



Second-Party Opinion

Sociedad de Transmisión Austral

Green Financing Framework

Evaluation Summary

Sustainalytics is of the opinion that the Sociedad de Transmisión Austral Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy and Energy Efficiency – are aligned with those recognized by the Green Bond Principles 2021 and the Green Loan Principles 2021. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9.



PROJECT EVALUATION / SELECTION Sociedad de Transmisión Austral’s Green Finance Committee, which is comprised of representatives from the Company’s Sustainability, Treasury/Finance and Corporate Affairs teams will oversee the assessment of eligible projects. The Committee will meet on a semiannual basis and all projects will be subject to final approval from the Issuer’s CFO and Corporate Affairs Manager. Projects financed under the Framework will undergo an environmental and social risk assessment reported to the Board semiannually. Sustainalytics considers the risk management systems to be adequate and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Net proceeds of all green instruments under the Framework will be made available to eligible projects pre-identified by the Committee through the evaluation and selection process within 36 months of an offering. STA’s internal tracking and monitoring systems will be used to account for the net proceeds from all green instrument offerings. Unallocated proceeds will be used for general corporate purposes, dividend payments or held in cash or cash equivalents in accordance with STA’s internal liquidity policy. Sustainalytics considers the management of proceeds to be in line with market practice.



REPORTING STA intends to publish an allocation report annually on its website until full allocation. This report will include the amount of net proceeds allocated to eligible green projects, descriptions of each project, and the amount of net proceeds left unallocated. In addition, the allocation report will include relevant impact metrics. Sustainalytics views STA’s allocation and impact reporting as aligned with market practice.

Evaluation date November 29, 2021

Issuer Location Santiago, Chile

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For inquiries, contact the Sustainable Finance Solutions project team:

Nadia Djinnit (Toronto)
Project Manager
nadia.djinnit@sustainalytics.com
(+1) 647 861 0403

Taylor Whitfield (Toronto)
Project Support

John-Paul Iamonaco (Toronto)
Project Support

Guilherme Grunthal (Toronto)
Client Relations
susfinance.americas@sustainalytics.com
(+1) 646 518 9623

Introduction

Sociedad de Transmisión Austral (“STA”, or the “Company”) is a power transmission company operating in Chile as a subsidiary of the power utilities conglomerate Grupo Saesa (the “Group”), since December 2019. Grupo Saesa is controlled by Inversiones Eléctricas del Sur S.A., which is the investee of the Group’s largest shareholders, the Ontario Teachers’ Pension Plan Board (“OTPP”) and Alberta Investment Management Corp (“AIMCo”).

STA has operations across Chile, specifically in the regions of Antofagasta, Atacama and Coquimbo in the north, O’higgins, Ñuble and Bio Bio in the central, and Los Lagos and Los Rios in the south. Infrastructure operated by STA includes 1,852 kilometres of high voltage transmission lines, 2,372 electric towers, 6,179 electric poles and 87 substations.

STA has developed the Sociedad de Transmisión Austral Green Financing Framework (the “Framework”) under which it intends to issue green bonds and loans and use the proceeds to finance or refinance, in whole or in part, existing or future projects that support the development of low carbon energy generation and transmission infrastructure in Chile. The Framework defines eligibility criteria in two areas:

1. Renewable Energy
2. Energy Efficiency

STA engaged Sustainalytics to review the Green Financing Framework, dated November 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)¹ and the Green Loan Principles 2021 (GLP).² This Framework has been published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of STA’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. STA representatives have confirmed (1) they understand it is the sole responsibility of STA to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

³ The Green Financing Framework is available on Sociedad de Transmisión Austral’s website at: <https://web.gruposaes.cl/sustentabilidad>

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and STA.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written for a period of twenty-four (24) months from the evaluation date stated herein.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that STA has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Green Financing Framework

Sustainalytics is of the opinion that the Sociedad de Transmisión Austral Green Financing Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of STA's Green Finance Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy and Energy Efficiency – are aligned with those recognized by the GBP and GLP.
 - Under the Renewable Energy category, STA intends to finance electricity network infrastructure that facilitates the connection and transmission of renewable and low-carbon energy sources to the Chilean energy grid.
 - STA has confirmed that all investments in renewable energy transmission infrastructure will be dedicated to connecting PV solar, wind, hydroelectric and geothermal energy projects in Chile. Investments in connecting hydroelectric power projects will be limited to small (<25 MW) or run-of-river projects, or those with lifecycle emissions of <100g CO₂e/kWh or a power density of >5W/m². Geothermal power projects will be limited to those with direct emissions of <100g CO₂e/kWh.
 - Sustainalytics considers these investments to be aligned with market expectation.
 - Under the Energy Efficiency category, STA intends to finance projects in Chile that improve the energy efficiency of existing transmission infrastructure. Such expenditures may include: (i) upgrading transmission equipment to increase efficiency and reduce the energy losses of networks and substations; (ii) network modifications to reduce GHG emissions, such as increases in conductor capacity and construction of new substations; (iii) Smart sensors, smart meters and automation systems to improve the energy efficiency of the grid; and (iv) renewable energy storage and battery systems.
 - STA has confirmed that it will not finance projects solely dedicated to connecting or expanding fossil-fuel based production plants, those with direct emissions exceeding 100g CO₂e/kWh, or those that improve the energy efficiency of fossil-fuel related projects.
 - Sustainalytics recognizes the management of sulfur hexafluoride, a chemical critical to the operation of switchgears and circuit breakers, including leak detection, equipment upgrade, and operational improvements, as providing environmental impacts and to be aligned with market practice.
 - The upgrade of transmission infrastructure has the potential to drive improved energy efficiency and result in lower technical losses. Sustainalytics notes that the Issuer

intends to select specific energy efficiency projects which are known to demonstrate quantifiable benefits and encourages STA to implement comprehensive due diligence and provide robust reporting on the impacts of projects financed. Sustainalytics considers these investments to be aligned with market expectation.

- **Project Evaluation and Selection:**
 - STA's Green Finance Committee (the "Committee"), which is comprised of representatives from the Company's Sustainability, Treasury/Finance and Corporate Affairs teams, will oversee the identification and selection of eligible projects under the Framework. The Committee will meet on a semiannual basis and all projects will be subject to final approval from STA's CFO and Corporate Affairs Manager.
 - STA has confirmed that the investment decision process will integrate its Environmental Management System and Risk Management Program into the project evaluation and selection process, which includes community consultations, stakeholder surveys, as well as monthly assessments and reporting of environmental and social risks associated with transmission projects. Environmental and social risk assessments will be reported to the Board semiannually.
 - Based on the established oversight for project selection and the relevant policies and processes, Sustainalytics considers STA's approach to project evaluation and selection to be aligned with market practice
- **Management of Proceeds:**
 - Net proceeds of all green instruments will be made available to eligible projects pre-identified by the Committee through the evaluation and selection process within 36 months of an offering. STA's internal tracking and monitoring systems will be used to account for the net proceeds from all green instrument offerings.
 - Proceeds may be used to refinance green instruments with a look back period of 36 months, or finance new eligible green projects. Although unallocated proceeds may be used for general corporate purposes, dividend payments or held in cash or cash equivalent in accordance with STA's internal liquidity policy, the Issuer has confirmed that it will not use any of the proceeds to finance any fossil-fuel-related activities.
 - Based on the management of proceeds described and the allocation period indicated, Sustainalytics considers this process to be in line with market practice.
- **Reporting:**
 - STA intends to publish an allocation report annually on its website until all net proceeds have been allocated. This report will include the amount of net proceeds allocated to eligible green projects, descriptions of each project, and the amount of net proceeds left unallocated. In addition, the allocation report will include impact metrics such as generated renewable energy (MW), estimated annual GHG emissions reductions (tCO₂e), and other quantitative impact figures.
 - STA confirmed that it will engage a third party to complete an annual verification of its allocation of net proceeds to eligible green projects.
 - Based on impact and allocation reporting, Sustainalytics views STA's reporting as being in line with market practice and notes positively the use of third-party verification of the allocation.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2021

Sustainalytics has determined that the Sociedad de Transmisión Austral Green Financing Framework aligns to the four core components of the GBP and GLP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of Grupo Saesa

Contribution of the Framework to Grupo Saesa's sustainability performance

As a subsidiary of Grupo Saesa, STA is required to adhere to the Group's sustainability-related policies and strategy. It is therefore relevant to consider Grupo Saesa's sustainability approach.

In 2020, Grupo Saesa established a Sustainable Development Strategy, which is comprised of three key pillars: (i) Responsible Operation, (ii) Environmental Friendliness, and (iii) Energy Expansion.⁵ In 2019 Grupo Saesa conducted a Scope 1 and Scope 2 GHG inventory assessment to quantify the Group's GHG footprint and inform its GHG target setting. With the results of this assessment, the Group will establish emissions goals that are aligned with those of its investors⁶, allowing for GHG management programs to be put in place across its subsidiaries. The Company has shared with Sustainalytics internal confidential documentation that demonstrates Grupo Saesa has used preliminary data from this assessment to identify key opportunities for GHG emissions performance improvements, including through increasing its share of renewable energy generation and addressing emissions resulting from inefficient transmission and distribution infrastructure. These two preliminarily identified areas of improvement align with the activities proposed by the Green Financing Framework, which demonstrates a trajectory of commitment to GHG emissions reduction.

Grupo Saesa's commitments to its three sustainable development pillars have thus far been demonstrated through its renewable power generation investments and its activities that support local communities. In 2020, the Group provided approximately 2,760 MWh of renewable electricity to remote communities from three power generation projects. Grupo Saesa also engaged in the provision of digital literacy and skill development training programs to remote communities, providing a total of over 10,000 hours of educational programs to underserved populations.⁷

Sustainalytics recognizes the roadmap that the Group has in place to begin pursuit of sustainability related goals, and encourages the Group and the Company to set relevant, quantifiable and time-bound targets. Sustainalytics is of the opinion that the Sociedad de Transmisión Austral Green Financing Framework is aligned with Grupo Saesa's overall sustainability strategy and expects it to support the Company's key environmental priorities such as GHG reductions.

Approach to managing environmental and social risks associated with the projects

While Sustainalytics recognizes that the net proceeds from the bonds or loans issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impacts, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include community relations and stakeholder participation, and land use and biodiversity issues associated with large-scale infrastructure development.

Sustainalytics is of the opinion that STA is able to effectively manage and mitigate potential risks through implementation of the following:

- To assess potential environmental and stakeholder-related risks associated with projects that it undertakes, the Company utilizes a two-phased approach, overseen by the environmental team within its Corporate Affairs Department.⁸ First, field-assessments are completed, then Environmental Pre-feasibility Reports are assembled using the collected data. Stakeholder surveys are then carried out to gain input from local communities, with the results incorporated with the pre-feasibility reports so that necessary mitigation efforts can be implemented. To facilitate the tracking and decision-making process of the assessments, STA utilizes SIGEA, an Integrated Environmental Management System. The Issuer has provided to Sustainalytics for review confidential documentation regarding the environmental and social risks assessments carried out for its projects, which align with the process described above.

⁵ Grupo Saesa, "2020 Sustainability Report – Inversiones Eléctricas del Sur S.A." at: <https://web.gruposaes.cl/documents/20121/0/Sustainability+Report+Grupo+Saesa+2020+-+versi%C3%B3n+web.pdf/be12e461-2c72-749a-bef9-05563fd400ea?t=1625084043248>

⁶ As one of Grupo Saesa's largest investors, OTTP's goal of net zero emissions across its investment activities by 2050 will play a strong role in guiding the sustainability strategy of the Group – Ontario Teachers' Pension Plan, "Annual Responsible Investing and Climate Change Report" (2021), at: <https://www.otpp.com/documents/10179/1203138/Annual+Responsible+Investing+and+Climate+Change+Report/5fb54cb5-5fcc-4ab4-846c-be1bd6665a04>

⁷ Grupo Saesa, "2020 Sustainability Report – Inversiones Eléctricas del Sur S.A." at: <https://web.gruposaes.cl/documents/20121/0/Sustainability+Report+Grupo+Saesa+2020+-+versi%C3%B3n+web.pdf/be12e461-2c72-749a-bef9-05563fd400ea?t=1625084043248>

⁸ Sociedad de Transmisión Austral Green Financing Framework – November 2021, at: <https://web.gruposaes.cl/sustentabilidad>

- Related to additional transparency and ethical risks faced by the Company, STA is subject to Grupo Saesa's Integrity Standard, which incorporates ISO 19600 for Compliance Management, ISO 31000 for Risk Management, and ISO 37001 for Anti-Bribery Management.⁹ This Standard establishes (i) an Integrity Committee that sets relevant guidelines and ensures compliance with the Code of Ethics, (ii) Ethics Advisors that provide guidance and clarity to all employers and contractors on matters related to the Group's policies and rules, and (iii) a Whistleblower Channel for any employee or contractor to file complaints about Integrity Standards violations.¹⁰

Based on these assessment practices, policies and standards, Sustainalytics is of the opinion that STA has in place adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories of the Framework.

Section 3: Impact of Use of Proceeds

Both use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused below on where the impacts are specifically relevant in the local context.

Contribution of renewable energy and energy efficiency improvements for Chile's transition to a low carbon future

As a signatory of the Paris Agreement, Chile has committed to reduce absolute CO₂ emissions by 95 MtCO_{2e} by 2030 and to achieve carbon neutrality by 2050.¹¹ In support of these commitments, Chile passed Law 20/25 in 2019, which promotes the diversification of Chile's energy mix by requiring all companies with more than 200 MW of installed capacity to generate at least 20% of their electricity from renewable sources by 2050^{12,13}, and to phase out coal by 2040.¹⁴ On its path to achieving carbon neutrality, current national targets are set for achieving 20% of the country's energy mix and 45% of all electric generation capacity from renewable sources by 2025.¹⁵ With over 78% of GHG emissions in Chile coming from the energy sector,¹⁶ investment in the development of renewable energy projects has the potential to significantly reduce national GHG emissions. In 2020, Chile's progress in this area was evident as 46.5% of the country's total energy generation came from renewable sources.¹⁷

Expanding on the country's climate-related endeavours, the Energy Efficiency Law was enacted in February 2021.¹⁸ The regulation aims to enable better energy management practices amongst companies, the implementation of incentives to increase efficiency, transparent information on residential energy consumption, and the promotion of effective energy use in government buildings.¹⁹ Policies under this regulation strike to support Chile reduce its energy intensity by 10% by 2030 and reduce CO₂ emissions by 28.6 million tons.²⁰

⁹ Grupo Saesa, "2020 Sustainability Report – Inversiones Eléctricas del Sur S.A." at: <https://web.gruposaesac.cl/documents/20121/0/Sustainability+Report+Grupo+Saesa+2020+-+versi%C3%B3n+web.pdf/be12e461-2c72-749a-bef9-05563fd400ea?t=1625084043248>

¹⁰ Ibid.

¹¹ UNFCCC, "Chile's Nationally Determined Contribution – Update 2020", at: https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Chile%20First/Chile%27s_NDC_2020_english.pdf

¹² Climate Action Tracker, "Chile", at: <https://climateactiontracker.org/countries/chile/>.

¹³ United States Department of Commerce – International Trade Administration, "Chile – Energy" (2019), at: <https://www.export.gov/apex/article2?id=Chile-Energy>

¹⁴ Bloomberg Law, "Chile to Phase Out Coal-Fired Power Generation by 2040", (2019), at: <https://news.bloomberglaw.com/environment-and-energy/chile-to-phase-out-coal-fired-power-generation-by-2040>

¹⁵ Centre for Public Impact, "Clean energy targets in Chile: 20/25 and the contribution of solar power", (2016), at: <https://www.centreforpublicimpact.org/case-study/clean-energy-targets-chile-2025>

¹⁶ Gobierno de Chile. "Plan de Acción Nacional de Cambio Climático 2017-2022", at: <https://www.ndcs.undp.org/content/dam/LECB/docs/pubs-reports/undp-lecb-cpp-chile-action-plan-for-climate-change-spanish-2017-0824.pdf>.

¹⁷ BNAmericas, "Chilean renewables. 2021 expected to break records", at: <https://www.bnamericas.com/en/analysis/chilean-renewables-2021-expected-to-break-records>

¹⁸ IEA, "Energy Efficiency Law" (2021), at: <https://www.iea.org/policies/12870-energy-efficiency-law>

¹⁹ Government of Chile, "President Pinera enacts the Energy Efficiency Law in Chile: The time for a diagnoses is over; now is the time for action, commitment and resolve", (2021), at: <https://www.gob.cl/en/news/president-pinera-enacts-the-energy-efficiency-law-in-chile-the-time-for-diagnoses-is-over-now-is-the-time-for-action-commitment-and-resolve/>

²⁰ Ibid.

As a subsidiary of the third largest power distribution company in the country, STA is positioned to support the achievement of Chile’s national targets on GHG emission reductions.²¹ Through its Green Financing Framework, Sustainalytics expects STA to contribute to the adoption of renewable energy and energy efficiency across the Chilean grid, and support a shift towards a low-carbon economy in Chile.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds and loans issued under the Green Financing Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Conclusion

STA has developed the Green Financing Framework under which it may issue green bonds or loans and use the proceeds to finance low carbon energy generation and transmission infrastructure in Chile. Sustainalytics considers that the projects funded by the green finance proceeds are expected to provide positive environmental impacts.

The Green Financing Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Green Financing Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7 and 9. Additionally, Sustainalytics is of the opinion that STA has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Sociedad de Transmisión Austral is well-positioned to issue green financing instruments and that the Green Financing Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021.

²¹ Fitch Ratings, “Chilean Energy Sectors” (2019), at: https://your.fitch.group/rs/732-CKH-767/images/Fitch_10077519.pdf?mkt_tok=eyJpIjoiTWpWaliUWmhaVFZrWVdFNsIsInQiOiJDNTJlWXdSUjNvR1NlVmlaVlpDTnRcL1BtY0JEMiBxR3F6NGVKV0paS04zVFFNVIRaUVVvIiVlFzG4zV3RzMGFvZ0JRdGNRvW1zWHFrSFZlUHZnYTNEUE9PSJ9

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name: Sociedad de Transmisión Austral

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: Green Financing Framework

Review provider's name: Sustainalytics

Completion date of this form: November 29, 2021

Publication date of review publication:

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds - Renewable Energy and Energy Efficiency - are aligned with those recognized by the Green Bond Principles 2021 and the Green Loan Principles 2021. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Sociedad de Transmisión Austral's Green Finance Committee, which is comprised of representatives from the Company's Sustainability, Treasury/Finance and Corporate Affairs teams will oversee the assessment of eligible projects. The Committee will meet on a semiannual basis and all projects will be subject to final approval from the Issuer's CFO and Corporate Affairs Manager. Projects financed under the Framework will undergo an environmental and social risk assessment reported to the Board semiannually. Sustainalytics considers the risk management systems to be adequate and the project selection process to be in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- Summary criteria for project evaluation and selection publicly available Other (*please specify*):

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (*please specify*):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Net proceeds of all green instruments under the Framework will be made available to eligible projects pre-identified by the Committee through the evaluation and selection process within 36 months of an offering. STA's internal tracking and monitoring systems will be used to account for the net proceeds from all green instrument offerings. Unallocated proceeds will be used for general corporate purposes, dividend payments and/or held in cash or cash equivalents in accordance with STA's internal liquidity policy. Sustainalytics considers the management of proceeds to be in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (*please specify*):

4. REPORTING

Overall comment on section (*if applicable*):

STA intends to publish an allocation report annually on its website until full allocation. This report will include the amount of net proceeds allocated to eligible green projects, descriptions of each project, and the amount of net proceeds left unallocated. In addition, the allocation report will include relevant impact metrics Sustainalytics views STA's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Other ESG indicators (<i>please specify</i>): |

Frequency

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input checked="" type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other (<i>please specify</i>): |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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