

## Ministry of Finance receives favourable evaluation from international institutions to issue its first Green Bond

The Minister of Finance, Felipe Larraín, announced today that the Republic of Chile is recently prepared to issue its first Green Bond, after receiving favourable opinions from international institutions on its Green Bond Framework proposed by the country to issue this kind of instruments.

Green bonds are similar to traditional bonds, but their funds are raised to finance or refinance projects that protect the environment.

Minister Larraín explained that the plan is to issue green bonds during 2019, highlighting that the Green Bond Framework establishes the commitment to allocate the proceeds to different types of green projects, including:

- Clean Transportation
- Energy Efficiency
- Renewable Energy
- Living natural resources, land use and marine protected areas
- Water Management
- Green Buildings

The announcement was made in the Constitution Square (Plaza de la Constitución), along with two electric buses which are part of an initiative of clean transportation that began to operate during the latter months of the last year. The Minister of Transportation, Gloria Hutt, and the Minister of the Environment, Carolina Schmidt also participated in the announcement. Minister Larraín highlighted that this initiative bridges the financial world with environmental protection.

“The Government of President Piñera has defined the fight against climate change as its key pillar. In this context, we are committed to not build any more coal plants and plan to close the existing thermoelectric plants”, the Minister said.

At the ministerial level, different initiatives are being led at the global level in the fight against climate change: COP 25, led by the Minister of the Environment; along with the Coalition of Finance Ministers for Climate Action led by the Minister of Finance, in which close to 30 finance ministers participate.

Specifically related to the future issuance of a green bond, the Minister highlighted that, with the favourable assessment of the institutions, Chile is prepared to be the first country of the Americas to issue a sovereign green bond.

Other sovereigns that have issued green bonds include France, Belgium, the Netherlands and Poland. The Netherlands and the region of Hong Kong both had their inaugural green bond issuances earlier this month.

### **The Green Bond Framework obtained favourable evaluation.**

Minister Larraín explained that the Ministry of Finance developed a Framework, which will guide future Green Bonds to be issued by the Republic.

This Framework is aligned with best practices and was favourably evaluated by Vigeo Eiris, an independent agency specialized in ESG research (environmental, social and governance), obtaining the highest assurance regarding the contribution of the bonds to sustainable development.

In addition, the portfolio of projects associated with potential issuances for 2019 has obtained the certification from CBI (Climate Bond Initiative), an international organization specialized in green bond standards. Chile is the second country, after Netherlands, to achieve this certification.

The development of the Green Bond Framework and the selection of the potential portfolio was led by the Ministry of Finance, and is the result of a joint effort of several ministries, including the Ministry of Agriculture, Energy, Environment, Public Works and Transportation, and the valuable support of the Inter-American Development Bank (IDB).

All the information related to the Republic of Chile's green bonds, including the Framework, the Second Party Opinion from Vigeo Eiris and the CBI certification, is available on the website of the Ministry of Finance, in the Public Debt Office section (link: <https://www.hacienda.cl/english/public-debt-office/green-bonds.html>)