

Green Bond Fact Sheet

Republic of Chile		Date: 19/06/2019	
Issue date: 17-06-2019 Maturity date: 25-01-2050 Tenor: 31			
Issuer Name	Republic of Chile	Amount Issued	USD1.4bn
Country of risk	Chile	CBI Database	Included
Issuer Type ¹	Sovereign	Bond Type	Sovereign Green Bond
Green Bond Framework	Link to framework	Second party opinion	Second Party Opinion
Certification Standard	Climate Bonds Standard Version 2.1 including Sector Criteria for: <ul style="list-style-type: none"> • Low Carbon Transport • Low Carbon Buildings (Upgrades) • Water Infrastructure • Solar 	Assurance report	Pre-Issuance Verification
Certification Verifier	Vigeo Eiris	Green bond rating	N/A
Use of Proceeds			
<input checked="" type="checkbox"/> Energy	<input checked="" type="checkbox"/> Solar <input type="checkbox"/> Onshore wind <input type="checkbox"/> Offshore wind <input type="checkbox"/> Geothermal <input type="checkbox"/> Hydro <input type="checkbox"/> Tidal	<input type="checkbox"/> Biofuels <input type="checkbox"/> Bioenergy <input type="checkbox"/> Waste to energy <input type="checkbox"/> District heating <input type="checkbox"/> Electricity grid	<input type="checkbox"/> Energy storage <input type="checkbox"/> Energy performance <input type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input checked="" type="checkbox"/> Buildings	<input type="checkbox"/> Certified Buildings <input type="checkbox"/> HVAC systems <input checked="" type="checkbox"/> Energy performance	<input type="checkbox"/> Water performance <input type="checkbox"/> Energy storage/meters <input type="checkbox"/> Other energy related	<input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input checked="" type="checkbox"/> Transport	<input checked="" type="checkbox"/> Electric vehicles <input type="checkbox"/> Low emission vehicles <input type="checkbox"/> Bus rapid transit <input type="checkbox"/> Passenger trains <input checked="" type="checkbox"/> Urban rail	<input type="checkbox"/> Freight rolling stock <input checked="" type="checkbox"/> Coach / public bus <input type="checkbox"/> Bicycle infrastructure <input type="checkbox"/> Energy performance	<input type="checkbox"/> Transport logistics <input type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input checked="" type="checkbox"/> Water & wastewater	<input checked="" type="checkbox"/> Water distribution <input type="checkbox"/> Water treatment <input type="checkbox"/> Wastewater treatment <input type="checkbox"/> Water storage	<input type="checkbox"/> Storm water mgmt <input type="checkbox"/> Flood protection <input type="checkbox"/> Desalination plants <input type="checkbox"/> Erosion control <input type="checkbox"/> Energy performance	<input type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience



<input type="checkbox"/> Waste management	<input type="checkbox"/> Recycling <input type="checkbox"/> Waste prevention <input type="checkbox"/> Pollution control	<input type="checkbox"/> Landfill, energy capture <input type="checkbox"/> Energy performance <input type="checkbox"/> Infrastructure	<input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input type="checkbox"/> Land use & agriculture	<input type="checkbox"/> Afforestation/parks <input type="checkbox"/> FSC Forestry <input type="checkbox"/> FSC Cellulose & paper	<input type="checkbox"/> Land remediation <input type="checkbox"/> Energy/water efficiency	<input type="checkbox"/> Sustainable agriculture <input type="checkbox"/> Adaptation & resilience
<input type="checkbox"/> Other	<input type="checkbox"/> Adaptation & resilience	<input type="checkbox"/> ICT	<input type="checkbox"/> Industry: process
Issue details			
Reporting	<p>Every year in April, until full allocation of the proceeds, the Chilean Government will publish an annual report with details on the allocation of the proceeds. These reports will have details on the projects funded, the remaining balance of unallocated proceeds, the percentage balance between refinancing and new financing, and the percentage of co-financing per project. These reports will be reviewed by an independent external verifier.</p> <p>Throughout the term of the bond, an impact report will also be produced annually. These reports will have qualitative descriptions and quantitative impact indicators where appropriate.</p>		
Company information	<p>Chile has the highest sovereign credit rating in Latin America. It is one of the most prosperous countries in South America and is the only South American country in the OECD.</p> <p>In November 2019, Chile is hosting the 25th annual UN Climate Change Conference of the Parties ("COP25"). As part of its national policy goals on climate change and the environment, the Government of Chile took a leading role in climate finance by being the first country in South America to issue a sovereign green bond. The Government prepared its Green Bond Framework in conjunction with the Inter-American Development Bank ("IADB").</p> <p>Chile's Nationally Determined Contribution "NDC" as part of the Paris Agreement includes a 2030 GHG/GDP intensity target that is 30% lower compared to 2007. In June 2019, the Government announced that they are considering a 2050 net zero emissions target. They have also announced that the country would close all its coal power generation facilities by 2040. Currently, Chile's electricity generation mix has a 40% contribution from coal power.</p> <p>In November 2017, the Ministerial Council for Sustainability approved the Climate Change Mitigation and Adaptation Plan for Infrastructure Services. This latest plan is the first of its kind in Latin America and will help the government adjust the designs of planned infrastructure to mitigate the worst impacts of climate change at the community, regional and national level.</p>		
Firsts, records and certifications	<p>This is the first Sovereign Certified Climate Bond to be issued in the Americas. It is also the second sovereign Certified Climate Bond. Overall, three countries have now issued Certified Climate Bonds (Netherlands in May 2019, Nigeria in December 2017)</p>		
Proceeds description	<p>The proceeds will be used to finance and refinance the following:</p> <ul style="list-style-type: none"> • Electric trains (urban metro), electric buses and dedicated infrastructure for electrified public transport, • Solar projects, • Building construction and retrofits with an associated 30% CO₂ emissions reduction target based on the Chile national building certification scheme "Certificación Edificio Sustentable" (CES), and • Water distribution network monitoring equipment. 		



Climate Bonds view	This issuance is a huge step forward for the Latin America region. The Government of Chile's intention is that this will kickstart the green bond and wider green finance markets in Chile and the region. In April 2018, the Santiago Exchange also introduced a Green and Social Bonds Segment .
Underwriters	
Deal comments	
Credit Rating	A+ (S&P, Moody's)
Pricing summary	3.53% coupon, which is 95bp over 30-year US Treasuries. This is the lowest yield ever obtained for 30-year Chilean debt
Investors summary	Several European investors were interested. There was interest from up to 40 specialist ESG investors.

¹ Issuer categories: ABS, development bank, financial corporate, government-backed entity, loan, local government, non-financial corporate, sovereign

