

PRESENTE Y FUTURO DE LAS FINANZAS SOSTENIBLES EN CHILE

Miércoles 18 de Noviembre 2020 10:00 am

Invitados Especiales:

Sr. Felipe Larraín, ex Ministro de Hacienda de la Republica de Chile,
Profesor Titular P.U.C y Clapes U.C, Fundador liderando la Coalición de
Ministros de Finanzas para la Acción Climática

Sr. Joaquín Vial, Vice-Presidente del Banco Central de Chile

Moderadores:

Sr. Aurélien Nicolas, Head of Investment Banking BNPP – Chile & Perú

Sr. Jean-Baptiste Frin, Director – Investment Banking BNPP_Chile, Perú, Ecuador, Bolivia

Sr. Paul Miquel, Country Head Société Générale Chile Perú & Colombia

EXPOSITORES

• **Ana Belen Colazo**,
Latin America Sustainable Finance
Manager, Vigeo Eiris

• **Hacina Py**,
Head of Impact Finance Solutions,
Société Générale

• **Hervé Duteil**,
Chief Sustainable Officer,
BNP Paribas

• **Maria Gloria Timmermann**,
Gerente de Relaciones
Corporativas y Sustentabilidad,
Bolsa de Santiago

• **Andres Pérez**,
Jefe de Asesores y Coordinador de
Finanzas Internacionales,
Ministerio de Hacienda

• **Elodie Laugel**,
Chief Responsible Investment Officer,
Amundi

• **Iván Yarur**,
Director de Finanzas,
Aguas Andinas

• **Frank Demaille**,
Chief Executive Officer, Engie Latam

• **Mauricio Ortiz**,
Vice President de Finanzas,
Antofagasta Minerals

• **Florian Tillous-Borde**,
VP Hydrogen Business Unit – Acquisitions,
Investment and Financial Advisory, Engie

• **Stepahnie Clément de Givry**,
Global Head of Mining, Metals &
Industries, Société Générale CIB

• **Ignacio de Calonge**,
Chief Investment Officer, Global
Energy & Mining, IFC

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Cámara de Comercio Franco Chilena

APERTURA

Palabras de Bienvenida :

- **Sr. Emmanuel Riffaud**, Presidente de la Cámara de Comercio e Industria Franco-Chilena (CCIFC)
- **M. Roland DUBERTRAND**, Embajador de Francia en Chile

Palabras Introdutivas :

- **Sr. Felipe Larraín**, ex Ministro de Hacienda de la Republica de Chile, Profesor Titular P.U.C y Clapes U.C, Fundador liderando la Coalición de Ministros de Finanzas para la Acción Climática

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PRESENTE Y FUTURO DE LAS FINANZAS SOSTENIBLES EN CHILE



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Cámara de Comercio Franco Chilena

Panel 1

1/ Financial Innovation and Sustainability

- **Maria Gloria Timmermann**, Gerente de Relaciones Corporativas y Sustentabilidad, Bolsa de Santiago
- **Ana Belen Colazo**, Latin America Sustainable Finance Manager, Vigeo Eiris
- **Hacina Py**, Head of Impact Finance Solutions, Société Générale
- **Hervé Duteil**, Chief Sustainable Officer, BNP Paribas

Preguntas y discusión

- **Aurélien Nicolas**, Head of Investment Banking BNPP – Chile & Peru

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Financial Innovation & Sustainability

María Gloria Timmermann
Chief Corporate Relations &
Sustainability Officer

SANTIAGO
EXCHANGE

November 2020

Our Initiatives

Work with the Government

Public-Private Working Group on Green Finance (Chilean Finance Ministry)

- ✓ Goal: reach a green agreement and draft a green finance road map (2020-2024) with all public and private financial market stakeholders to consider the specific contents and variables associated with green issues.
- ✓ Work on the road map is ongoing.

360° Committee on Human Rights (Chilean Justice Ministry)

- ✓ Purpose: support implementation of the National Action Plan (NAP) on Human Rights and Businesses. Multidisciplinary committee comprised of representatives from several social organizations, business associations, trade unions as well as community and academic institutions.
- ✓ National Action Plan on Business and Human Rights: public policy in effect since August 2017, which aims to implement the United Nations Guiding Principles on Business and Human Rights, passed in 2011 by the Council on Human Rights, on which Chile participates.

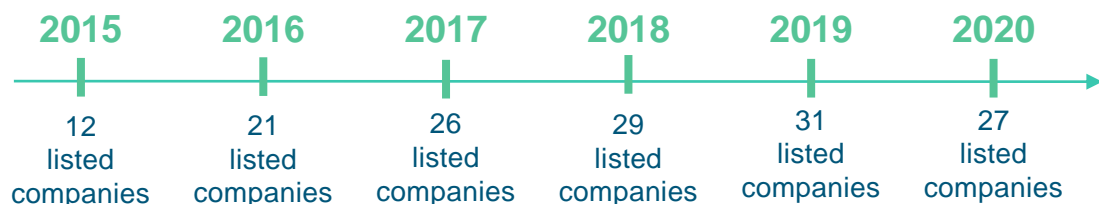
Tools for securities market sustainability

- ✓ Recommendations for Strengthening Transparency in the Stock Market (May 2015)
- ✓ Guide to the Design and Construction of Sustainability Reports (January 2017)
- ✓ Guide to Responsible Investment (May 2017)
- ✓ The Voice of the Market study (published annually since 2017)
- ✓ Investor Relations Committee (conducted bi-annually since 2018)
- ✓ SSIndex Stakeholders Sustainable Index (since 2018)
- ✓ Ring the Bell for Gender Equality (since 2016)
- ✓ Ring the Bell for Financial Education (since 2018)
- ✓ Statement by Investors on Promoting Responsible Investment (2019)
- ✓ ESG Investment Practices Study (since 2019)
- ✓ Ring the Bell for Responsible Investment (2019)
- ✓ Sustainability Matrix (2020)

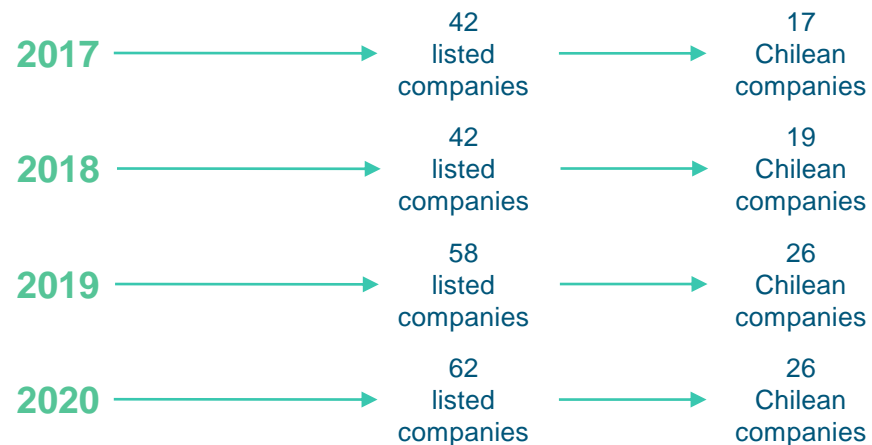
Market Indicators

Sustainability Indexes

Dow Jones Sustainability Chile Index (DJSI Chile)



Dow Jones Sustainability MILA Pacific Alliance Index



Coming soon:
S&P IPSA ESG Index
Sustainability Linked
Bonds

Calculated by
**S&P Dow Jones
Indices**



Sustainable Bonds Segment



LUXEMBOURG
GREEN EXCHANGE



Apr 2018: launching of the Green and Social Bonds segment, with 3 bonds issued and 7 bonds in 2019.

Jul 2019: signing of MoU with the Luxembourg Stock Exchange to encourage cross-listing of green bonds and other securities.

Dec 2020: launching of the Sustainability Linked Bonds segment.

Promoting Sustainability

Alliances with local and international entities

International partners:



Local partners:





With +125 years of experience, Santiago Exchange seeks to be a leader in the exchange industry, developing a transparent, responsible and sustainable market through various milestones and initiatives that have shaped its history.

Corporate Presentation Santiago Exchange

www.bolsadesantiago.com



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Panel 2

2/ The ROI of Sustainability

- **Andres Pérez**, Jefe de Asesores y Coordinador de Finanzas Internacionales, Ministerio de Hacienda
- **Elodie Laugel**, Chief Responsible Investment Officer, Amundi
- **Frank Demaille**, Chief Executive Officer, Engie Latam
- **Iván Yarur**, Director de Finanzas, Aguas Andinas

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The ROI of Sustainability Chile's Green Bonds



**Gobierno
de Chile**

Ministerio de Hacienda

Andrés Pérez M.
Head of Advisors & Head of International Finance
Ministry of Finance
November 18th, 2020



As the first sovereign green bond issuer in the Americas, Chile also intends to set a benchmark for future sovereign issuances in the region.

Inaugural green bond issuances in 2019 accomplished several milestones.

2019 Republic of Chile's Green Bonds:

Dual tranche USD & EUR (3.53% USD1,431 million long 30-year and 0.83% €861 million 12-year)

- First sovereign green bond issuance in the Americas and the first Sovereign Green Bond issuance in Euros issued by a non-European sovereign. USD Bond was the longest tenor debut green bond.
- Lowest yields obtained ever in both currencies (3.53% for the USD and 0.83% for EUR bonds), low spreads, record demand from global markets (12.8X for USD bonds, and 4.7X for the EUR bonds).
- Important broadening of Chile's investor base towards institutional investors with green mandates.

Non-deal Roadshow and Investor Participation



- In 1H2019, Chile embarked non-deal roadshows in the US, Europe, and Asia. Recurring dialogue with key investors while identifying Green Bond portfolios was a key execution strategy

USD BOND BY REGION	TOTAL
USA	48%
EU / UK	36%
Others	16%

EUR BOND BY REGION	TOTAL
EU / UK	85%
Others	15%

Quickly followed by new green bond issuances in January-2020.

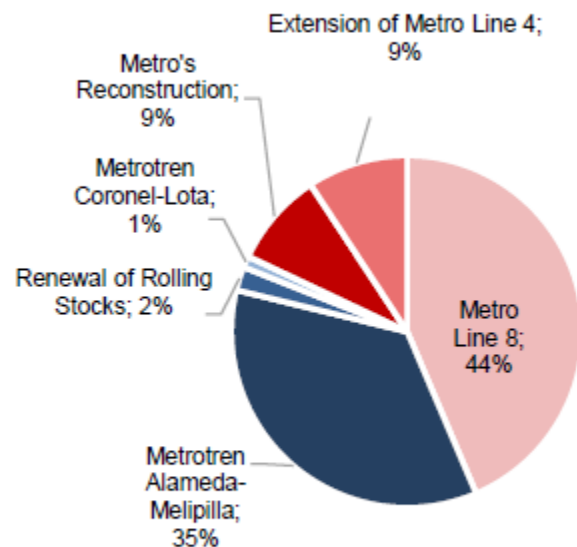
2020 Republic of Chile's Green Bonds:

USD tranche (3.275% USD900 million on reopening of long 30-year and 2.55% USD750 million on a new 12-year)

EUR tranche (0.695% €694 million on reopening of 11-year and 1.299% €1,269 million on a new long 20-year)

2020 Project Portfolio

- The 2020 Green Bond project portfolio totals USD 4.4 billion from the sector **Clean Transportation**, which includes the following projects:
 - Line 8 of Santiago's Metro
 - Extension of Metro Line 4
 - Metro's Reconstruction
 - Biotren Extension Coronel-Lota
 - Metrotren Alameda-Melipilla
 - Renewal of Rolling Stocks



Awards and Honors

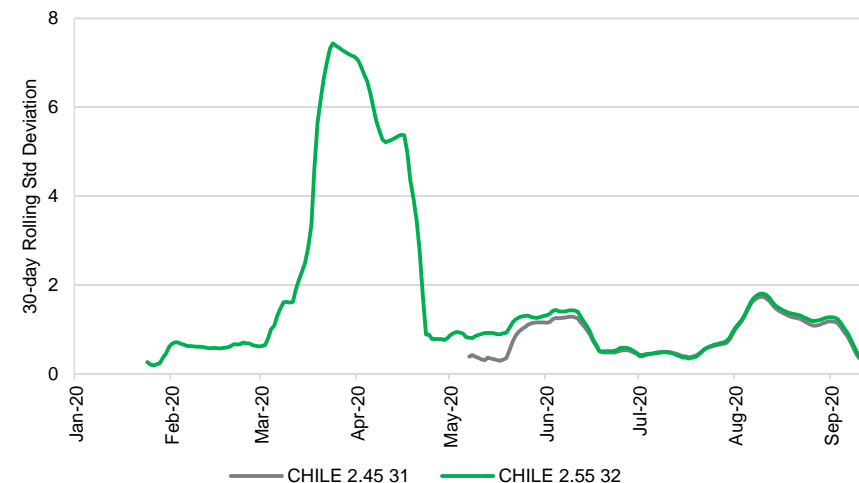
- Green Finance 2019, The Banker.
- Green Bond of the Year-Sovereign, Environmental Finance Bond Award 2019.
- Financing, Netexplo Smart Cities Accelerator UNESCO 2019.
- Sovereign Issuer of the Year, LatinFinance Awards 2019.
- Best Public Debt Office/Sovereign Debt Management Office in Latin America, GlobalMarkets Awards 2019.
- Green Bond of the Year for Latin America, GlobalCapital Sustainable and Responsible Capital Markets Awards 2019.
- Recognition for Innovation in Sustainable Finance 2019, Spanish Observatory of Sustainable Financing.

Chile's green bond secondary market performance (thus far) in terms of levels and volatility does not appear to be that different from plain-vanilla bonds.

Green USD Chile 32 Trades Similarly to USD Chile 31



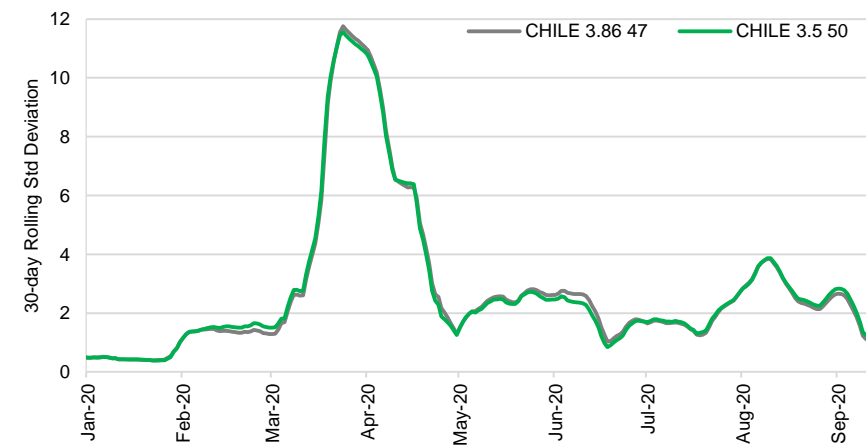
USD Chile 32 vs. USD Chile 31



Green USD Chile 50 Trades Inside USD Chile 47



Green USD Chile 50 vs. USD Chile 47

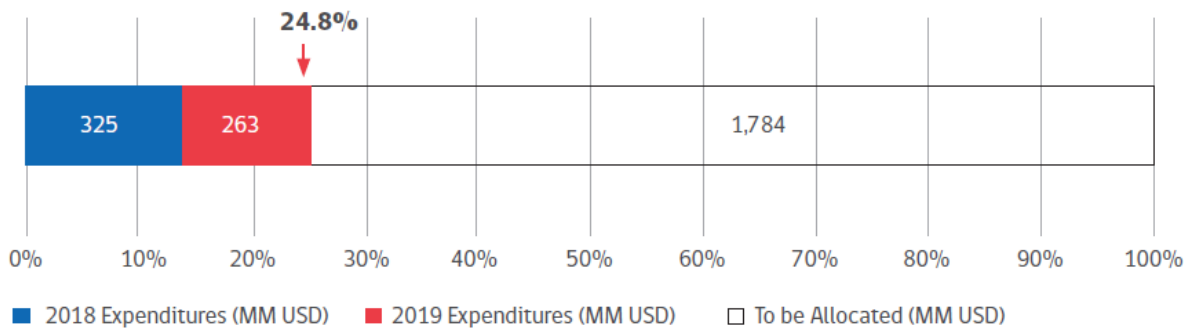


Source: Bloomberg (as of September 14th, 2020).

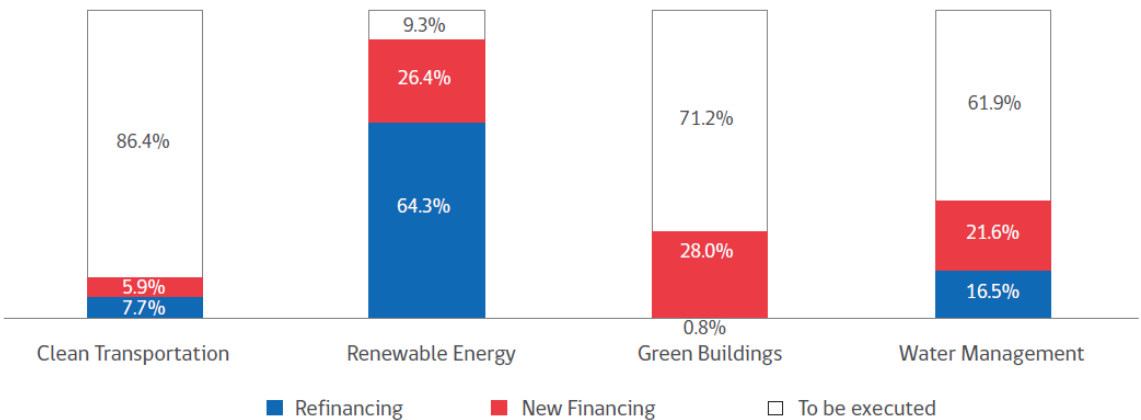
* Incorporates a 5bps extension to match the Green Bonds maturity.

Reporting on allocations and impact remain a key component of the post-issuance process.

2019 Green Bond Allocation and Pending Disbursements

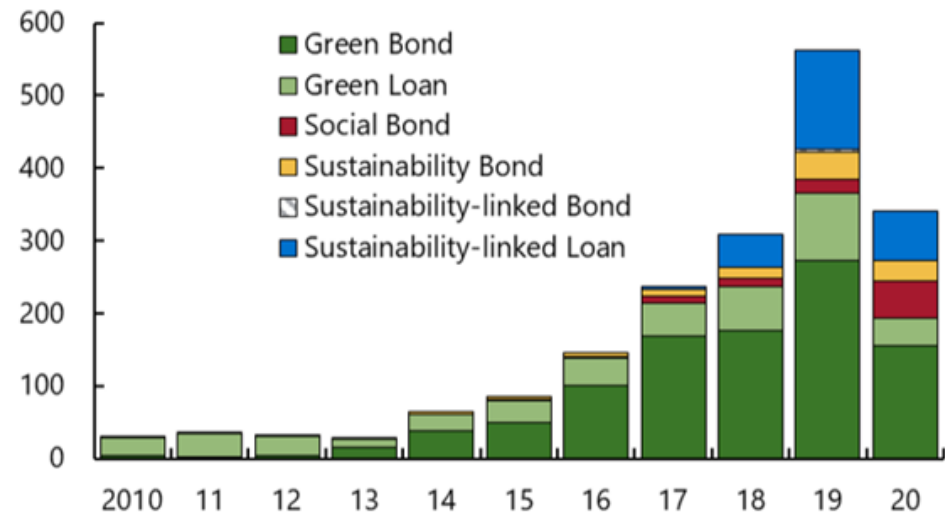


Disbursements by Green Sector



Global Sustainable Debt Issuance

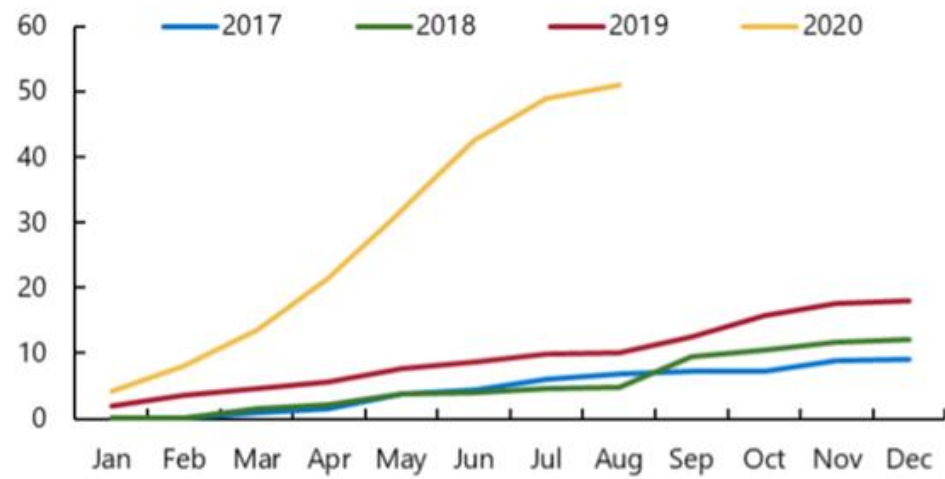
Billions of USD, 2020 as of August 28th



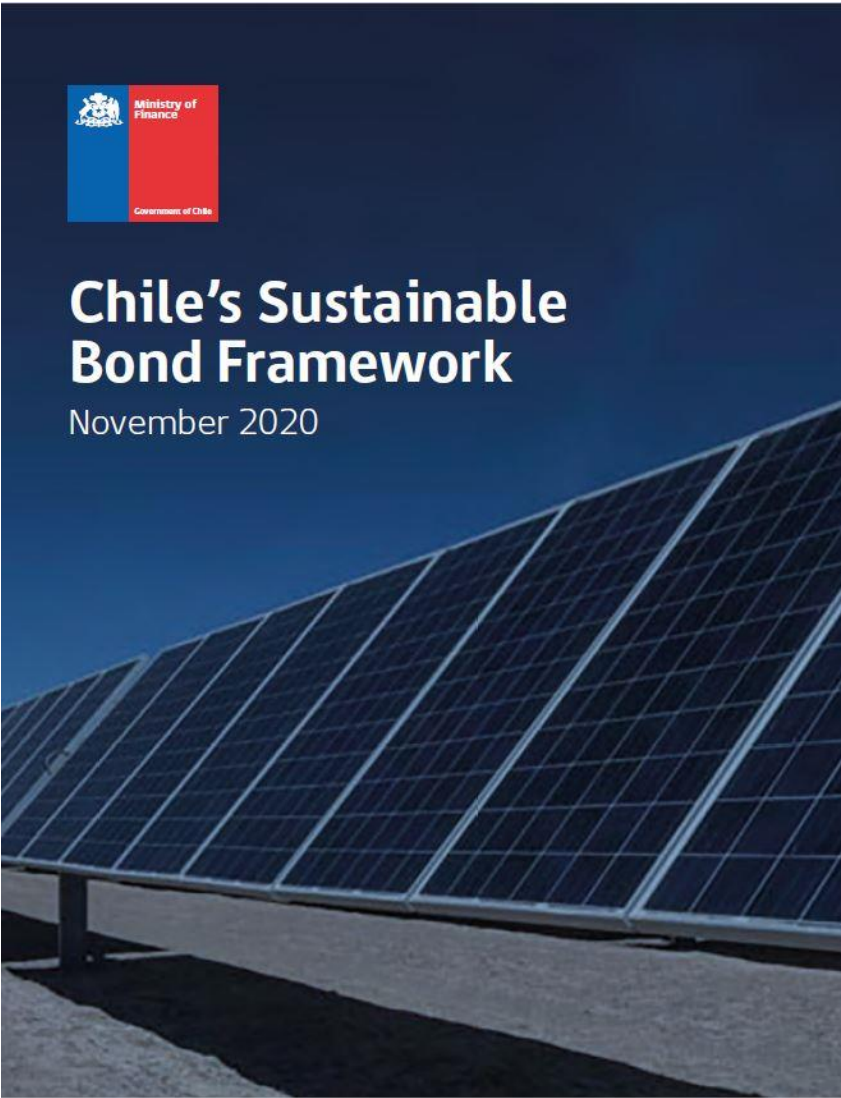
Source: BloombergNEF

Social Bond Issuances per Year

Billions of USD



Source: BloombergNEF



The ROI of Sustainability Chile's Green Bonds



**Gobierno
de Chile**

Ministerio de Hacienda

Andrés Pérez M.
Head of Advisors & Head of International Finance
Ministry of Finance
November 18th, 2020

The ROI of Sustainability

Noviembre 2020





Servicio de agua potable y recolección y tratamiento de aguas servidas



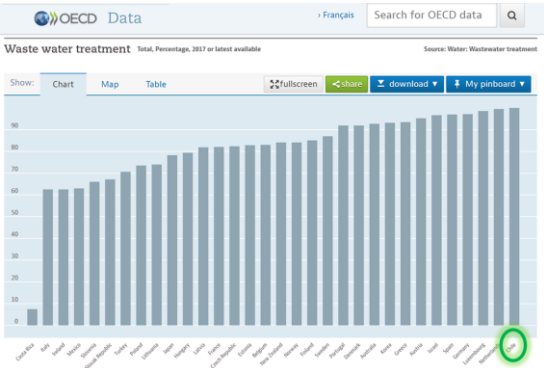
2.179.029 clientes
39% del total de Chile



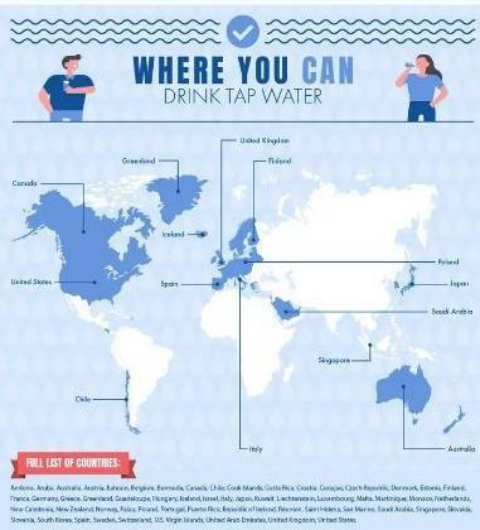
Accionistas de más
de 30 países



Accionista
Controlador



100% de cobertura en agua potable y 100% recolección y tratamiento de aguas servidas



Ranking publicado en Informe de Gestión del Sector Sanitario de la SISS:
**Cuenta del agua en Santiago
está entre las más económicas de
principales capitales del mundo**

DESAFÍOS



Sequía



Eventos de
Turbiedad



Contaminación
de Ríos y Fuentes



Vinculación con la
Comunidad



El Desafío de la Sustentabilidad



Primera sanitaria del mundo en fijar metas de reducción de emisiones con base científica y ambición de 1,5°C



- 0 Residuos
- 0 Energía
- 0 Impacto ambiental

+ Impacto social positivo.
Preservación de la biodiversidad.

69%
DE BIOSÓLIDOS
son reutilizados como
abono para agricultura

602
MILLONES DE m³
de agua limpia reintegrada a los
cauces, la que fue tratada en 39
instalaciones de depuración

57,2
GWh DE ENERGÍA
eléctrica autogenerada en la
Biofactoría del Gran Santiago

Especiales laSegunda

ONU premia Biofactoría de Aguas Andinas por trabajo frente al cambio climático

EMITIMOS EL
PRIMER BONO VERDE Y SOCIAL
EN EL MERCADO CHILENO

compromiso
real con las
finanzas
sustentables

NUEVO BONO VERDE Y SOCIAL
Gracias por seguir
impulsando la inversión responsable





AGUAS
andinas

Innovando contigo y con Santiago





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Panel 3

3/ Mining for a better world

- **Mauricio Ortiz**, Vice President de Finanzas, Antofagasta Minerals
- **Florian Tillous-Borde**, VP Hydrogen Business Unit – Acquisitions, Investment and Financial Advisory, Engie
- **Ignacio de Calonge**, Chief Investment Officer, Global Energy & Mining, IFC
- **Stéphannie Clément de Givry**, Global Head of Mining, Metals & Industries, Société Générale CIB

Preguntas y discusión

- **Paul Miquel**, Country Head Société Générale Chile Peru & Colombia

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Antofagasta plc

Panel 3: Mining for a better world

Mauricio Ortiz
CFO & VP of Finance

18th November 2020



ANTOFAGASTA PLC

**DEVELOPING
MINING
FOR A BETTER
FUTURE**



ANTOFAGASTA PLC

Social

Shared development, not mitigating impacts

Relationship models: 'Somos Choapa' and 'Diálogos para el Desarrollo'



Developing Mining for a Better World



People

Zero fatalities

Labour relations

Diversity and inclusion

Economic Performance¹

Top 10 global copper producer

EBITDA: US\$4bn

EBITDA Mg: c. 50%

Mkt cap: US\$14.3bn (FTSE100)



ANTOFAGASTA PLC

Social

Shared development, not mitigating impacts

Relationship models: 'Somos Choapa' and 'Diálogos para el Desarrollo'



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Developing Mining for a Better World



Economic Performance¹

Top 10 global copper producer

EBITDA: U\$4bn

EBITDA Mg: c. 50%

Mkt cap: US\$14.3bn (FTSE100)

Part of our response to Climate Change

2022: 100% renewable energy

2025: +90% sea water

TCFD



Copper consumption goes to Innovation

New technology (IT/EVs)

Renewable energy

Greener cities



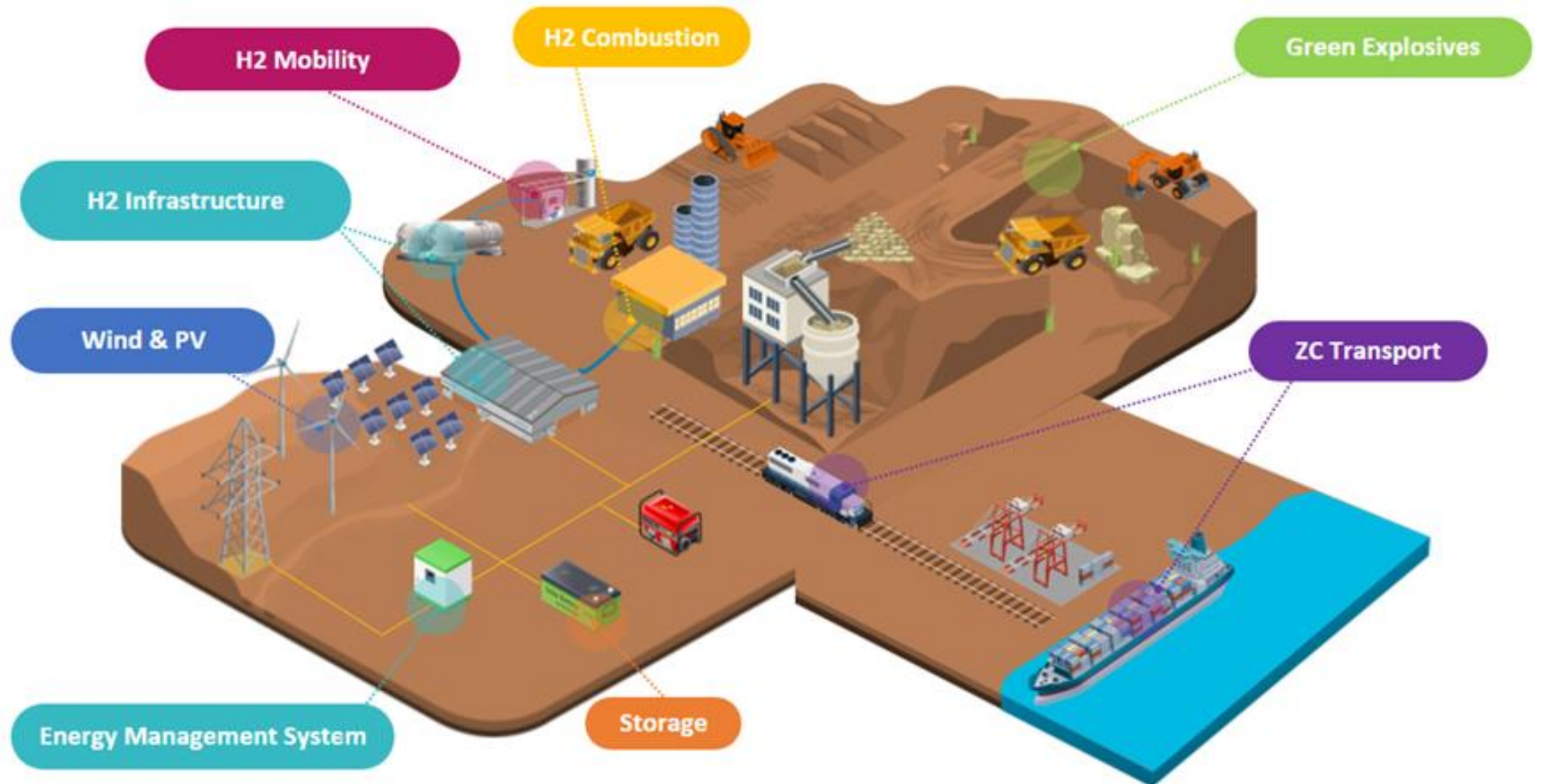
Florian TILLOUS-BORDE
VP Hydrogen Business Unit, ENGIE
Acquisitions, Investments & Financial Advisory

Towards a renewable mining ecosystem



Anglo American
South Africa

Hydra
Chile



Renewable Hydrogen Hub

ANTOFAGASTA,
CHILE

**EXPORT
OF
RENEWABLE
ENERGY**

Maritime

Green
Ammonia

Trains

ENGIE in action

Green Ammonia
Australia



Green Ammonia
Blasting service
& fuel
Chile



Green Methanol
Netherlands



Liquid H2
Maritime



H2@Rail
Netherlands



Net Zero for Mining Industry

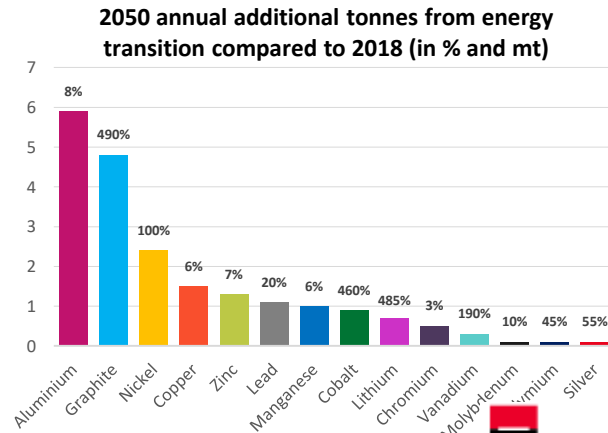
Linking climate targets to financing strategy



THE ROLE OF MINING AND METALS IN THE ENERGY TRANSITION

Mining and Metals are a key part of the transition...

- The world's rapid transition to low-carbon economy will be mineral intensive
- To meet this growing demand, more **mining** and **metals recycling** will be needed.
- As the energy transition progresses, there will be increasing focus on **"green" supply chains**, ensuring raw materials producers meet high ESG standards



	Wind	Solar photovoltaic	Concentrating solar power	Carbon capture and storage	Nuclear power	Light-emitting diodes	Electric vehicles	Energy storage	Electric motors
Aluminum	x	x	x	x		x		x	x
Chromium	x			x	x	x			
Cobalt				x	x		x	x	
Copper	x	x		x	x	x	x		x
Indium		x			x	x	x		
Iron (cast)	x		x			x		x	
Iron (magnet)	x								x
Lead	x	x			x	x			
Lithium							x	x	
Manganese	x			x			x	x	
Molybdenum	x	x		x	x	x			
Neodymium (proxy for rare earths)	x						x		
Nickel	x	x		x	x	x	x	x	
Silver		x	x		x	x	x		
Steel (Engineering)	x								
Zinc		x				x			

... a fact which is recognized by supranational policy makers

- The **World Bank** has demonstrated and quantified the "growing role of metals for a low-carbon future"
- The **EU taxonomy** : "mining is an important sector in terms of avoiding bottlenecks in the deployment of **low-carbon technologies** by providing the critical materials needed"



... and being responsibly implemented by the private sector

- **Do no harm** principle / EU Taxonomy: embedded in core risk appetite of SG and other banks
- **Katowice Agreement** commits banks to align their portfolios to meet Paris Accord targets leading **entire value chain** assessment
- **ESG-linked Financing tools** are increasingly being deployed in the **mining and metals sector** and its **associated downstream industries**

LINKING CSR STRATEGY AND FUNDING: EXISTING SUSTAINABLE FINANCE SOLUTIONS

Dedicated financing instruments

1 Green, Social, Sustainability Bonds

Bonds' proceeds aim at financing clearly earmarked projects generating environmental and/or social benefits

Structuring articulated on the **Green/Social Bond Principles** ⁽¹⁾ / **EU Green Bond Standard** ⁽²⁾: Use of Proceeds, Project Evaluation & Selection, Management of Proceeds, Reporting

Main objectives for Issuers:

- Communication (Promote its sustainable activities)
- Investors diversification

SRI Investors' specific "green" expectations:

- ESG quality of the Issuers
- Transparency and ESG performance of the underlying assets

Key questions:

- What is the amount of eligible green assets/expenditures to be financed ?
- Which capex/opex is to be (re)financed?

Examples



May 2018



July 2019



Nov 2019



June 2020



June 2020

2 Transition Bonds

Bonds targeting energy-intensive industries (e.g. materials, extractives, transportation) to facilitate their climate transitions or companies

Proceeds are dedicated to clearly earmarked assets/ projects that facilitate/enable the Issuer's climate transition, and negative externalities are to be managed (i.e. avoided or at least mitigated)

Guidance in preparation (to be applied as well to Sustainability-Linked instruments)

3 Green Loans

Aligned with the Green Loan Principles ⁽⁴⁾:

- The proceeds are dedicated to the financing of green projects
- The green projects are selected and evaluated through predefined eligibility criteria
- Reporting covering proceeds allocation and impacts of the projects

Key questions:

- What is the amount of eligible green assets/expenditures to be financed ?
- Which capex/opex is to be (re)financed?

Example:



October 2020

Sustainability-linked instruments

4 Sustainability-Linked Bonds

Aligned with the **Sustainability-Linked Bonds principles** ⁽³⁾:

- The proceeds can be used for General Corporate Purpose
- The Issuer commits to Sustainability Performance Targets (SPTs) reflecting its CSR strategy
- The Issuer monitors its performance through E&S KPIs all along the maturity of the bond
- Incentive mechanism to reach targets "beyond business as usual": coupon variation or compensation measures

Main objective for the Corporate:

- Communication on its CSR strategy and on the implementation of sustainable solutions
- Investors diversification

SRI Investors' specific ESG expectations:

- ESG quality of the issuer (global CSR strategy)
- Transparency and ESG performance of the issuer on selected KPIs

5 Sustainability-Linked Loans

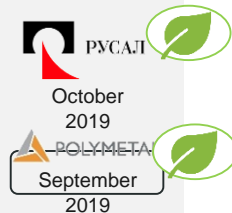
Sustainability-Linked Loan refers to a loan where:

- The proceeds can be used for General Corporate Purpose
- The Borrower commits to ESG objectives (KPIs) reflecting its CSR strategy
- The Borrower monitors its performance through these KPIs all along the maturity of the loan
- Incentive mechanism

Main objectives for Borrower:

- Banks pool engagement along the Corporate's CSR strategy
- Communication on its CSR strategy and on the implementation of sustainable solutions

Examples:



October 2019



September 2019



September 2019



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Conclusión y Cierre

- **Sr. Joaquín Vial**, Vice-Presidente del Banco Central de Chile
- **Sr. Paul Miquel**, Country Head Société Générale Chile Perú & Colombia
- **Sr. Aurélien Nicolas**, Head of Investment Banking BNPP – Chile & Perú

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