

Green Financing Framework

February 2024



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Introduction

I. Overview

Empresa de Transporte de Pasajeros Metro S.A. (hereinafter referred to as, “Metro,” “Company,” “we”) is the operator of the Santiago subway system. Metro is a government-related entity (“GRE”) due to its mission of providing essential public services to the Santiago metropolitan area. Metro is jointly owned by Corporación de Fomento de la Producción (“Corfo,” 48.76%) and Fisco de Chile (“Fisco,” 51.24%) with the Republic of Chile as the ultimate shareholder.

Established in 1968, Metro is one of South America’s earliest and most extensive transportation systems. Over the years, Metro has undergone significant expansions and developments, serving as a vital component to urban mobility in the region. The company runs more than 60% of all the public transport trips in the city of Santiago, providing services to an average of 2.3 million people per working day. The subway network covers 27 districts of metropolitan area, benefiting 74% of its population.

Currently, the company operates 7 lines (operations of Line 3 started in January 2019) and 143 stations for 149 kilometers of tracks. These lines not only facilitate efficient commuting but also contribute to the overall development and accessibility of Santiago. The system has continually adapted to the city’s growing needs, enhancing its network, and incorporating technological advancements to improve passenger experience.

Expansion of the rail network is a central part of Metro’s mandate to improve the quality of life for people residing in Santiago. In the last months of 2023, Metro installed extensions of Line 2 and 3, adding 7 new stations and 9 kilometers to the existing network. The project to build Line 7, a new 26 kilometer long line with 19 stations, has recently started construction and is expected to be in operation by 2028. The line will cross a significant portion of the city, improving congestion on the busiest route (Line 1) between Renca and Vitacura. Line 7 will benefit over 1.5 million inhabitants, reducing transit time to an estimated 43 minutes, half of the current time. Additional future projects include construction of Line 8 (running from Providencia to Puente Alto and consisting of ~19 kilometers of new track and 14 new stations), Line 9 (running from center Santiago to Puente Alto and connecting to the existing Line 4, consisting of ~27 kilometers of new track and 19 new stations), and extension of Line 6.



Future Network of Metro



*Trains to Bahuco and Melipilla correspond to projects of EFE

Km Network
225
+51%

Stations
197
+38%

Combinations
35
+18

Coverage Santiago Metropolitan area
80%

Projects in Construction

Line 7
26 km
19 stations

Extension Line 6 west
3 km
1 station

Extension Line 6 east
1 km
1 station

Projects in Engineering

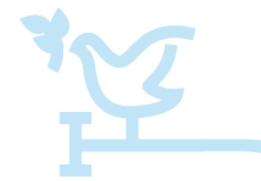
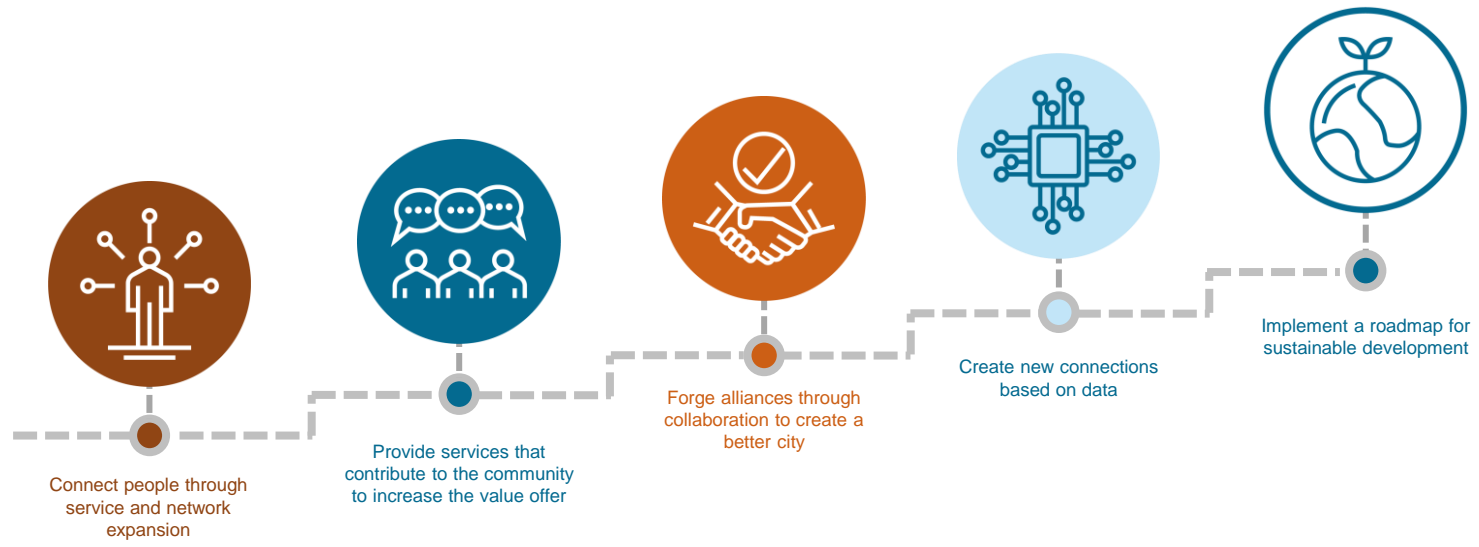
Line 9
27 km
19 stations

Line 8
19 km
14 stations



After the impact the events in 2019 and the pandemic had on our operations, Metro has been redefining its purpose. We center our efforts on the contribution we can make to build a better city, extending our mission from transporting individuals to actively enhancing the overall quality of urban life. During 2022, we managed to complete our strategic plan for 2022-2032 (the “2032 Strategic Plan”), which outlines five areas of growth that represent the challenges we aim to overcome by 2032. In addition, we have identified 11 strategic goals that will allow us to reach our objectives.

Opportunity space



11 strategic goals to be developed in the midterm

Boost an organizational culture aligned with our Purpose and Strategy



Promote diversity and inclusion



Maximize customer satisfaction through an extended, secure and reliable service



Manage data with integrity and security to generate value



Maintain a permanent environmental commitment



Implement initiatives that contribute to urban integration



Guarantee safety, promote wellbeing and prioritize development of the employees



Responsible procurement



Create an innovation ecosystem considering customer experience and internal processes



Safeguard financial sustainability in the short and long term



Widen the offer of services for users and communities, aligned with their needs



II. Our Approach to Sustainability

Our commitment to sustainability is not only embedded in our physical infrastructure, but also through the collaborative dialogue we have with the people we serve. Metro's vision, mission, values, and sustainability strategy is built on the need to provide for our four priority interest groups: our workers, our users, our community, and our suppliers and contractors.

Moreover, the ESG and Sustainability Approach is essential part of our business. In 2022, the 2032 Strategic Plan outlined Sustainability as a central focus. As a part of this strategic initiative, we have implemented an ESG roadmap. In 2021 we designed a comprehensive Shared Value Plan, consisting of 10 pillars and 34 targeted actions set to unfold by 2027. This plan encompasses a range of initiatives, including but not limited to reducing our carbon footprint, promoting a circular economy, practicing responsible water usage, and upholding ethical standards.

- **Purpose statement:** Bring people closer to living in a better city
- **Mission:** Provide and widen a public transport system through a safe, reliable, sustainable and environmentally harmonized service experience
- **Vision:** Being recognized as leader in connectivity and life quality contribution
- **Values:**



Commitment to people

We put people at the center of our decisions and actions.



Safety

People's safety is always first.



Excellence

Aspire to be excellent in everything we do.



Collaboration

Working together is the key to learn and move faster.



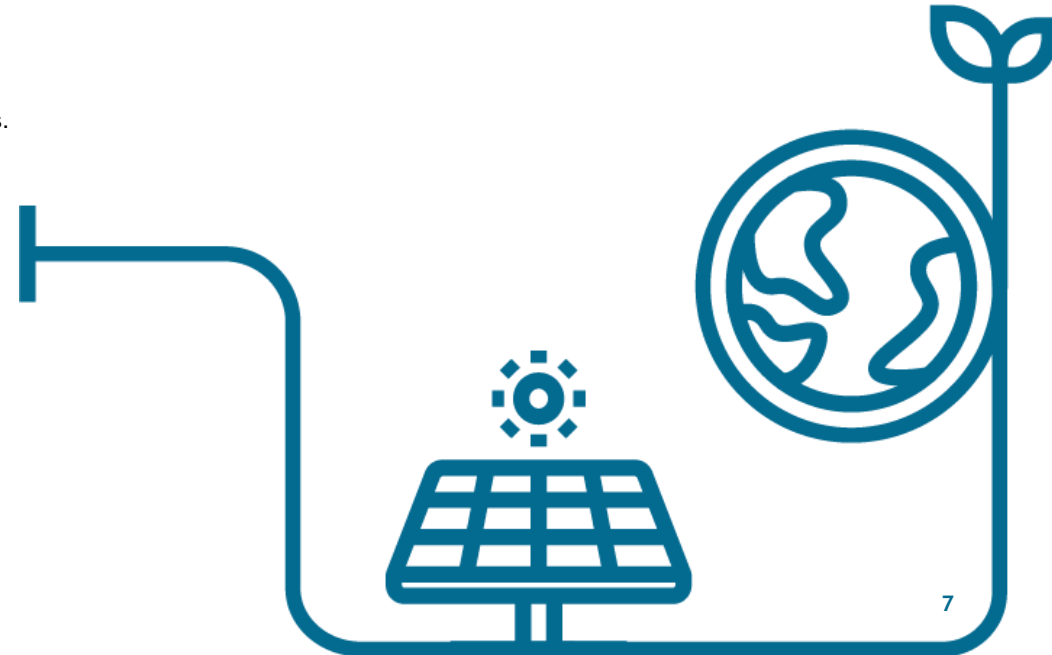
Integrity

Honesty and ethics in all our actions.



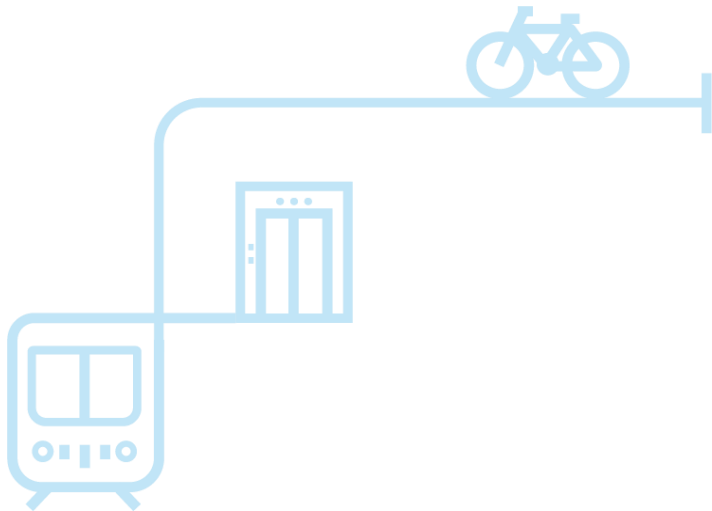
Inclusion

We work to promote everyone's integration.



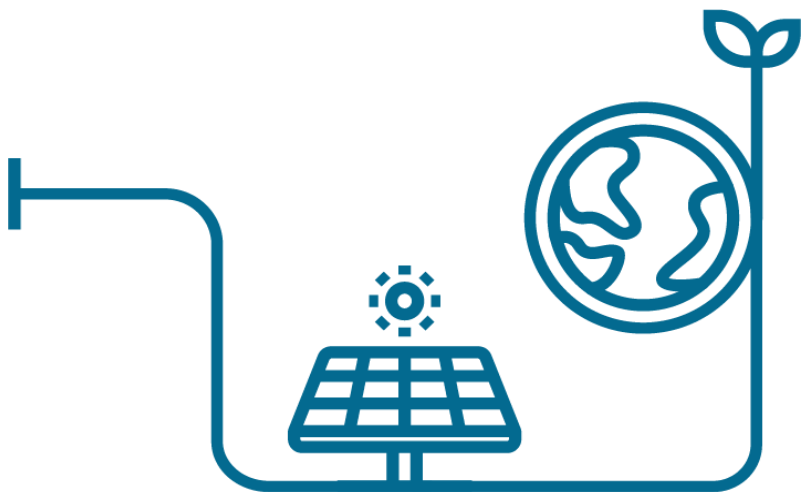
Sustainability commitments in Metro

Metro established more than 30 indicators and objectives to reach in ESG matters to the year 2027



In recent years, we achieved the following milestones related to our sustainability strategy:

- In 2022, Metro was one of the pioneer companies that adhered to 5 ESG criteria impulse by the World Business Council for Sustainable Development (“WBSD”)¹ and Accion Empresas² to accelerate the transformations necessary for sustainable development. The criteria are carbon neutrality, nature and biodiversity, human rights, diversity, and inclusion and reportability.
- Metro updated its Sustainability Policy to include the current development of and issues related to ESG matters, including respect to Human Rights, commitment to the fight against climate change, diversity, equity and inclusion, and the mental health of our workers.
- The Sustainability Policy also defines concrete commitments to our main stakeholders: workers, users, communities, and contractor companies and suppliers. For example, we are committed to providing our users with quality travel and service experience. This is accomplished by a close relationship with transparent and timely communication. Additionally, in relation to our communities, we are committed to prioritizing relationships that generate shared value and promoting initiatives that contribute to the development of the people and neighborhoods where we are present.
- In 2023, we updated our Diversity, Equity and Inclusion Policy and our People Policy to include Human Rights standards. Furthermore, we published a Code of Conduct for suppliers and contractors that promote ESG practices among these stakeholders, such as respect for workers human rights, environment, rejection of corruption, among others.



¹ World Business Council For Sustainable Development (WBCSD)

² Inicio - Acción Empresas (accionempresas.cl)



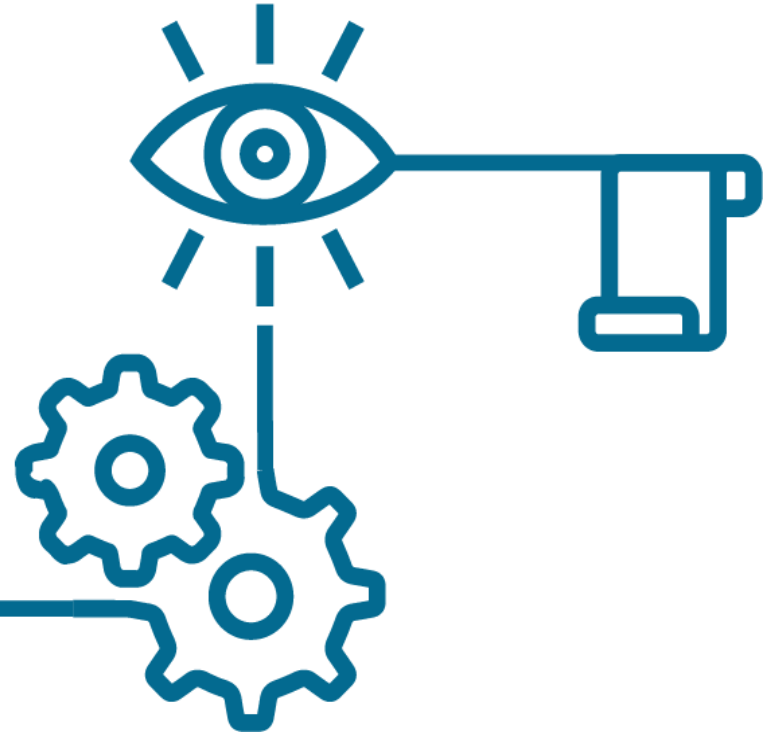
Metro has been recognized for our efforts in being a steward for the environment as seen from the following accolades and developments:

- Participation in the Clean Production Agreement (CPA) Transition to a Circular Economy in 2022-2023³, which allowed Metro to contribute to the “Roadmap for a Circular Chile by 2040” that was developed by the Ministry of Environment. Since 2012, the CPAs are regarded by the United Nations as the first global Nationally Appropriate Mitigation Action (“NAMA”), acknowledging their impact on the reduction of greenhouse gas emissions.
- Certificate of Quantification and Reduction of Operational Carbon Footprint awarded by the Ministry of Environment in 2023 for our robust 2022 performance.
- Implementation of an Energy Management System in lines 3 and 6 (certification obtained in March 2023) based on the ISO 50001 standard.
- 100% of consumed electrical energy is certified as coming from renewable sources since 2022.
- Implementation of the “Overhaul” project that aims to extend the useful life of trains to 10 years. This project directly contributes to circular economy initiatives at Metro.
- Additionally in 2023, Metro and a third-party consultant identified policies and initiatives within the circular economy that were implemented by the Company across seven areas: sustainable purchases, eco-design, industrial symbiosis, service economy, responsible consumption, extension of useful life, and efficient materials & waste management. This endeavor and the projects to follow will increase degree of circularity within Metro over the next few years.

ESG Governance

Metro's sustainability governance structure includes:

- (a) A Sustainability Committee composed by four members of the Board of Directors, in which, monthly, all ESG goals and projects are reviewed and monitored. Metro's ESG goals are related to the 2027 ESG Plan, based on the 10 pillars distributed across different environmental, social and governance matters. As part of this ESG Plan for the year 2024, we have committed to four ESG Strategic Projects;
- (b) An annual management committee consisting of all Company Executive Officers is responsible for the reviewing and updating of the 2027 ESG Plan.
- (c) Both groups above are led by the Sustainability and Communications Chief Officer, and all efforts are coordinated among the different departments in Metro. Our current Sustainability Committee, which is presided by the Chairman with the assistance of our Sustainability and Communications Chief Officer and CEO, will identify, evaluate, and select the Eligible Projects based on the criteria in this Framework to ensure alignment with this Green Financing Framework.



III. Rationale for Sustainable Finance

Due to their contribution to the reduction of greenhouse gas emissions, public transportation systems are an effective solution for the fight against the climate change. For decades, Metro has been committed to servicing the city and residents of Santiago by being a strong steward for the environment and a responsible member of the community. Indeed, Metro is one of the few subway systems in the world whose entire electrical energy consumption comes from renewable sources.

In continuing our commitment to sustainability and to providing essential public transportation services, Metro has designed this Green Financing Framework (the "Framework") to incorporate our sustainability efforts into our financing strategy. We intend to use this Framework to invest in the bettering off the planet and community through sustainable financing alternatives.

Green Financing Framework Overview

Metro is committed to integrating sustainability initiatives in all aspects of our business, especially our services and financing strategy. We have created this Framework under which we and all wholly-owned subsidiaries, may, from time to time, allocate net proceeds from issuing debt securities (collectively “Green Financing”), which may include senior unsecured notes, loans and commercial paper ⁴, with proceeds dedicated to projects that we believe may have environmental benefits.

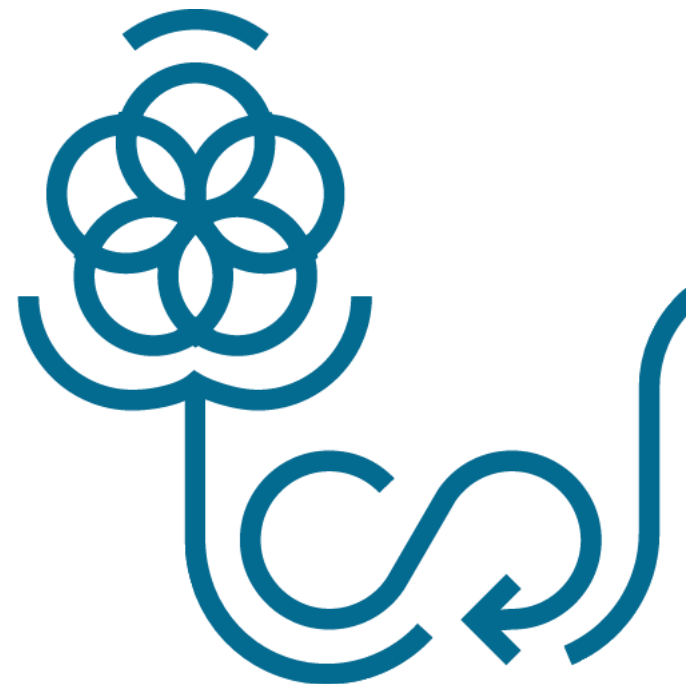
The Framework is in alignment with the Green Bond Principles updated in June 2022 ⁵, by the International Capital Markets Association (“ICMA”), as well as the Green Loan Principles, updated February 2023 published by the Loan Syndications & Trading Association (“LSTA”), (together, the “Principles”).⁶

Metro intends to follow best market practices and will communicate in a transparent manner on:

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

In addition, we intend to follow best practice recommendations on transparency of the Principles by publishing this Green Financing Framework and committing to external verification.

Metro will continue to monitor the sustainable finance market and may adapt this Framework in the future to the latest available standards or Principles, as and when they are published. Should Metro choose to modify the scope of the Framework for future issuances, the changes made will be documented in an updated Framework and published accordingly on our website.



⁴ For multi-tranche facilities, only tranches financing the Eligible Projects will be eligible and labeled as Green Financing instruments.



⁵ [Green Bond Principles > ICMA \(icmaCompany.org\)](#)

⁶ [Green Loan Principles - LSTA](#)





I. Use of Proceeds

Metro will apply an amount equal to the net proceeds of any Green Financing issued to finance and/or refinance, in whole or in part, one or more new and/or existing eligible green projects (“Eligible Projects”).

Eligible Projects are investments and expenditures made by us or any of our subsidiaries that contribute to a positive environmental impact in our operations, services, and value chain.

Green Eligible Project Category	Eligible Projects	SDG Alignment
Clean Transportation	Investments and expenditures in the design, development, operation, maintenance, improvement, refurbishment, expansion and procurement of low carbon rolling stock and clean supporting infrastructure <ul style="list-style-type: none"> (i) Purchase of new locomotives, rolling stock that are fully electric or hybrid train cars with CO₂ emissions below 50g-CO₂e/person-kilometers (ii) Expenses for the maintenance, renewal, renovation, replacement and expansion of metro line equipment, track lines, and stations (iii) Intermodal passenger transportation systems such as pedestrian crossings and other supporting infrastructure in rail stations (iv) Infrastructure promoting alternative methods of clean transportation such as bike-parking in rail stations 	
Renewable Energy	Investments and expenditures in the procurement of renewable energy ⁷ . <ul style="list-style-type: none"> (i) Direct investments for installation of on-site or direct-wire solar (ii) Long term (term of at least 7 years) power purchase agreements (PPAs) or virtual PPAs (vPPAs) for which the allocation amount is based on the net present value of expected expenditures over the life of each PPA, as of the time of contract execution 	

⁷ Renewable energy includes solar photovoltaic systems, and onshore and offshore wind power.

Energy Efficiency	Investments and expenditures related to the design, construction, development, acquisition, maintenance, retrofitting, or refurbishment of Metro buildings, rail stations and related rail infrastructure to be more energy efficient (i) LED lighting and HVAC equipment upgrades (ii) Energy efficient technologies, infrastructure or building upgrades that result in 20% improvement in energy efficiency per project/asset	13 CLIMATE ACTION 
Sustainable Water and Wastewater Management	Investments and expenditures in the development, operation, maintenance, improvement and installation of sustainable water management systems and technologies (i) Water optimization and consumption efficiency programs within our stations and buildings (ii) Water smart meters on the network to identify pressure and/or leaks	6 CLEAN WATER AND SANITATION 
Circular economy adapted products, technologies, and processes	Investments and expenditures related to minimizing or eliminating the amount of industrial, hazardous and nonhazardous waste generated by Metro's operations (i) Recycling and recovery programs for solid waste such as ferrous material, electronic waste, and batteries (ii) Recycling and recovery programs for industrial waste such as outdated rolling stock infrastructure	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
Climate Change Adaptation	Investments and expenditures related to the design, construction, development, acquisition, maintenance, retrofitting, or refurbishment of existing infrastructure and rolling stock to improve resiliency to natural hazards such as flooding, extreme heat events, and/or forest fires	13 CLIMATE ACTION 



Metro does not intend to allocate proceeds from any Green Financing instrument to:

- Production, maintenance, or operation of transportation assets and infrastructure that is powered by diesel fuel;
- Generation, storing or transportation of fossil fuels.



II. Process for Project Evaluation and Selection

Within its governance structure Metro has an established Sustainability Committee (the “Committee”) that includes four directors of the Board of Directors and meets with the Sustainability and Communications Chief Officer and CEO regarding Metro sustainability matters on a monthly basis. In relation to this Framework, the Committee will be responsible for identifying, evaluating, selecting and providing final approval for Eligible Projects based on the eligibility criteria in this framework to ensure alignment with this Green Financing Framework and will review various aspects to ensure that the Eligible Projects meet the Eligibility requirements set forth in this Framework during its meetings, as applicable. The Committee will be supported by Finance, Legal and Sustainability teams of Metro during its project evaluation and selection process.

In addition, the Committee will be responsible for:

- Evaluating and monitoring new or existing Eligible Projects and ensuring these meet the eligible project selection criteria described in the Use of Proceeds section of the Framework
- Implementing any future updates to this Green Financing Framework to align with best market practices
- Replacing any expenditures that no longer meet the eligibility criteria with new projects as soon as possible
- Reviewing Metro’s annual Green Finance Allocation and Impact Report (defined below)
- Reviewing Metro’s post issuance verification report
- Ensuring projects meet overarching goals of Metro’s strategy and are reviewed for environmental / social risks

All Eligible Projects selected by the Committee will have been previously and separately subject to review against Metro’s internal Safety and Health policy, Code of Conduct ⁸, and Sustainability Policy ⁹. Any identified potential environmental or social risks will be reviewed against Metro’s relevant policies and practices such as, Environmental Policy, Code of Conduct for Third Parties, Our People Policy ¹⁰, and Diversity, Equity, and Inclusion Policy ¹¹. Compliance with these policies and practices is governed by Metro’s Legal and Compliance functions. As a state-controlled company, Metro complies with all standards of Chile’s environmental and health & safety regulations.

⁸ [Nuestros Valores - Gobierno Corporativo - Metro de Santiago](#)

⁹ [politica_sostenibilidad_2022.pdf \(metro.cl\)](#)

¹⁰ https://www.metro.cl/documentos/politica_de_personas_ago_2023.pdf

¹¹ <https://www.metro.cl/metro-sostenible/diversidad-equidad-inclusion>



III. Management of Proceeds

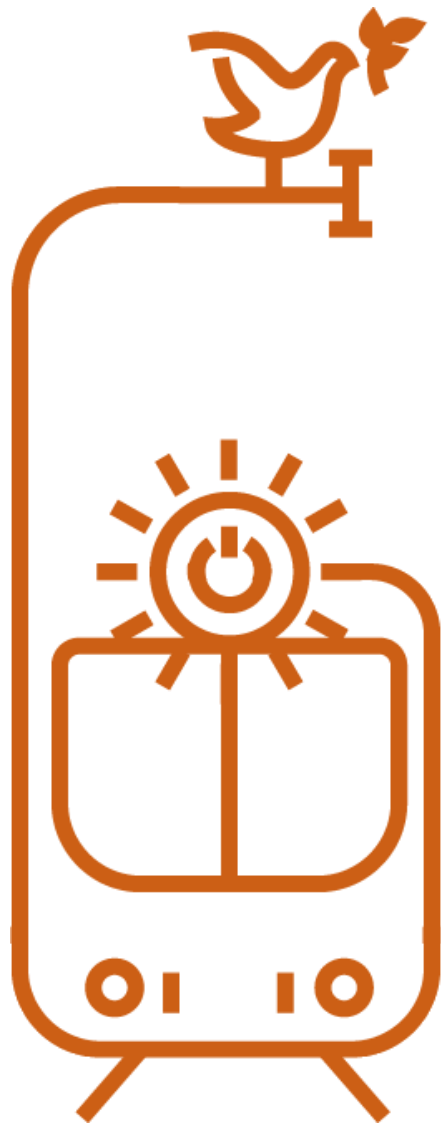
Metro will allocate an amount equivalent to the net proceeds from the Green Financing to Eligible Projects, selected in accordance with the Eligibility Criteria and the Process for Project Evaluation and Selection presented above. The portion of Eligible Projects financed by Government through equity or to other indirect investments to Metro and included as green expenditures in the Republic of Chile's bonds issued under its Sustainable Bond Framework¹², will be excluded from Metro's allocation.

So long as a Green Financing remains outstanding, our internal records will be periodically adjusted to show the amount of the net proceeds from the issuance of such Green Financing allocated to Eligible Projects to date, as well as the amount of net proceeds pending allocation.

Ultimately, an amount equal to the net proceeds of any sustainable financing is intended to be allocated to new projects and/or the refinancing of Eligible Projects, within 36 months after issuance of each Green Financing, under the review of relevant members from the Committee. The Eligible Projects may include investments and expenditures that were financed up to 24 months prior to the issuance of the Green Financing.

Allocation of proceeds will be tracked by the Area of Finance and Budget Control, via an internal register. Pending full allocation, proceeds may be invested in cash or cash equivalents used to repay existing borrowings, and/or held in accordance with Metro's general liquidity policy. Payment of principal and interest on Green Financing will be made from our general operations account and not be linked to the performance of the Eligible Projects.

¹² Sustainable Bonds ([hacienda.cl](https://www.hacienda.cl)) | This exclusion will apply to the current Republic of Chile Framework and any modified or updated version.



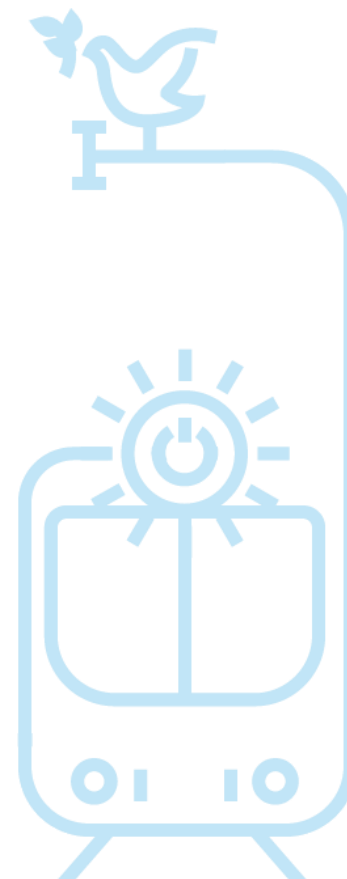
IV. Reporting

If we issue a Green Financing, we will report on the allocation of net proceeds and, where feasible and applicable, associated expected impact metrics of any Green Financing within one year from the issuance date and annually thereafter until the proceeds are fully allocated (Metro’s “Green Finance Allocation and Impact Report” or the “Annual Report”).

To the best of our ability, we intend to align Metro’s Green Finance Allocation and Impact Report with the ICMA recommendations as detailed in the ‘Handbook - Harmonized Framework for Impact Reporting Green Bonds (June 2023)’¹³. The Annual Report will be published as a separate investor publication on Metro’s website.

The Annual Report will include:

- The total net proceeds from the sale of any Green Financing that have been allocated to one or more Eligible Projects, either individually or by category, and a brief description of certain representative projects within each category;
- The amount of net proceeds from the sale of any Green Financing that have been allocated to the refinancing of existing Eligible Projects, if applicable;
- The outstanding amount of net proceeds from the sale of any Green Financing yet to be allocated to Eligible Projects at the end of the reporting period; and
- A description of the qualitative environmental impact of the projects financed.



¹³ [Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf](https://www.icma.com/~/media/ICMA/2023/06/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf) (icmaCompany.org)

Metro's Annual Report may also include quantitative performance indicators and their associated methodology calculation, if available and feasible to report, subject to available detail and competitive or confidentiality considerations. An overview of example impact metrics for Eligible Projects is provided below.

Green Eligible Project Category	Example Impact Metrics
Clean Transportation	<ul style="list-style-type: none"> ● Estimated annual reduction in emissions tCO₂e in operations ● Number of kilometers of the new electric metro lines created/maintained ● Number of people who use clean public transportation
Renewable Energy	<ul style="list-style-type: none"> ● Estimated annual reduction in emissions tCO₂e ● % of electric energy coming from renewable sources
Energy Efficiency	<ul style="list-style-type: none"> ● Estimated annual reduction in emissions tCO₂e ● Improvement in energy efficiency
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> ● Amount of potable water consumed ● Number of leaks detected
Pollution Prevention and Control	<ul style="list-style-type: none"> ● Amount of waste recovered, diverted or recycled (tonne) ● % of waste recycled / reused
Climate Change Adaptation	<ul style="list-style-type: none"> ● % of tCO₂e from operations mitigated or avoided



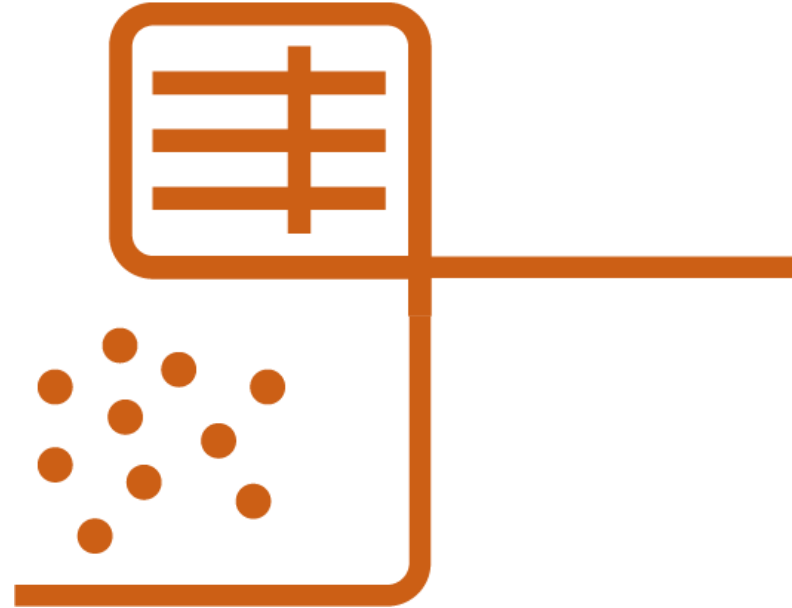
V. Verification

Second Party Opinion:

Metro has appointed Sustainalytics to review the Eligible Projects and to provide a Second Party Opinion on this Green Financing Framework. This Second Party Opinion will be made available on Metro's website.

Assurance:

Each Green Finance Allocation and Impact Report will be accompanied by a verification report from an independent party with respect to its examination of management's assertions about allocation of proceeds to Eligible Green Projects under the Framework.



Disclaimer

The information and opinions contained in this Framework are provided as of the date of this Framework and are subject to change without notice. None of Metro, its subsidiaries or any of its affiliates assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current Metro policy and intent and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Metro and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Metro as to the fairness, accuracy, reasonableness or completeness of such information.

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