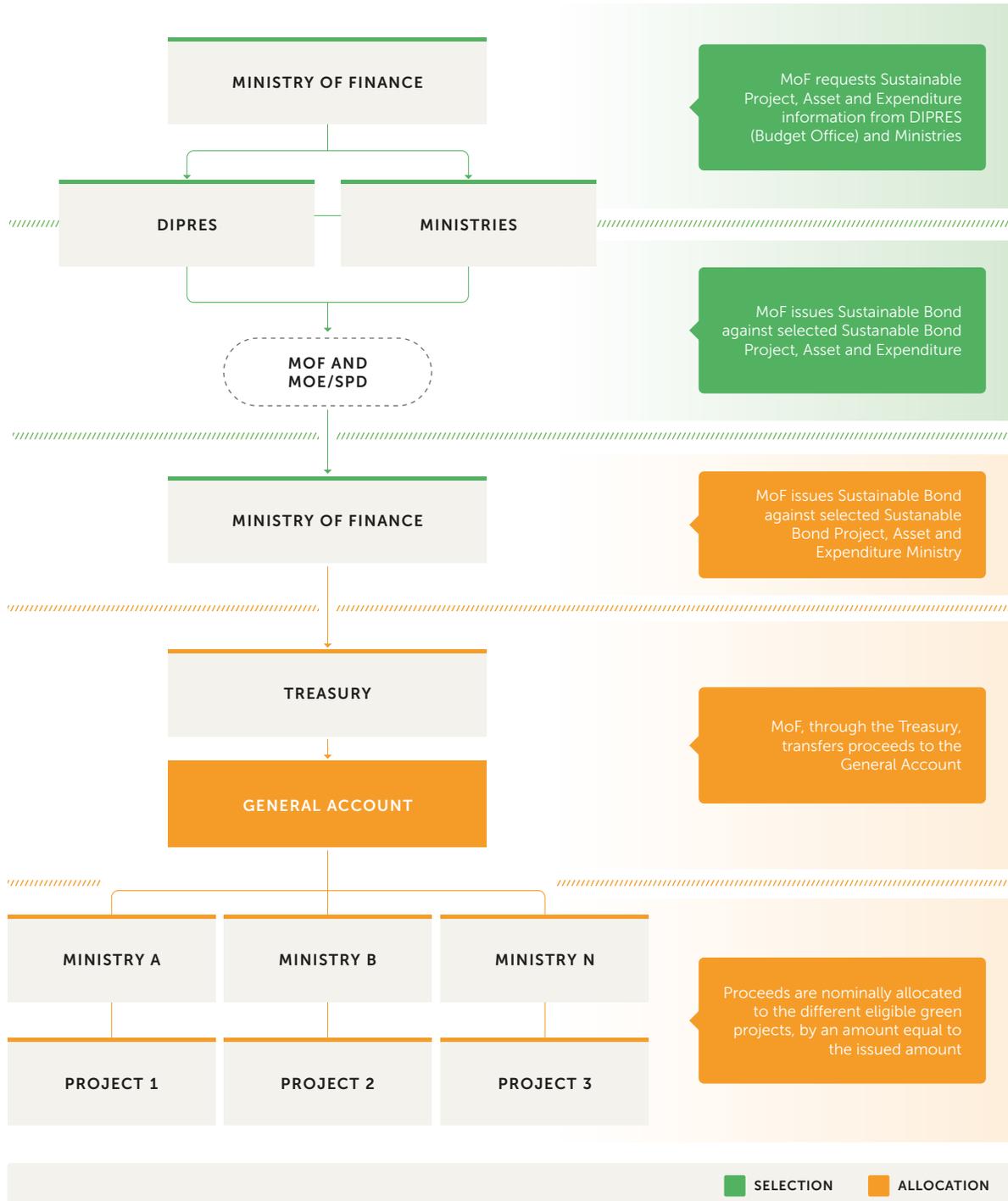
Process for the Evaluation and Selection of Projects, Assets and Expenditures

The MoF has established a decision-making process to determine the eligibility of projects, assets and expenditures as part of the Sustainable Bond Framework, including:

- › A declaration about the objectives (environmental or social) of the bond;
- › A process to determine the eligibility of the project, assets and expenditures;
- › The associated eligibility criteria, criteria for exclusion or any other process used to identify and manage environmental and/or social risks associated with the project.

As part of the process to determine the eligibility of projects, assets and expenditures (Figure 1), the MoF heads an inter-ministerial committee called the "Sustainable Bond Committee", with the goal of supervising complete implementation of this Framework, including the allocation of funds received for eligible projects and delivery of the reports to investors as referred to in the Reports Section.

FIGURE 1 Evaluation and Selection process for Eligible Expenditures⁶



⁶ Dipres: Dirección de Presupuestos or Budget Office

The Sustainable Bond Committee shall be composed of representatives from the main ministries responsible for governmental budget execution. In case of analysis of the use of green funds, the included ministries shall be: the Ministry of the Environment (MMA), the Ministry of Public Works, the Ministry of Energy, the Ministry of Transport and the Ministry of Agriculture, among others. When dealing with the use of social funds, the Department of Social Policies of the Ministry of Finance along with the International Finance Unit shall carry out the analysis and selection process.

The Ministry of Finance shall be responsible for the following:

- Review and validate the selection of eligible green and social projects, assets and expenditures, as established in the section on the Use of Proceeds;
- Supervise the allocation of funds for eligible projects, assets and expenditures;
- Administer any future updating of the Framework;
- Coordinate the preparation of reports, as described in the Framework.

The Ministry of Finance has the final responsibility to determine the list of eligible projects, whereas the other ministries shall be responsible for providing the requested documents and any other additional information to verify eligibility. Eligibility of these social programs is ensured through ex-ante evaluation and periodic follow-up. The ex-ante evaluation is made by the Sub-secretariat for Social Evaluation of the Ministry of Development and Family, which is used as the basis for a report on relevance of the design of the program. If that evaluation were to identify errors, both in its target population and its components, the program can be technically contested, which means that it must be reformulated in the short-term. Additionally, and periodically, follow-up reports are made on the different social programs, in which the beneficiaries of each component are analyzed. If a project contemplated in the bond is involved in a trial associated with activities carried out in protected areas, indigenous rights violations or non-fulfillment of labor legislation, the corresponding project shall be withdrawn from the bond by decision of the Sustainable Bond Committee. On the other hand, the ex-post evaluations of the diverse social programs are made by the Budget Office (*Dirección de Presupuestos*) with the aim of identifying potential errors in the design of each one, evaluating their social impact and identifying the relevance of its beneficiaries in the targeting criteria, among others.

Environmental and Social Risk Management

Chile's Sustainable Bond Framework is implemented within the country's established environmental, social and fiscal governance architecture. Eligible projects, assets and expenditures financed under this Framework are subject, where applicable, to Chile's Environmental Impact Assessment System (Sistema de Evaluación de Impacto Ambiental – SEIA), pursuant to Law No. 19,300 on General Environmental Bases. This system requires the identification, assessment and mitigation of potential environmental impacts prior to project approval and incorporates public participation mechanisms, including consultation processes consistent with national legislation and applicable international commitments. Compliance with environmental permits and mitigation measures is supervised by the Environmental Superintendence (Superintendencia del Medio Ambiente – SMA), which has enforcement and sanctioning authority.

From a social perspective, public programs and expenditures included in the eligible portfolio are subject to ex-ante evaluation by the Sub-secretariat for Social Evaluation of the Ministry of Social Devel-

opment and Family, ensuring consistency in program design, beneficiary targeting and alignment with public policy objectives. The Budget Office (Dirección de Presupuestos – DIPRES) conducts periodic monitoring and ex-post evaluations to assess program effectiveness, efficiency and social impact.

In addition, the Sustainable Bond Committee reviews the eligibility of expenditures under this Framework in accordance with the defined Use of Proceeds categories and exclusion criteria. Projects involved in material legal proceedings related to environmental damage, violations of Indigenous rights, or non-compliance with applicable environmental or labor regulations may be excluded or removed from the eligible portfolio. Through this multi-layered governance structure, Chile seeks to ensure that expenditures financed under this Framework are managed in line with high environmental and social standards, consistent with the ICMA Principles and prevailing international market practices.

Management of the Proceeds

This Framework is a general approach applicable to one or more future issues. Each issue specifies the bonds under this framework that will be linked to a specific group of eligible projects. The Management of the eligible expenditures does not imply a direct link between funds and allocation (notional basis).

The Ministry of Finance will carry out follow-up on the eligible expenditures, guaranteeing that an amount will be allocated at least equal to the net proceeds of the issues completed under this framework for financing and/or refinancing of expenditures that fulfill the eligibility criteria established in the Section on Use of Proceeds in this document.

If one or more of the projects initially included in an issuance no longer fulfills the above-mentioned eligibility criteria, due to changes in its nature or implementation, the expenditures for financing or refinancing associated with the specific bond shall not be considered. That is why the total value of eligible projects, assets and expenditures associated with a particular bond will be greater than the amount of the issue, to avoid the need to include new projects in case some projects are no longer eligible, there are delays in execution and/or possible cancellations of projects.

In the context of this Framework, expenditures shall include recent expenditures (all expenditures made in the previous year) and Current Expenditures (all expenditures to be made in the current year) and, if necessary, could also include future expenditures (in other words, to be made in coming years). The Ministry of Finance shall inform, prior to its issuance, the estimated percentage of recent expenditures financed through the bond, and the estimated period of disbursement.

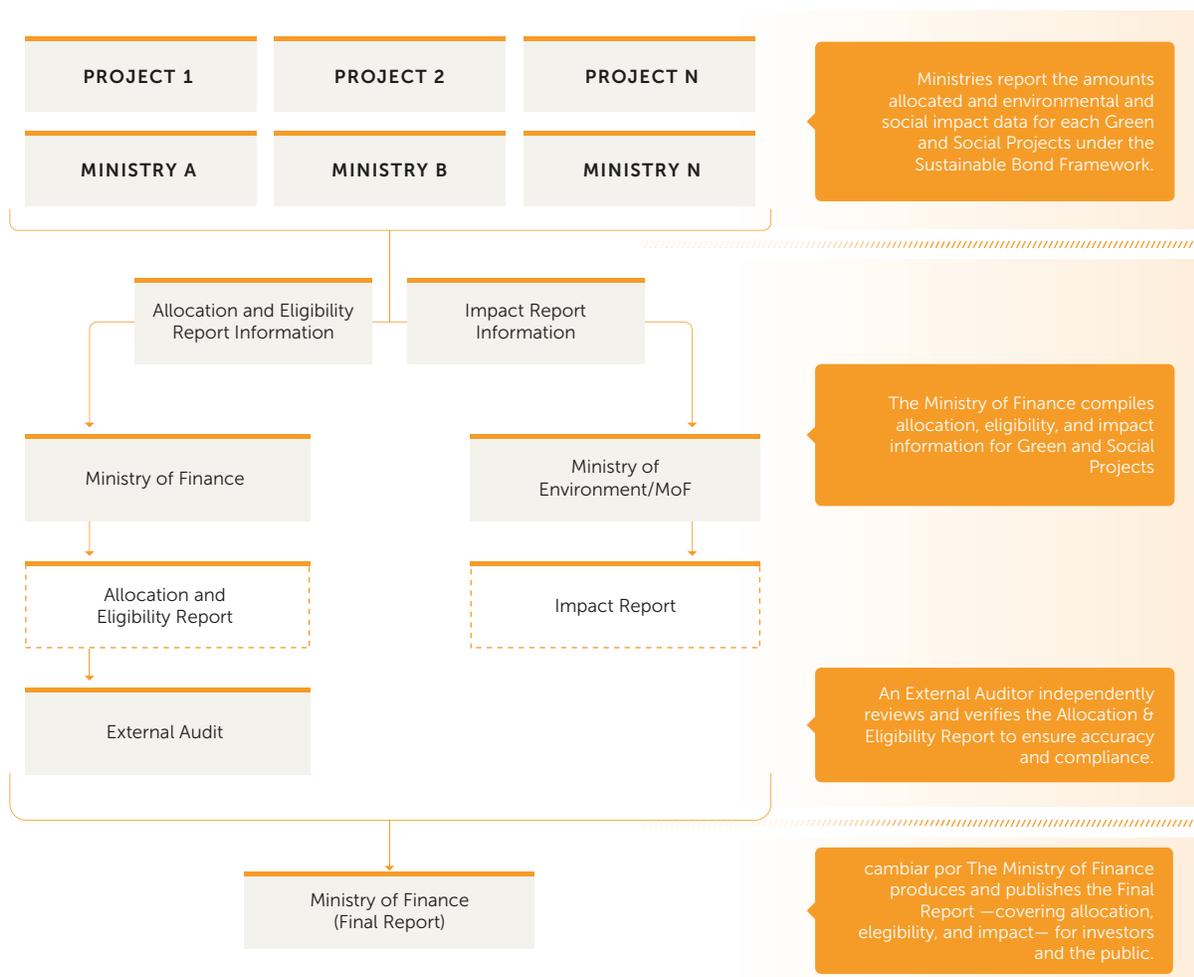
The net proceeds from the issuances will be transferred to the general account of Chile (the “*Cuenta General*”). While awaiting total allocation of the revenue from the Bond, the Ministry of Finance will administer the revenues pursuant to article 12 of Law No. 20,128 (“Fiscal Responsibility Law”), which establishes that investment of the proceeds shall be decided by the Ministry of Finance, pursuant to the regulation contained in article 3 of Decree-Law No. 1,056.

The Ministry of Finance guarantees that allocation of revenues does not permit the same project to be counted twice.

Reports

The Ministry of Finance shall provide an Allocation Report, an Impact Report, and an Eligibility Report (Figure 2), according to the frequency defined below, for all of the bonds issued under this Framework, being responsible for its consolidation. This information will be published on the website of the Ministry of Finance no later than June of each year. The published information will be subject to the availability of the fiscal accounts. The first report will be published during the year following each bond issuance.

FIGURE 2 Reporting process



Allocation Report

The Ministry of Finance will provide information about net proceeds allocation from its bonds until complete allocation of funds, including:

- › A brief description of the projects and amounts disbursed;
- › Percentage of revenues allocated per project or program;
- › Percentage of revenues allocated for financing and refinancing;
- › Remaining balance of unallocated revenue;
- › Percentage of co-financing per project or program.

Confidentiality agreements or considerations of competition that could limit the amount of details that can be divulged may be applied, in response to which the information would be presented in generic terms and/or aggregates.

Eligibility Report

Along with publishing the resource allocations for the projects of the certified portfolio, the Ministry of Finance will report on the conformity of the projects with the eligibility criteria described in the section of this document on Use of the Proceeds and according to the Taxonomy described in the section on Use of the Proceeds of the present Framework.

Impact Report

While the green, social or sustainable bond remains in effect, and to the extent possible, an annual impact report will be provided. Regarding the green or sustainable bond, the MMA will be responsible for establishing contacts with the appropriate ministries to include all of the impact indicators in an impact report that will be considered by the Ministry of Finance to inform investors. With respect to social bonds, the Ministry of Finance will be responsible for consolidating the information about social indicators. The Impact Report may include the following.

- › The expected impact of projects and assets;
- › Qualitative performance indicators, when feasible, measurements of quantitative performance of the impact of the projects;
- › The underlying suppositions and methodology used to prepare the performance indicators and metrics that will be disseminated.

At least one indicator for each eligible category will be reported. This indicator will be equal or similar to the examples provided in the following tables.

Examples of indicators and metrics:

Eligible Green Category	Example of Indicator	Environmental Impact Indicator
Clean Transportation	Number of km of new electric train lines created / maintained Number of km of the new electric bus lines created / maintained Number of people who use new ecological public transport	<ul style="list-style-type: none"> ➤ Annual emissions of greenhouse gases (GHG) reduced/avoided (tCO₂e) ➤ Tons of avoided MP2.5 articles
Energy Efficiency	Number of households/private buildings benefited with energy efficiencies Number of private buildings benefited with energy efficiencies Number of public lighting benefited with energy efficiency.	<ul style="list-style-type: none"> ➤ % of annual energy savings ➤ kWh of annual energy savings. ➤ annual emissions of GHG reduced/avoided (tCO₂e)
Renewable Energy	Installed Capacity (MW) Annual renewable energy generation (MWh) Number of people who benefited from training programs	<ul style="list-style-type: none"> ➤ Annual GHG emissions reduced /avoided (tCO₂e)
Living natural resources, land use, and marine protected areas	Area of land or ocean conserved/recovered (km ²) Area (km ²) of marine/forest reserves under active monitoring Number of climate observation stations installed (for gradual and extreme changes)	<ul style="list-style-type: none"> ➤ Protected areas and reserves: CO₂ captured (per year)
Efficient and climate resilient water management	Number of efficient pumps installed Km of new wastewater piping installed. Number of new reservoirs/defenses against flooding constructed. Number of studies (research) Gross annual quantity of wastewater treated, reused or avoided, before and after the project (m ³ /a) Annual volume of clean potable water in m ³ supplied for human consumption.	<ul style="list-style-type: none"> ➤ % Reduction in water consumption
Green Buildings (Ecological Buildings)	Number of buildings with green certification, which indicates the specific certification level attained	<ul style="list-style-type: none"> ➤ % of annual energy savings ➤ Annual GHG emissions reduced/avoided (tCO₂e)
Sustainable Timber Construction (Residential and non-residential Buildings)	Number of residential and/or non-residential public buildings constructed using timber, in compliance with applicable national forestry and timber traceability requirements (DL 701, Law No. 21,488, Supreme Decree No. 48/2023, SII Resolution No. 75/2024). Number of housing units supported through subsidies using timber in compliance with national requirements (DL 701, Ley Nr. 21,488, DS Nr. 48/2023, Res. Ex. SII Nr. 75/2024).	<ul style="list-style-type: none"> ➤ Annual greenhouse gas emissions reduced/avoided (tCO₂e) compared to a baseline building typology using conventional construction materials.

Eligible Social Category	Example of Indicator
Support for older adults or persons with special needs who belong to vulnerable sectors	<ul style="list-style-type: none"> Number of older adults/benefited
Support for low-income families	<ul style="list-style-type: none"> Number of low-income people benefited
Support for human rights victims	<ul style="list-style-type: none"> Number of victims of human rights violations benefited
Support for the community through job creation	<ul style="list-style-type: none"> Number of jobs created
Access to affordable housing	<ul style="list-style-type: none"> Number of homes (broken down according to whether built or improved)
Access to education	<ul style="list-style-type: none"> Number of vulnerable students benefited (broken down according to level of education)
Food security	<ul style="list-style-type: none"> Number of beneficiaries (broken down according to level of education)
Access to Essential Health Services	<ul style="list-style-type: none"> Number of and/or value of medical supplies and equipment financed Number of new hospital beds Number of beneficiaries
Social programs designed to prevent and/or alleviate unemployment stemming from the socio-economic crisis, even through the potential effect of financing of the SMEs and micro finances	<ul style="list-style-type: none"> Number of beneficiaries Loans to SMEs (value and number of loans)

External certification

The Ministry of Finance may request external certification for its Green, Social, and Sustainable Bonds. This application shall be analyzed case-by-case.

External auditing

The Ministry of Finance shall contract an independent external auditor to provide guarantees about the Allocation Report and its compliance with the Framework. This process shall be undertaken annually until full allocation of proceeds.

Amendments to this Framework

The Ministry of Finance reserves the right to amend, update or supplement this Framework in pursuant to the best international practices or in accordance with Chile's commitments.



Second Party Opinion (SPO)

An S&P Global Second Party Opinion (SPO) includes S&P Global Ratings' opinion on whether the documentation of a sustainable finance instrument, framework, or program, or a financing transaction aligns with certain third-party published sustainable finance principles. Certain SPOs may also provide our opinion on how the issuer's most material sustainability factors are addressed by the financing. An SPO provides a point-in-time opinion, reflecting the information provided to us at the time the SPO was created and published, and is not surveilled. We assume no obligation to update or supplement the SPO to reflect any facts or circumstances that may come to our attention in the future. An SPO is not a credit rating, and does not consider credit quality or factor into our credit ratings. See [Analytical Approach: Second Party Opinions](#).

Second Party Opinion

Republic of Chile Sustainable Bond Framework

March. 5, 2026

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Location: Chile

Sector: Sovereigns

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Social Bond Principles, ICMA, 2025
- ✓ Green Bond Principles, ICMA, 2025
- ✓ Sustainability Bond Guidelines ICMA, 2021

See [Alignment Assessment](#) for more detail.

Strengths

Eligible projects under the framework will further contribute to Chile's Nationally Determined Contributions (NDC) and its commitment to Kunming-Montreal Global Biodiversity Framework. Chile has experienced a faster energy transition and forest coverage recovery compared to other countries in the region, and we believe eligible projects under the framework will further help the country achieve its associated targets.

Chile has incorporated eligibility criteria for sustainable timber construction into its affordable housing programs. This focus on embodied emissions represents a more advanced approach than typically seen within the region's construction sector.

Social projects under the framework provide clear objectives and target population. Eligible projects are part of existing government programs, which help provide clarity on objectives, target population, and impact metrics.

Weaknesses

No weaknesses to report.

Areas to watch

The Chilean government is updating its physical climate risk management systems with a target completion by 2030. The government is improving its Climare Risk Atlas and monitoring systems, which will allow it to prevent and respond to physical climate risks more effectively.

Shades of Green Projects Assessment Summary

The government of Chile does not currently have a prospective breakdown for the allocation of the proceeds for eligible projects because the framework is expected to reference multiple financing transaction in the future.

Clean transportation **Dark green**

Investments in public infrastructure, assets associated with intermodal stations, and electric public transport

Subsidies or incentives to promote public transportation

Energy efficiency **Medium green**

Investments in energy efficiency in public buildings

Subsidies dedicated to energy efficiency improvements in housing

Public lighting improvements

Renewable energy **Dark green**

Investments in projects for non-fossil-fuel renewable energy sources

Investments in solar/wind power projects (onshore) that include energy generation and storage (batteries)

Training programs to increase technical knowledge in vocational education centers for renewable energy installations

Living natural resources, land use, and marine protected areas **Dark green**

Conservation and restoration of native and exotic forests; management and maintenance of national parks and conservation areas

Protection and oversight for protected marine areas (including research)

Efficient and climate resilient water management **Medium green**

Water distribution

Wastewater management

Conservation of water resources

Systems for defense against river flooding

Green buildings (ecological buildings) **Light green**

Design and construction of public buildings certified under the National System for Certification of Environmental Quality and Energy Efficiency for buildings of public use

Costs associated with modernization of existing public buildings to comply with “Sustainable Building Certification” or to improve the current certification level

**Sustainable timber construction
(residential and nonresidential
buildings)**

 **Medium green**

The construction of residential and nonresidential building projects that incorporate timber as a main construction material, as a substitute for carbon-intensive materials

See [Analysis Of Eligible Projects](#) for more detail.

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Issuer Description

Chile is a geographically diverse country in South America, covering approximately 760,000 square kilometers with a population of around 19.6 million. Chile's economy is characterized by a reliance on natural resource-based sectors, with mining--particularly copper extraction--playing a significant role in exports and external revenues, alongside agriculture and related activities, while services account for the largest share of economic output and employment. According to World Bank data, Chile's GDP per capita was around US\$16,700 in 2024 and the unemployment rate was approximately 8.7% in 2024. Despite a relatively high average income for the region, an estimated 6.5% of the population lived below the national poverty line in 2022, and income inequality remains elevated.

Material Sustainability Factors

Climate Transition Risk

Addressing climate change requires drastic greenhouse gas emissions cuts, a goal policymakers are crucial to achieving. While the Paris Agreement provides a framework, current pledges fall short of net zero targets, and inadequate policies risk exceeding 1.5°C warming due to past trends. Governments can stimulate action through regulations, incentives, and carbon pricing, acknowledging varied national contributions and shifting political incentives. International agreements, tangible climate impacts, economic costs, social acceptance, competitive pressures, and perceived global impact all influence policymakers' willingness to act.

Physical Climate Risks

Physical climate risks can affect many economic activities, absent adaptation. If greenhouse gas emissions increase and are unabated, this will drive more frequent and severe climate hazards. Although the physical impact of climate change and extreme weather events will continue to play out globally, the direct impact of climate hazards--including heat waves, flooding, and wildfires--are typically localized. Meanwhile, the indirect impact of such events may precipitate through different channels (such as the volume and pricing of traded goods and services), extend beyond administrative borders, and cascade through multiple sectors. Chile is vulnerable to climate change due to its high exposure to climate-related hazards such as earthquakes, prolonged droughts, extreme heat, wildfires, flooding, coastal erosion, and landslides, which can severely disrupt water resources, agriculture, energy systems, and critical infrastructure.

Social Risks

Governments play a crucial role in ensuring the development of society and economy. Depending on national and local socioeconomic circumstances, governments may prioritize issues of economic advancement, poverty, hunger, or inequality reduction, access to essential services or infrastructure, access to clean water and sanitation, or other social goals.

Other Environmental Risks

Governments play a key role in protecting biodiversity, and containing land, air, and water pollution. Economic development goals may exert considerable pressure on natural ecosystems, locally and at trading partners. Environmental factors are often intertwined with other factors, such as climate transition and physical climate risks.

Issuer And Context Analysis

The eligible project categories address material environmental and social sustainability factors relevant to Chile, including climate transition, physical climate risks, and social resilience. Eligible green projects are expected to support climate mitigation and adaptation objectives through investments in renewable energy, clean transport, green buildings, sustainable timber construction, and efficient and climate-resilient water management, contributing to emissions reduction and improved resource efficiency. Additional green investments focus on the sustainable management of natural resources, including land use, living natural resources, and marine protected areas, addressing pressures related to biodiversity loss and ecosystem degradation. The framework also includes social project categories aimed at supporting vulnerable and underserved populations, including programs for the elderly and individuals with special needs, low-income households, and victims of human rights violations. Social investments further support access to affordable housing, education, food security, and essential health services, as well as community development through job creation and measures to prevent or mitigate unemployment, including through financing for small and midsize entities (SMEs) and microfinance initiatives.

The projects under the framework support Chile's overall climate and environmental strategy, targeting its climate transition and emissions profile. In Chile, the transport sector is one of the largest sources of energy-related greenhouse gas emissions, accounting for approximately 39% of total national emissions, reflecting a high dependence on oil-based fuels, particularly in road transport. Under its Nationally Determined Contribution (NDC), Chile has committed to peaking national GHG emissions no later than 2025, complying with a legally binding economy-wide emissions budget of 1,100 MtCO₂e for the period 2020–2030, limiting annual GHG emissions to no more than 95 MtCO₂e by 2030, and achieving carbon neutrality by 2050. While Chile has made significant progress in integrating renewable energy, continued reliance on fossil fuels in transport, industry, and parts of the power system may pose challenges to meeting its medium-term decarbonization targets.

Due to its geographic characteristics, elongated latitudinal span, and exposure to multiple climate systems, Chile faces elevated physical climate risks that may materialize through the increased frequency and intensity of prolonged droughts, heatwaves, wildfires, floods, landslides, coastal erosion, and sea-level rise. The country has experienced a persistent multi-year “megadrought,” particularly affecting central regions, which has had material impacts on water availability for domestic consumption, agriculture, hydropower generation, and mining activities. In parallel, accelerated glacier retreat in the Andes heightens long-term water scarcity risks and increases exposure to glacier melt–related hazards, including glacial lake outburst floods, while southern regions are subject to heightened flood and landslide risks associated with more intense precipitation events. Climate-driven wildfires have also intensified in recent years, resulting in damage to ecosystems, housing, and critical infrastructure, particularly in central and south-central regions. To address these vulnerabilities, the government utilizes the Atlas de Riesgos Climáticos (ARClím), which is currently being updated with a target completion by 2030, to assess climate risks and inform national and sectoral adaptation plans, mandated by the Framework Law on Climate Change, which requires climate risk integration into planning and investment decisions.

Terrestrial and marine biodiversity, water availability, and land-use pressures constitute important environmental considerations in Chile. The government has committed to expanding and strengthening the protection and management of terrestrial and marine areas, consistent with the global “30x30” conservation target under the Kunming-Montreal Global Biodiversity Framework. Chile has also integrated biodiversity and ecosystem protection into its climate policy framework through commitments under its NDC and long-term climate strategy. In this context, adaptation-related investments under the framework are supported through green project categories that enhance resilience to physical climate risks, including climate-resilient water management, sustainable land use and ecosystem protection, and climate-resilient buildings, including sustainable timber construction.

Alignment Assessment

This section provides an analysis of the framework's alignment to the Social and Green Bond principles and the Sustainability Bond Guidelines.

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Social Bond Principles, ICMA, 2025
- ✓ Green Bond Principles, ICMA, 2025
- ✓ Sustainability Bond Guidelines ICMA, 2021

✓ Use of proceeds

We assess all the framework's green project categories as having a green shade and consider all social project categories to be aligned. The issuer commits to allocating the net proceeds issued under the framework exclusively to eligible green and social projects. Please refer to the Analysis of Eligible Projects section for more information on our analysis of the environmental and social benefits of the expected use of proceeds.

✓ Process for project evaluation and selection

The process of project, asset, and expenditure evaluation and selection involves the Ministry of Finance. As part of the process, the Ministry of Finance heads an inter-ministerial committee, the Sustainable Bond Committee. The Ministry of Finance is responsible for reviewing and validating the selection of eligible green and social projects, assets, and expenditures, among other tasks. The issuer has processes to identify and manage environmental and social risks related to eligible projects. All projects will comply with Chile's laws.

✓ Management of proceeds

The issuer has a process to track the net proceeds. The net proceeds will be transferred to Chile's general account. Pending full allocation, the Ministry of Finance will administer the revenues pursuant to Article 12 of Law Number 20.128, which establishes that investment of the proceeds shall be decided by the Ministry of Finance, pursuant to the regulation contained in Article 3 of Law Decree No 1.056. The Ministry of Finance guarantees that allocation of the proceeds does not permit the same project to be counted twice. The Ministry of Finance monitors the expenditures, guaranteeing that an amount will be allocated at least equal to the net proceeds of the issues completed under the framework. If one or more of the projects initially included in an issuance no longer fulfills the eligibility criteria, the expenditures for financing or refinancing associated with the specific bond shall not be considered.

✓ Reporting

Chile commits to report annually on the allocation of the net proceeds and on the financed projects' impact, until full allocation of the net proceeds. Reporting will be available on the Ministry of Finance's website. Allocation reporting will include the remaining balance of unallocated proceeds, a brief description of the projects and the amounts disbursed, and the percentage of revenues allocated per project or program, among other items. The impact reporting may include, where available information permits, the expected impacts of projects and assets and qualitative performance indicators, when feasible. The issuer will share information on the methodologies and assumptions used to calculate the performance indicators and metrics, adding transparency on the projects' impact. It is positive that the issuer commits to receiving an external audit on the allocation report.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "[Analytical Approach: Shades Of Green Assessments](#)," as well as our analysis of eligible projects considered to have clear social benefits and to address or mitigate a key social issue.

Green project categories

Clean transportation

Assessment

 **Dark green**

Description

Investments in public transport, assets associated with intermodal stations and electric public transport

- Metro lines: new lines, enlargement and renovation
- Electric buses and charging stations for electric vehicles
- Other public transport such as streetcars and trains
- Intermodal infrastructure to connect different means of clean public transportation, motoring and control systems, passenger safety systems, and infrastructure along with bicycle paths and parking
- Subsidies or incentives to promote public transportation

Analytical considerations

- Electrification and supporting infrastructure have a key role in decarbonizing the transport sector to align with a low-carbon and climate resilient future. Chile's transport sector accounted for nearly 40% of the country's emissions in 2023 according to the International Energy Agency. Mitigating greenhouse gas emissions from transportation will be crucial to meet global decarbonization goals, as the transport sector accounts for 23% of global energy-related greenhouse gas emissions, according to the Intergovernmental Panel on Climate Change (IPCC). Fossil fuel powered vehicles also create air pollution, such as nitrogen oxides and sulfur oxides.
- Eligible project types in this category are focused on electric modes of public transportation, including the expansion and renovation of metro lines, electric buses, streetcars, and trains. In our view, these investments have the potential to provide the dual benefit of promoting public transport use, thereby reducing the number of individual vehicles in circulation, while also electrifying the country's public transport fleet. In addition, investments in intermodal infrastructure allow for flexibility for passengers, allowing for multiple types of low-carbon transportation at the same location. We view all these eligible projects as Dark green.
- More than 70% of Chile's electricity came from low-carbon sources including hydropower (30%), solar (23%), and wind (12%) in 2024, according to the IEA. The transport sector currently represents a relatively small proportion of electricity use (less than 2%) but is the second-largest consumer of energy overall in the country (31% of overall demand), demonstrating significant space for electrification and decarbonization in the sector.
- In 2024, the Chilean senate approved a law to promote the development of public transport in regions that did not previously have subsidized service and isolated areas where connectivity could be improved. This law also facilitated the acquisition of zero-emission buses across the country. Similar subsidies and programs are eligible under the framework, which we view positively and assign a shade of Dark green.

Energy Efficiency

Assessment

 **Medium green**

Description

Support improved energy efficiency in buildings and public spaces. Eligible green expenditures include:

- Investments in energy efficiency in public buildings, which result in savings higher than 20% including retrofit, thermal insulation, and upgrades of air-conditioning systems
- Subsidies dedicated to energy efficiency improvements in housing, including improvements in houses' insulation, solar heating systems, and photovoltaic systems
- Public lighting improvements (e.g., replacements with LEDs)

Analytical considerations

- Energy efficiency measures are necessary to transition to a low-carbon economy, but their climate benefits and risks vary. Exposure to climate risk arises, for example, when these activities take place in high-emitting sectors or lock in high-energy processes or fossil fuel use. The IEA emphasizes that reaching net-zero emissions in buildings demands major energy efficiency strides and fossil fuel abandonment.
- We assign a Medium green shade to this project category, reflecting our expectation of the most relevant allocation to energy saving projects considering a 20% improvement. However, the lack of energy efficiency quantitative references for all the remaining projects reduces our visibility on how they will exceed local standards.
- We view positively that the issuer commits to a quantitative threshold of at least 20% energy efficiency improvement. The threshold aligns with regional standards. We expect these projects to reduce energy use through upgrading technical systems, insulation, and other minor retrofit projects. The project category excludes new construction. However, there are limited considerations around rebound effects, which means an increase in energy use following efficiency improvements.
- Projects under the category are exposed to physical climate risks. Such risks are mitigated through Chile's legally binding climate governance framework under the Ley Marco de Cambio Climático, its updated NDC under the Paris Agreement, and the implementation of sectoral adaptation instruments. Particularly the Plan for Mitigation and Adaptation to Climate Change for Infrastructure Services, which require climate risk assessments, integration of forward-looking climate projections into project design, water security and flood protection measures, and lifecycle resilience standards for public infrastructure.

Renewable energy

Assessment

 **Dark green**

Description

Promote the development of renewable energy technologies. The eligible green expenditures include:

- Investments in projects for non-fossil-fuel renewable energy sources, such as:
 - Wind energy (onshore)
 - Solar energy (onshore)
 - Run-of-river hydro plants (under 25 MW)
- Investments in solar/wind power projects (onshore) that include energy generation and storage (batteries)
- Training programs to increase technical knowledge in vocational education centers for renewable energy installations

Analytical considerations

- Renewable energy sources such as solar photovoltaics, wind, and hydroelectric power are key elements in limiting global warming to well-below 2 C. Still, these projects may cause land use change and adversely affect local biodiversity. They are also exposed to physical risks.
- We assign the project category a shade of Dark green, reflecting its relevance to achieving a low-carbon grid and supporting the growth of the regions' renewable energy market.
- We assess renewable energy including wind, solar and run-of-river hydropower projects, and related trainings as Dark green. We consider renewable energy projects are in line with Chile's Decarbonization Plan, which sets out a roadmap to achieve a coal-free, resilient, and efficiently operating electricity system as part of the country's second phase of the energy transition. The country's energy transition is progressing well, with renewable sources averaging over 80% of installed power capacity over the past five years. This already exceeds the 80% target set out in its updated NDCs for 2030. Additionally, Chile has significantly reduced its reliance on coal, decreasing coal power capacity to nearly 10% in 2025 (from 40% in 2013), with a comprehensive plan to phase out coal entirely by 2040.
- Energy storage systems, including batteries, will be essential for addressing intermittency in energy systems and addressing the country's high energy curtailment risk. Chile's unique geography means that energy-generating assets are typically in the north of the country, while the country's population centers are in the central valley. In addition to efficient transmission and distribution, effective storage systems will be key to ensure the decarbonization of Chile's grid. Therefore, we assess such investments as Dark green.
- The framework is expected to finance new and existing run-of-river hydropower projects, which could exceed 10 MW of installed capacity. While run-of-river plants generally have lower environmental impacts than reservoir-based hydropower because they avoid large-scale flooding and associated methane emissions, they can still pose localized environmental risks, particularly at larger scales. Lifecycle greenhouse gas emissions are mainly related to construction activities. However, projects may alter natural flow regimes, affect aquatic biodiversity and fish migration, modify sediment transport, and create cumulative impacts at the river basin level if multiple installations are developed.

Living natural resources, land use and marine protected areas

Assessment

 Dark green

Description

Promote proper care in land use, biodiversity preservation, and protected marine areas

The eligible green expenditures include:

- Forestry
 - Programs for conservation and restoration of native and exotic forests
 - Management and maintenance of National Parks and conservation areas
- Protection and oversight for protected marine areas (including research)

Analytical considerations

- Forests can contribute to carbon sequestration and support biodiversity habitats. It also can provide ecosystem services, such as water regulation and soil stabilization, which improve climate resilience. Healthy ecosystems and biodiversity are an important part of a low carbon, climate resilient future, providing natural resources, water and soil management, and pollination services. Protecting or restoring biodiversity also often creates climate benefits, such as carbon sequestration or adaptation solutions. Well-designed projects can reduce threats such as unsustainable resource extraction, climate change risks, land use change, pollution, and invasive species.
- Much of Chile's native forests are in the southern regions of the country, including the Valdivian and Magellanic forests, which combined are the second-largest temperate rainforest in the world. The country's National Forestry Corp. (CONAF) is a government body under the Ministry of Agriculture that is responsible for guaranteeing the conservation, restoration, and

sustainable management of forest ecosystems across the country. We view positively that eligible projects in this category do not include land destined for commercial use and instead focus on conservation and restoration, and we assign a shade of Dark green to these projects.

- Chile’s coastline is approximately 4,000 miles long and is the second largest in South America. According to the Blue Nature Alliance, Chile currently has 31 marine protected areas, covering nearly 1.5 million square kilometers. The country has also designated more than 40% of its national waters for protection, surpassing its commitment of 30% by 2030 as part of the Kunming-Montreal Global Biodiversity Framework. Financing under this category will go toward the continued protection and safeguarding of these protected areas, which we view positively.

Efficient and climate resilient water management

Assessment

 **Medium green**

Description

Promote sustainable water management to guarantee water supply

- Water distribution: installation or upgrade of water-efficient irrigation systems, construction or improvement of sustainable infrastructure for potable water (including research or studies)
- Wastewater management: installation or improvement of wastewater infrastructure, including transport, treatment, and elimination systems
- Conservation of water resources: including protection for water catchment zones and prevention of pollution that affects water supplies
- Systems for defense against river flooding: including building reservoirs to control water flows

Analytical considerations

- Water and wastewater systems are essential forms of natural capital, supporting economic activity, public health, and thriving ecosystems. Properly designed and managed, these systems secure reliable access to water, improve water quality, enable resource recovery, reduce greenhouse gas emissions, and enhance climate resilience. Water efficiency measures further reduce demand on natural resources, while wastewater treatment can recover nutrients and energy and improve cumulative watershed health. However, if not well managed, both water supply and wastewater systems can be energy intensive, generate significant waste or emissions, and disrupt hydrology and aquatic ecosystems, underscoring the need for careful planning and sustainable operation.
- We assess water and wastewater treatment projects as Medium green, reflecting our expectation that most relevant allocation will be oriented to water distribution and wastewater management, which count with stringent regulatory standards in Chile. The framework does not include specific and comprehensive thresholds criteria related to key environmental considerations, which limits our assessment. We assess water supply and wastewater treatment projects as Medium green. On the other hand, we assess research projects and potential nature-based solutions as Dark green. Defense against river flooding, including reservoir construction is assessed as Medium green, reflecting its adaptation benefits and associated embodied emissions in construction. The installation or upgrade of water-efficient irrigation systems is assessed Light green because these projects currently lack efficiency criteria and may be linked to agricultural use, which is a water intensive activity.
- Although not specified under the framework, Chile’s regulations set a maximum water leakage rate of 15%. We consider investments aimed at reducing water losses and conserving water resources to be material because they are essential for ensuring water resilience, particularly in regions facing significant water scarcity. Similarly, investments that enhance the resilience of water and wastewater systems are critical, given the exposure of such infrastructure to physical climate risks.
- Chile is unique in Latin America for achieving near-universal coverage for drinking water (99.94 %) and wastewater collection and treatment (99.94 % and 100 %, respectively), with average per capita water use of 153.5 L/day. Its water and wastewater utilities operate under a mix of ownership models, including public, concessioned, and private entities. Regulatory and legal framework are overseen by the Superintendencia de Servicios Sanitarios (SISS). Beyond tariff regulation and financial

oversight, the SISS plays a central role in disaster risk reduction, coordinating with water and wastewater utilities under national policies and laws, including the Sendai Framework and Law 21.364 to enhance the sector's operational resilience and ensure utilities can withstand and recover from climate and other disruptive events.

Green buildings (ecological buildings)

Assessment

 Light green

Description

Construction and modernization of public buildings, with a 30% minimum reduction in carbon in line with the CBI (Climate Bond Initiative) standard

The eligible green expenditures include:

- Design and construction of public buildings certified under the National System for Certification of Environmental Quality and Energy Efficiency for buildings of public use ("*Sistema Nacional de Certificación de Calidad Ambiental y Eficiencia Energética para Edificios de Uso Público*") (CES)
- The costs associated with modernization of existing public buildings to comply with Sustainable Building Certification or to improve the current certification level

Analytical considerations

- The IEA emphasizes that reaching net-zero emissions in buildings demands major energy efficiency strides and fossil fuel abandonment. All properties must achieve high energy performance. New properties should additionally cut emissions from building materials and construction. Additionally, addressing physical climate risks is crucial for strengthening climate resilience across all buildings.
- We assign a Light green shade to this project category, reflecting our view that the framework criteria ensure financed buildings have strong energy performance. The issuer has not indicated the expected breakdown between new construction and renovation of existing buildings. Still, the framework's criteria include requirements for 30% of energy efficiency, as well as the use of green building certifications, which help guarantee a minimal efficiency and reduction of associated emissions.
- Although green building certifications cover a broad set of environmental issues, they differ considerably in their requirements for energy efficiency, embodied emissions of construction materials, and climate resilience. Typically, their point-based systems do not guarantee low carbon new construction nor highly energy efficient existing buildings. Their robustness depends on a variety of factors, such as levels achieved and type of certification. For example, design phase certifications are generally more robust than "in-use" certifications. The latter can be a solid way of enabling a continued improvement in energy performance though proper management but seldom include specific energy-efficiency thresholds, like the one included within the category's description.
- Chile's government intends to use local certification from the National System for Certification of Environmental Quality and Energy Efficiency for buildings of public use. This score-based certification is sponsored by the National Ministry of Public Works, with the Chilean Construction Chamber and the Chilean Chamber of Architects. It encompasses considerations for energy, water, materials and waste management across three certification levels. Although the issuer does not specify a minimum certification level, we believe that the 30% efficiency thresholds helps ensure a minimum positive impact from eligible buildings and it is above regional standards.
- While embodied and heating related emissions in buildings are significant, the framework does not include thresholds or criteria to reduce those emissions, which we consider a limitation.

Sustainable timber construction (residential and nonresidential buildings)

Assessment

 **Medium green**

Description

Promote the construction of residential and nonresidential building projects (including public facilities) that incorporate timber as a main construction material, as a substitute for carbon-intensive materials (such as brick, metal, and concrete). In addition, all construction projects will achieve a minimum of 30% energy efficiency improvement.

The eligible green expenditures include:

- Projects implemented through direct public procurement
- Projects implemented through demand-side subsidies

All timber used must originate from legal and traceable sources, in accordance with Chilean forestry and tax regulations, including:

- Approved forest management plans or equivalent authorizations issued by the competent authority
- Compliance with mandatory timber traceability requirements for production, transport and commercialization, as supervised by the Tax Service

Analytical considerations

- According to the World Economic Forum, sustainable timber used in building materials must become core building materials because they store vast amounts of carbon and can be used to replace conventional materials such as concrete and steel. New properties should cut emissions from building materials and construction.
- Chile's construction sector represents 30% of the country's greenhouse gas emissions. About 33% of the sector's emissions comes from the materials used, which is close to our global life cycle emissions estimation for buildings. The government expects to allocate most of its funds to affordable housing programs, such as DS10, DS19, and DS49, which aims to tackle the country's estimated deficit of 600,000 houses.
- We assign a Medium green shade to this project category, reflecting our view that the framework criteria ensures financed buildings will significantly reduce associated embodied and operational emissions.
- Based on international data, Chile prepared a preliminary ex-ante assessment to understand the approximate greenhouse gas emissions involved in the constructions phase, and it's working with IDB to have a full life cycle emission tracker for the construction and operational phase of those assets (ex-post). According to that assessment, a 50m² business-as-usual affordable housing which is typically constructed with concrete or masonry (brick and stone), may have associated emissions of 281.3 kg CO₂e/m² and 74.3 kg CO₂e/m². The new government program aims to replace those materials with timber and cross-laminated timber (CLT) that, according to that initial assessment, would issue 9.9 kg CO₂e/m² and 25.7 kg CO₂e/m², respectively. Those calculations don't include the carbon captured during the wood's growth.
- Timber is locally sourced through the country's pinus and eucalyptus plantations, which have sound forest management practices and are subject to strong environmental law enforcement. Feedstocks must comply with full traceability requirements since harvest and cannot be sourced from native/primary forest land. Currently, around 70% of the plantation area for pinus and eucalyptus in Chile are certified with either Forest Stewardship Council or Program for the Endorsement Forest Certification forestry certifications. Furthermore, operators have to comply with stringent regulations that were updated in 2023/2024. These require the approval of a forest management plan for harvesting and reforestation. Operators must also provide wood traceability documentation during production, transport, and commercialization, including mandatory georeferencing and Electronic Dispatch Guide (GDE) identification details on invoices.
- Chile's overall forest land area has not declined over the past decade--the country has rather seen a net increase in forest area, in part because reforestation in degraded land areas has expanded at a faster rate than native forest loss. This is further supported by Chile's issuance of a €1.5 billion sustainability-linked bond in January 2026, which incorporated a biodiversity protection key performance indicator aligned with the target 3 of the Kunming-Montreal Global Biodiversity Framework.

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- Furthermore, the framework's criteria mandate a 30% improvement in energy efficiency (exceeding regional standards) compared to the local building stock conditions outlined in Chile's energy code, Calificación Energética de Viviendas (CEV). We view positively Chile's national decarbonization strategy for the real estate sector, which includes initiatives focused on energy efficiency, thermal insulation, and heating. However, it is important to note that the government does not provide heating systems as part of its affordable housing programs, except in areas covered by the Atmospheric Decontamination Plan (PDA), where the installation of heating equipment to replace wood is mandatory. Although the government does not anticipate significant allocation within this project category, it has committed to prioritizing the installation of electric heating through its public policy framework, Modern Methods of Construction (MMC No 5). The new regulatory framework released in 2025 require a minimum 30% energy efficiency improvement in heating systems, transitioning away from wood heating and facilitating connections to district heating.

S&P Global Ratings' Shades of Green

Assessments					
Dark green	Medium green	Light green	Yellow	Orange	Red
Description					
Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps toward an LCCR future but will require further improvements to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects					
 Solar power plants	 Energy efficient buildings	 Hybrid road vehicles	 Health care services	 Conventional steel production	 New oil exploration

Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

Social project categories

Support for the elderly or people with special needs in vulnerable situation

Finance basic pension for the most vulnerable (those belonging to the 60% of the population with the lowest income according to the Social Registry of Households). Some of the included programs are as follows:

- Pensión Básica Solidaria de Vejez y Aporte Previsional Solidario de Vejez (Basic Solidarity Old-age Pension and Solidarity Old-age Pension)
- Pensión Básica Solidaria de Invalidez y Aporte Previsional de Invalidez (Basic Solidarity Disability Pension and Disability Contribution Pension) aimed at people certified as disabled by the Regional Medical Disability Commissions of the Superintendence of Pensions
- Transfers per Child (contribution to pensions for vulnerable mothers)

Analytical considerations

- Programs to support the elderly and populations with special needs that find themselves in economic precarity aim to protect highly vulnerable populations, which we view positively.
- This category is aligned with the Chilean government programs outlined in the framework, which clearly define the target populations and the characteristics necessary to qualify for these pension programs. In our view, this provides sufficient transparency and effectively mitigates potential risks that could be introduced by the project.
- Both the Pensión Básica Solidaria de Vejez and the Aporte Previsional Solidario de Vejez have been replaced by the Pensión Garantizada Universal (PGU), which has the target population and social objective. The PGU applies to Chileans above the age of 65 who are not part of the richest 10% of their age group and have lived in Chile for at least 20 years. The program provides a pension of Chilean peso (CLP) 231,732 (US\$268) per month to qualifying participants that do not have access to other pensions.
- The Pensión Básica Solidaria de Invalidez and the Aporte Previsional de Invalidez remain in effect. The former is a monthly pension of CLP250,275 (US\$289) to qualifying applicants that are between 18 and 64 years old, cannot work as a result of physical or mental conditions, do not have access to other pensions, and are part of the 80% most vulnerable population according to the Social Registry of Households Those applicants do not receive the full amount of the Pensión Básica Solidaria de Invalidez can apply for the Aporte Previsional in order to receive the CLP250,275 amount.
- The Transfer per Child program provides additional funding for mothers. It adds additional funding for women's pensions which they will receive when women turn 65. Women must have resided in Chile for 20 years or more. Recipients must also be participants in one of the other programs listed in this category. The transfers commence once the child is born.

Support for low-income families

Finance actions and measures aimed at the country's most vulnerable families* using subsidies or contributions for low-income families, through such programs as:

- Aporte Familiar Permanente
- Family Subsidy
- Winter Support Payment

*One of the requirements is to be in the lowest 60% of the population in terms of income according to the Social Registry of Households.

Analytical considerations

- Eligible projects under the category aim to provide further funding to existing programs such as Permanent Family Subsidy, Family Subsidy, and Winter Support Payment. Investing in welfare for vulnerable populations, particularly low-income families, is crucial for fostering social equity and economic stability. Such investments help to alleviate poverty, improve access to

essential services, and promote overall community well-being. By providing support through financial assistance, governments can empower these families to enhance their quality of life and contribute positively to the economy. Eligible projects under the framework aim to help provide vulnerable families with economic support.

- These programs have clear eligibility criteria using the Socioeconomic classification from the Social Registry of Households and require families to be in the lowest 60% of the population based on income levels. Additionally, each program has additional criteria, such as age-based on the program's objective.
- According to latest government data, this subsidy will benefit over 1.8 million families during 2026. Family subsidy is a monthly economic benefit granted to families with underage children belonging to the 40% most vulnerable population without having to apply for it, and with previous application for families between the 40% and 60% most vulnerable. The Aporte Familiar Permanente program and the Winter Support Payment are annual economic benefits granted to families with underage children and elderly populations to help cope with expenses.

Support for human rights victims

Monetary transfers for beneficiaries of the state through the Leyes Reparatorias de Derechos Humanos (Human Rights Reparatory Laws) aimed at victims directly affected by human rights violations, exonerated politicians, and family members of victims of human rights violations or political violence between 1973 and 1990.

Analytical considerations

- Eligible project under the category aim to provide funding to existing programs aimed to provide monetary transfers for victims of human rights violations in Chile. Governments have a fundamental responsibility to repair damage caused by human rights violations, as outlined in various international laws and treaties, including the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights. This responsibility entails providing reparations to victims, which can take the form of financial compensation, such as pensions for those affected, and ensuring access to essential services like health care, education, and social support.
- Since the early 1990s, the Chilean government has implemented a series of policies and benefits for victims of human rights violations during the period from 1973 to 1990, including victims of disappeared and political killings, and survivors of political imprisonment and torture. This offers, among other things, access to health care and monetary pensions for victims and their families. Approximately 60,000 people benefit from these reparatory benefits. To access this program, people must be recognized by historic commissions such as Rettig and Valech to be victims of the historic period of violence or through the Ministry of Interior for exonerated cases.
- We believe these programs help provide economic stability to families and people who were affected by human rights violations, mitigating the effect these can have on their health and economic development. By fulfilling these obligations, governments not only acknowledge the harm done but also promote healing and reintegration into society. This commitment to justice and accountability is vital for restoring trust in public institutions and upholding the rule of law, ultimately contributing to a more just and equitable society.

Support for the community through job creation

Financing of projects to generate employment in, for example, regions with the highest unemployment (unemployment levels above the national average), through the financing of intensive projects in the use of manpower aimed at generating a positive impact in the community. This includes projects such as the Programa Inversión en la Comunidad (Program for Investment in the Community).

Analytical considerations

- Government employment generation programs play a crucial role in fostering economic stability and growth. By creating job opportunities, these programs not only reduce unemployment rates but also enhance the overall quality of life for citizens. The program targets vulnerable populations, helping to lift individuals and families out of poverty. Furthermore, such initiatives can stimulate local economies by increasing consumer spending and fostering skill development, which in turn prepares the

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workforce for future employment challenges. In a rapidly changing job market, these programs are essential for promoting inclusive growth and ensuring that all citizens have access to meaningful work.

- The program focuses on regions with high levels of unemployment according to data from the subsecretary of labor, currently most of the funding goes to Valparaíso (7.7%), Biobío (9.95%), and La Araucanía (7.5%). Additionally, the program has a strong focus on gender with women making up over 80% of participants.
- The program grants funding for nonprofit organizations to promote programs where people can have job opportunities. These projects can have an additional social benefit when they are destined for community refurbishment or other types of social programs.
- Limiting our view is the fact that these programs aim to foster temporary work for the population. While these positions may provide immediate income and work experience, they often lack job security, benefits, and opportunities for career advancement, which can perpetuate a cycle of instability. Temporary roles may also lead to job fragmentation, where individuals move from one short-term position to another without developing a stable career path. This unstable employment situation can exacerbate existing vulnerabilities, making it challenging for individuals to achieve long-term financial independence and stability.

Access to affordable housing

Financing for families of vulnerable sectors* for the acquisition, repair, enlargement, improvement and refurbishment of housing.

Eligible programs (or part of them) include:

- Fondo Solidario de Elección de Vivienda DS49 (Solidarity Fund for Choosing Housing)
- Mejoramiento de Vivienda (Housing Improvement) – DS 27 Chapter II (Ex Protection for Family Patrimony, Repair and Improvement of Housing)
- Sistema Integrado de Subsidio Habitacional – DS1 (Integrated System for Habitational Subsidy)
- Programa Habitacional de Integración Social DS116-2014 and DS19-2016 (Habitational Program for Social Integration)

*Families in the 40% or 60% of the population with low incomes (depending on the program) according to the socioeconomic qualification established in the Social Registry of Households.

Analytical considerations

- Chile's national statistics institute (INE) estimates that there was a housing deficit of 491,904 homes in Chile in 2024, in addition to 1,263,576 homes that are deemed to be insufficient because of lacking infrastructure or size. These programs aim to provide and repair housing for low-income residents.
- The eligible projects are all aligned with Chilean government programs, which facilitate the identification of a target population. These programs primarily aim to provide subsidies and stipends to individuals or families that find themselves without housing or in precarious housing situations.
- Eligible populations must be within the bottom 60% or 40% of the Chilean population based on income, depending on the specificities of each program, and the program documentation specifies maximum eligible housing values.

Access to education

Financing of programs aimed at improving quality and access to nursery school, basic, middle, and higher education for vulnerable children and young* or those with special needs. The eligible programs include:

- Gratuidad en Educación Superior (Free Higher Education)
- Subvención Escolar Preferencial (Preferential School Subsidy)

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- Jardines Infantiles y Salas Cuna Modalidad Convencional (Conventional Modality of Kindergarten and Nursery Schools)
- Jardín Clásico Administrado por Junji y Vía Transferencia de Fondos (Classic Kindergarten Administered by Junji and through Fund Transfers)
- Fondo de Apoyo a la Educación Pública (Public Education Support Fund)
- Beca Bicentenario (Bicentenary Scholarships)

*One of the requirements to be considered as a priority student pursuant to the definition by the National Board for School Aid and Scholarships (Junta Nacional de Auxilio Escolar y Becas – JUNAEB), is to be in the 60% of the population with low incomes according to the Single Form for Socioeconomic Accreditation (Formulario Único de Acreditación Socioeconómica – FUAS) or the Social Registry of Households.

Analytical considerations

- Government investments in education are crucial for fostering a knowledgeable and skilled workforce, which is essential for economic growth and social development. By providing school subsidies, governments can reduce financial barriers for families, ensuring that all children have access to quality education regardless of their socioeconomic background. Additionally, investing in kindergarten programs lays the foundation for early childhood development, promoting cognitive and social skills that are vital for future academic success. Scholarships further enhance educational opportunities, enabling talented students from disadvantaged backgrounds to pursue higher education and contribute to society. Overall, these investments not only empower individuals but also strengthen communities and drive national progress.
- According to 2022 data, Chile invests more in early education than the OECD average, with a 0.7% of GDP invested in private and public education for children from 3 to 5 years old. Still, children enrollment remains below OECD average and is stuck at 75% of children from 3 to 5 years old, unchanged since 2013. Furthermore, 68% of young people aged 25 to 34 with at least one parent with a higher education have also obtained a higher education, compared with only 25% among those whose parents did not complete secondary education. We believe these investments will help promote access to education in the country with a focus on free education for vulnerable populations.
- Eligible programs have clear criteria aiming to address students from low income homes according to the Social Home Registry.

Food security

Financing of programs for access to healthy and nutritious food services for the most vulnerable users* of the educational system.

Eligible projects include:

- Programa de Alimentación Escolar (PAE)
- Beca de Alimentación para Educación Superior:
 - School fund program
- Food scholarships for higher education

*Students from families in the most vulnerable 60% or those with greater economic disadvantage (according to the Social Registry of Households) who attended subsidized municipal or private universities or educational establishments (affiliated with the PAE) in the pre-basic, basic, and middle levels of education.

Analytical considerations

- According to the Inter-American Development Bank, in 2024, moderate or severe food insecurity was estimated to affect approximately 17.4% of Chile's total population--a rate that has increased in the last decade. As of 2024, over 3 million Chileans faced food insecurity. Such food security programs in the framework aim to guarantee access for vulnerable populations to healthy and sufficient nutrition. The projects also aim to avoid malnutrition.

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- The target population is vulnerable users of the educational system. The framework defines vulnerable users of the educational system as students from families in the most vulnerable 60% or those with greater economic disadvantage according to the Social Registry of Households. These students attend subsidized municipal or private universities or educational establishments affiliated with the PAE in the pre-basic, basic and middle levels of education.

Access to essential health services

Financing the development of a health care network with both preventive and curative functions associated with locally declared states of emergency stemming from health events, including pandemics (i.e., COVID-19)

Eligible social expenditures include:

- Construction or expansion of medical centers, laboratories, and medical support infrastructure
- Purchase of medical consumables to deal with the pandemic (personal protective equipment), installation of modular beds, monitors, ventilators, diagnostic equipment, etc.
- Expenditures that enable access and accessibility of diagnostics (i.e., free tests for beneficiaries of Fonasa, setting of a maximum price in private systems)
- Expenditures that enable strengthening of home care
- Reuse or conversion of services/installations for medical care in response to the pandemic
- Other expenditures associated with preventive care, treatment, and public health in relation to the pandemic

Analytical considerations

- These essential health services projects aim to guarantee access to the health care system. They also aim to strengthen the response of the health system in Chile to a pandemic. Eligible projects include the construction and expansion of medical centers, laboratories, and medical support infrastructure, as well as expenditures enabling access to diagnostics and enabling home care, among other eligible expenses.
- The target population is those needing access to health services. These projects provide essential health care to people who face barriers that prevent or limit their access to needed health care. Such access to health care can lead to improved economic stability, community well-being, quality of life, and other benefits.
- These projects were incorporated into the framework amid the COVID pandemic. Currently, the Chilean government has no expectations of allocating any proceeds for the category.

Social programs designed to prevent and alleviate unemployment derived from socioeconomic crises, including through the potential effect of financing SMEs and micro finances

Financing of programs aimed at supporting people whose income is strongly affected by socioeconomic crises stemming from a declaration of a state of catastrophe by the national authorities (i.e., pandemics, earthquakes, etc.) such as:

- Ley de Protección al Empleo (Job Protection Law)
- Bono de apoyo a los ingresos familiares (Support Bond for Family Incomes)
- Ingreso Familiar de Emergencia (Emergency Family Income)
- Fondo solidario municipal (Municipal Solidarity Fund)

Loans or other financial support for MSMEs (Micro, Small and Medium Enterprises) that face financial stress due to socioeconomic crises stemming from the declaration of a state of catastrophe by the national authorities (i.e., pandemics, earthquakes, etc.)

Analytical considerations

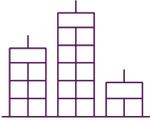
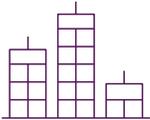
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- Eligible projects include social programs designed to prevent and alleviate unemployment derived from socioeconomic crises, including through the potential effect of financing SMEs and micro finance. Financing includes programs for people whose income is strongly affected by socioeconomic crises stemming from a state of catastrophe as well as for MSMEs that face financial stress due to socioeconomic crises from a state of catastrophe.
- Chile's definition of a state of catastrophe excludes catastrophe due to wars. Chile's definition of MSME is according to the definition by the Internal Tax Service of Chile (Servicio de Impuestos Internos de Chile). We believe this social program category provides a social benefit by reducing the financial gap and contributing to the growth and development of people and MSMEs who have been affected by a state of catastrophe in Chile.
- Investing in and supporting these programs increases benefits for the broader community's economy. The greater access to capital supports the scaling up of businesses, which, in turn, promotes job creation, rising wages, and greater economic activity in these communities.
- These projects were incorporated into the framework amid the COVID-19 pandemic. Currently, the Chilean government has no expectations of allocating any proceeds for the category.

Mapping To The U.N.'s Sustainable Development Goals

Where the financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not affect our alignment opinion.

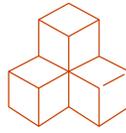
This framework intends to contribute to the following SDGs:

Use of proceeds	SDGs			
Clean transportation				
	3. Good health and well-being	11. Sustainable cities and communities*	13. Climate action	
Energy efficiency				
	7. Affordable and clean energy*	11. Sustainable cities and communities	13. Climate action	
Renewable energy				
	7. Affordable and clean energy*	9. Industry, innovation and infrastructure*	13. Climate action	
Living natural resources, land use, and marine protected areas				
	3. Good health and well-being	13. Climate action	14. Life below water*	15. Life on land*

Efficient and climate resilient water management

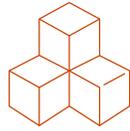


6. Clean water and sanitation*



9. Industry, innovation and infrastructure

Green buildings (ecological buildings)



9. Industry, innovation and infrastructure

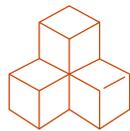


11. Sustainable cities and communities*

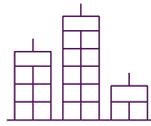


13. Climate action

Sustainable timber construction (residential and nonresidential buildings)



9. Industry, innovation and infrastructure



11. Sustainable cities and communities*

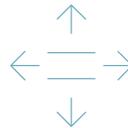


13. Climate action

Support for elderly people or people with special needs in vulnerable situations



1. No poverty*

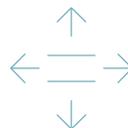


10. Reduced inequalities*

Support for low-income families

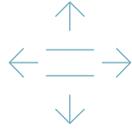


1. No poverty*



10. Reduced inequalities*

Support for human rights victims



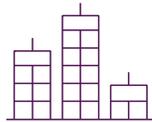
10. Reduced inequalities*

Support for the community through job creation



8. Decent work and economic growth*

Access to affordable housing

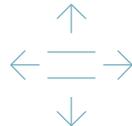


11. Sustainable cities and communities*

Access to education



4. Quality education*



10. Reduced inequalities*

Food security



2. Zero hunger*

Access to essential health services



**3. Good health
and well-being***

Social programs designed to prevent and alleviate unemployment from socioeconomic crises



1. No poverty



**8. Decent work
and economic
growth***

*The eligible project categories link to these SDGs in the ICMA mapping.

Related Research

- [Assessing the resilience of water and wastewater utilities: A multi-criteria approach for Chile](#), Dec., 2025
- [Analytical Approach: Second Party Opinions](#), Mar. 6, 2025
- [FAQ: Applying Our Integrated Analytical Approach For Second Party Opinions](#), Mar. 6, 2025
- [Analytical Approach: Shades Of Green Assessments](#), Jul. 27, 2023
- [Analytical Approach: Taxonomy Assessments](#), Oct. 15, 2025
- [Analytical Approach: EU Taxonomy Assessment](#), Oct. 31, 2024
- [Analytical Approach: European Green Bond External Reviews](#), Oct. 31, 2024
- [FAQ: Applying Our Analytical Approach For European Green Bond External Reviews](#), Oct. 31, 2024

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Chile's Sustainable Bond Framework
