



Green Finance Framework

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Introduction

A renewable energy pure player, Greenergy’s business model contributes significantly to climate change mitigation. Sustainability is at the core of the company’s strategy and ESG aspects are embedded in all the business units. By issuing Green Finance Instruments, Greenergy responds to the need for investment that encourages the development of a more sustainable economy and delivers environmental benefits.

Building on the outputs of a diagnosis exercise and a materiality analysis, Greenergy designed its ESG Roadmap 2021-2023, an ambitious plan articulated in five key structural areas covering governance, strategy, risk management, impacts and communication. The Company presents publicly annual plans and objectives in sustainability and keeps stakeholders updated on its progress at the presentations of results.

A leader in ESG risk management

Sustainalytics, the global independent provider of ESG ratings and corporate governance research for investors, published its ESG Risk Rating for Greenergy in 2021. According to the report, Greenergy is at low risk of experiencing material financial impacts from ESG factors due to the low exposure and strong management of ESG risks.



When compared with other peers in the same industry, Greenergy surfaced as an industry leader being ranked #3 in the group of renewable energy producers at a global scale. The management of all material issues was considered as STRONG, the top rating. These areas include Corporate Governance, Human Capital, Community Relations, Business Ethics, Product Governance, Occupational Health and Safety, and Land Use and Biodiversity.

The Green Finance Framework

The ICMA Green Bond Principles are a set of voluntary guidelines that promote integrity in the development of green financing instruments. Greenergy’s Green Finance Framework is aligned with the guidelines of the ICMA Green Bond Principles (GBP) as well as the LMA Green Loan Principles (GLP) in four core components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

1. Use of proceeds

Greenergy is an integrated independent power producer (IPP) that generates clean sustainable energy. Through an integrated business model, the company develops, builds, owns, operates, and maintains renewable energy plants. The company also incorporates in-house teams dedicated to PPAs origination, structured financing, and M&A, gaining efficiencies as a result of the integration.

A global player, Greenergy has established a balanced pipeline of projects in 8 countries in LatAm and Europe. With a track record of more than 45 plants built and connected in both wind and solar technologies, Greenergy is a leading company in Chile and continues to grow in other LatAm countries (Colombia, Peru, Argentina and Mexico) as well as in Europe (Spain, Italy and the United Kingdom).



Under this Green Finance Framework, Greenergy intends to issue Green Finance Instruments (which may include, inter alia, bonds, loans, promissory notes, etc) to finance and / or refinance renewable energy projects (solar, wind and storage* technologies), M&A operations within the renewable energy sector and related and supporting expenditures that enable the fulfillment of Greenergy strategic targets for renewable energy installed capacity publicly communicated by the company. The company focuses 100% of its activity in renewable energy and is fully aligned with the EU Taxonomy in terms of revenues, CAPEX and OPEX, as an environmentally sustainable economic activity that contributes significantly to the mitigation of climate change.

Greenergy recognizes the fundamental role played by the private sector to achieve the United Nations Sustainable Development Goals and the urgency to implement ambitious action plans to make progress towards the targets set at the 2030 Agenda. Thus, Greenergy incorporates into its strategy those SDGs where potential impact is more relevant.

The company business plan works to ensure access to affordable, reliable, sustainable, and modern energy (SDG 7). In particular, the funds will contribute directly to achieve target 7.2 of the 2030 Agenda of the United Nations by helping to achieve Greenergy’s operational targets to build and connect renewable energy plants, increasing the share of renewable energy in the energy mix of the countries where the company operates.

* BESS (Battery energy Storage systems) electrochemical storage and/or green hydrogen.

2. Project evaluation and selection

Greenergy's management committee evaluates the projects by conducting financial, environmental, technical, legal and social analysis in order to be internally approved and become part of the company's pipeline. The Company ensures that all projects comply with Greenergy's Sustainability policies and with required local environmental regulations and permits. The composition of Greenergy's management committee is available at the Company's website.

Environmental and social impact assessments are central to the Company risk assessment process. The company selects adequate locations for its projects, seeking to minimize the impact on the environment. Protection measures are defined, and monitoring programs established for each project. The company implements tailor-made offsetting measures to compensate impacts and an additional biodiversity program beyond the area of the projects.

The company aims at establishing fluent communication from the early stages of development of the projects to identify risks. Engaging with the local communities is central to our sustainability strategy. In accordance with our Sustainability Policy, we seek to establish a fluent dialogue with the local community from the first stages of the projects and different communication channels are made available to the community. Greenergy aims at creating local impact through job creation and social initiatives based on the identification of needs of each area.

Greenergy maintains its stakeholders updated of its pipeline of projects at quarterly presentations of results, and provides information about each individual project under construction, backlog or advanced development.

3. Management of proceeds

The proceeds of the green finance instruments will be credited to dedicated accounts and the treasury team will be responsible to ensure an appropriate management, under direct supervision of the CFO of Greenergy.

A renewable energy pure player, Greenergy focuses its activity exclusively on renewable energy and funds will be used to finance clean energy projects and related investments and expenditures, as explained in the previous section. Greenergy intends to allocate bond proceeds raised under this Framework within 3 years.

Pending the full allocation, Greenergy will hold or invest the balance of net proceeds not yet allocated, at its own discretion, in its treasury liquidity portfolio (cash or cash equivalents).

4. Reporting

Greenergy will make and keep readily available up to date information on the use of proceeds as well as the expected/achieved impact of the renewable energy projects developed and built by the company.

The allocation report will provide the total amount of investments and expenditures in the development, engineering, procurement, construction, operation, and maintenance of green projects of renewable energy and M&A operations, and the balance of unallocated proceeds. Information about the projects in operation, under construction, backlog and advanced development is disclosed at the company's presentations publicly available in the website, including names, location, capacity, technology, resource, COD and offtaker related information. Short-term financing instruments like promissory notes will use the average balance position in its reporting.

Greenergy's activity as a renewable energy pure player contributes significantly to one main environmental objective, climate change mitigation. The company will use the following indicators to report on the environmental impact of its annual activity:

- Increase of renewable energy capacity (MW)
- Increase of production of renewable energy (MWh)
- Annual GHG emissions avoided by the projects in operation (tCO₂e).

Allocation and impact reporting will be provided at annual Sustainability reports, published annually, and /or specific impact reports.

Second party opinion

The alignment of this Green Finance Framework with the Green Bond and Green Loan Principles has been reviewed by Sustainalytics. The Second Party Opinion prepared by Sustainalytics as well as the Green Finance Framework will be made available to investors at Greenergy's website.