

Second-Party Opinion

Caja Los Andes Social Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Caja Los Andes Social Financing Framework is credible and impactful and aligns with the four core components of the Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds, Access to Financial Services and Access to Financing, are aligned with those recognized by the Social Bond Principles that seek to achieve positive socio-economic outcomes for target populations. Sustainalytics considers that investments in the eligible categories are expected to lead to positive social impacts and advance the UN Sustainable Development Goals, specifically SDGs 8, 9 and 10.



PROJECT EVALUATION / SELECTION Caja Los Andes' Risk and Finance Committee, comprised of directors and senior management, will be responsible for evaluating and selecting eligible social assets. Caja Los Andes has internal processes and policies to address environmental and social risks associated with the financed activities. Sustainalytics considers these processes to be in line with market practice.



MANAGEMENT OF PROCEEDS Caja Los Andes' processes for management and allocation of proceeds is supervised by the Finance Department. Caja Los Andes intends to fully allocate proceeds within 24 months after each issuance. Pending allocation, unallocated proceeds may be temporarily used to refinance outstanding debt or may be invested in cash or cash equivalents or other liquid instruments in accordance with Caja Los Andes' investment policy. Caja Los Andes has confirmed that the refinanced debt will not be directly associated with carbon intensive sectors. This is in line with market practice.



REPORTING Caja Los Andes intends to report on the allocation and impact of proceeds on its website on an annual basis at least until full allocation. The allocation reporting will include category-wide details on the allocation of proceeds, the unallocated amount and the proportion of proceeds used for financing and refinancing. In addition, Caja Los Andes intends to report on relevant quantitative impact metrics where feasible and has provided indicative metrics within the Framework. Sustainalytics views Caja Los Andes's allocation and impact reporting as aligned with market practice.

Evaluation Date	July 4, 2022
Issuer Location	Santiago, Chile

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Introduction

Caja Los Andes (“CLA” or the “Issuer”) is a family allowance compensation fund (“CCAF” for *caja de compensación de asignación familiar*) based in Chile, founded by the Chilean Chamber of Construction (Cámara Chilena de la Construcción) in 1953. CLA is a non-profit, private corporation that administers social security benefits to its members.¹ CLA is the largest CCAF in Chile holding 59% of market share in terms of loans in the CCAF industry as of 2021.

CLA has developed the Caja Los Andes Social Financing Framework (the “Framework”) under which the Issuer and its subsidiaries² intend to issue social bonds and loans and use the proceeds to finance and refinance, in whole or in part, existing or future expenditures or investments that are expected to create positive social impacts for the defined target populations in Chile. The Framework defines eligibility criteria in the following two areas:

1. Access to Financial Services
2. Access to Financing

CLA engaged Sustainalytics to review the Caja Los Andes Social Financing Framework, dated June 2022, and provide a second-party opinion on the Framework’s social credentials and its alignment with the Social Bond Principles 2021 (SBP).³ The Framework has been published in a separate document.⁴

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ 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 Social Bond Principles 2021, as administered by ICMA;
- 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 CLA’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. CLA representatives have confirmed (1) they understand it is the sole responsibility of CLA 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 CLA identifies members by dividing them into two major groups: (i) active and (ii) passive. Active members are defined as employed workers who work at companies enrolled in Caja Los Andes, and since 2012, members of the armed forces as well as public safety forces may also become members. Passive members are identified as retirees who voluntarily and individually join the fund, those from the Carabineros de Chile Pension Directorate (uniformed police) or the National Defence Pension Fund (armed forces).

² CLA has communicated that the subsidiaries issuing the bonds through the Framework will either be wholly owned or majorly controlled (>50%+1 share) by the Issuer. The Issuer has further confirmed that it will be responsible for ensuring continual alignment of the issuance with the criteria defined with the Framework.

³ The Social Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>.

⁴ The Caja Los Andes Social Financing Framework is available on Caja Los Andes’ website at: www.cajalosandes.cl

⁵ 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 CLA.

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 CLA has made available to Sustainalytics for the purpose of this SPO.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Caja Los Andes Social Financing Framework

Sustainalytics is of the opinion that the Caja Los Andes Social Financing Framework is credible and impactful and aligns with the four core components of the SBP. Sustainalytics highlights the following elements of CLA's Social Financing Framework:

- Use of Proceeds:
 - The eligible categories – Access to Financial Services and Access to Financing – are aligned with those recognized by the SBP, namely access to essential services.
 - CLA has established a two-year look-back period for its refinancing activities, which Sustainalytics considers to be in line with market practice.
 - Within the Access to Financial Services category, CLA intends to issue or finance retail loans provided to individuals or families that are members of Caja (including workers and retirees) and: (i) have limited access to credit,⁶ (ii) are low-income individuals,⁷ or (iii) are elderly individuals or women who also have low income or limited access to credit⁸ or are low-income individuals.⁹
 - The retail loans will be granted to the above-mentioned populations to finance the expenditures or investments for the following pre-defined purposes:
 - Expenditures to purchase or access medicines, treatments, health equipment, mental health services, preventive care, emergency response, and other healthcare services offered at hospitals, clinics, healthcare centres, elder care centres, laboratories and childcare.
 - Educational expenses, including vocational training, online learning, workshops for retirees and other educational services, systems or equipment provided in universities, colleges and schools.
 - Expenditures related to the expansion and maintenance of housing.

⁶ The Framework identifies individuals with "limited access to credit" as those who are unable to apply for commercial bank credit due to low credit scores as a result of delinquent debt.

⁷ CLA identifies individuals with a monthly income of CLP 1,000 or lower as "low-income individuals".

⁸ As defined in footnote 6.

⁹ As defined in footnote 7.

- Expenditures to purchase or maintain durable consumer goods, including basic household appliances, sanitation infrastructure, and internet and telecommunications-related hardware.
 - CLA has communicated that it currently offers loans at interest rates that are 5-35% lower than the average market rates in Chile. The Framework commits to maintaining interest rates lower than the average market rates in the country.¹⁰
 - The Issuer has further communicated that it relies on an internal policy to address the risks associated with predatory lending.
 - Sustainalytics recognizes the potential of providing financial access to individuals for diversified and pre-defined activities to create positive social impacts among the target populations in Chile and considers the criteria to be aligned with market practice.
- Under the Access to Financing category, the Issuer intends to issue or finance retail loans provided to microentrepreneurs for setting up or expanding MSMEs in Chile. These microentrepreneurs include individuals or families that are members of Caja (including workers and retirees) and (i) have limited access to credit,¹¹ (ii) are lower-income individuals,¹² (iii) are elderly individuals or women with limited access to credit¹³ or are low-income individuals,¹⁴ or (iv) entrepreneurs or small business owners who self-identify as women.
 - CLA has communicated that it currently offers loans at interest rates that are 5-35% lower than the average market interest rates in Chile. The Framework commits to maintaining interest rates lower than the average market rates in the country.¹⁵
 - The Issuer has further communicated that it relies on an internal policy to address the risks associated with predatory lending.
 - Sustainalytics additionally notes that the Framework excludes financing of activities or assets that are associated with sectors that are known to have added social or environmental risks, such as fossil fuel activities, alcohol, tobacco and gambling, and recognizes the potential of providing individual loans that effectively support MSMEs in a developing economy, such as Chile.
 - Sustainalytics considers the criteria to be aligned with the market practice.
- Project Evaluation and Selection:
 - CLA's Risk and Finance Committee (the "Committee"), comprised of directors and senior management, will be responsible for ensuring social loans comply with the eligibility criteria. The Committee will also be in charge of evaluating and selecting eligible assets through its Social Credit Rules and Social Credit Risk Policy.
 - CLA identifies, evaluates and manages environmental and social risks associated with eligible activities financed under the Framework through various internal processes and policies that also ensure compliance with local environmental and social regulations. Refer to Section 2 for more details.
 - Based on the delineation of responsibility and a mechanism for addressing environmental and social risks, Sustainalytics considers CLA's project selection process to be in line with market practice.
- Management of Proceeds:
 - CLA's Finance Department will be responsible for the allocation and management of proceeds. The Issuer intends to achieve full allocation of proceeds within 24 months after each issuance.
 - Unallocated proceeds may be temporarily used for refinancing outstanding debt or may be invested in cash, cash equivalents and other liquid instruments in accordance with CLA's investment policy. The Issuer has confirmed that the refinanced debt will not be directly associated with carbon intensive sectors.

¹⁰ Based on the average interest rate of credits published by the Comisión para el Mercado Financiero for credit operations carried out in the previous month. For more information: <https://www.cmfchile.cl/>

¹¹ The Framework identifies individuals with "limited access to credit" as those who are unable to apply to bank credits due to a low credit score as a result of delinquent debt.

¹² CLA identifies individuals with a monthly income of CLP 1000 or lower as "low-income individuals".

¹³ As defined in footnote 6.

¹⁴ As defined in footnote 7.

¹⁵ As defined in footnote 10.

- Based on the management of bond proceeds and the disclosure on the temporary use of unallocated proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - CLA intends to publish allocation and impact reporting annually on its websites until full allocation, and thereafter in the event of material developments.
 - The allocation reporting will include category-wide details on the allocation of proceeds, the unallocated amount, and the proportion of proceeds used for financing and refinancing.
 - In addition, the Issuer is committed to reporting on relevant impact metrics, including amount of social loans provided to the target populations and the amount of housing enhancements financed for each target population.
 - Based on the commitment to both impact and allocation reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Social Bond Principles 2021

Sustainalytics has determined that the Caja Los Andes Social Financing Framework aligns with the four core components of the SBP. For detailed information, please refer to Appendix 1: Social Bond/Social Bond Programme External Review Form.

Section 2: Sustainability Strategy of CLA

Contribution of the Framework to CLA's sustainability strategy

Sustainalytics is of the opinion that CLA demonstrates a commitment to sustainability with a focus on promoting financial inclusion in Chile through granting social security and welfare benefits to its members. CLA's sustainability strategy is summarized in the motto of "Sustainability for the Life You Want" with the aim of promoting social well-being and encouraging people to accomplish their economic and personal objectives.¹⁶ The sustainable strategy defines three priorities: (i) ecosystem and country, (ii) members and their families, and (iii) work and operations. The activities expected to be financed under the Framework will primarily contribute to the "members and their families" priority identified in the sustainability strategy.

In 2019, CLA established a Financial Empowerment Program which offers financial solutions to its members including social loans with lower interest rates than the market average rate, which is expected to support its members financially in gaining equal access to other essential services, such as higher education, health care and affordable housing.¹⁷ Furthermore, CLA has set up lending programmes without age limitations in response to the lack of access to financing for the population above 65 in Chile.¹⁸ CLA has also developed through its subsidiary a digital prepaid card named TAPP,¹⁹ which allows its members to buy, make money transfers and online national and international shopping at zero cost. This has promoted social and economic inclusion of its affiliates without distinction.

As of December 2021, CLA has in total 55,818 affiliated companies (including private companies and public entities) and 3,942,400 affiliates (including affiliated workers and pensioners), accounting for 58% of total affiliates and 67% of total social loan portfolio amongst the four CCAFs²⁰ in Chile. As of January 2022, CLA managed to offer consumer loans with a size of CLP 1,575 billion (USD 1.83 billion) to its underserved members with lower interest rate than the market average rate.²¹

Sustainalytics recognizes CLA's commitment to key sustainability principles and environmental initiatives and encourages it to include quantifiable and time-bound targets to further strengthen its sustainability practices.

Approach to managing social and environmental risks associated with the projects

Sustainalytics recognizes that the net proceeds from the Framework will be directed towards eligible projects that are expected to have positive social impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks

¹⁶ CLA, Caja Los Andes Social Financing Framework

¹⁷ CLA, Caja Los Andes Social Financing Framework

¹⁸ Ibid.

¹⁹ For more information: <https://www.tapp.cl/tapp/home>

²⁰ The other three CCAFs are Los Heroes, Caja 18 and La Araucana.

²¹ CLA shared this information with Sustainalytics.

associated with the eligible projects could include predatory lending, community relations, and stakeholder engagement.

Sustainalytics is of the opinion that CLA is able to manage or mitigate potential risks through implementation of the following:

- To address risks associated with predatory lending, CLA has communicated that it has adopted an internal board-approved policy that defines the Issuer's responsible lending practices and requires the interest rates of the financed loans to be well below the market average.
- CLA is regulated by Chile's Superintendence of Social Security (SUSESO), which is in charge of overseeing the activities of CCAFs, including enforcing a regulatory framework for managing credit and risk. The regulatory framework includes provisions on governing social lending, liquidity risk management, financial risk, operational risk management, market risk and interest rate rules.²²
- Chile's Money Lending Operations Act requires the country's Financial Market Commission (CMF) to conduct an audit three years from the time of a loan origination and supervises the interest rates on consumer loans.²³
- CLA's management and employees are bound by the Issuer's Code of Best Practices and Conduct, which establishes benchmarks for ethical behaviour, relationships with third parties, environment and community, conflicts of interest and environmental protection.²⁴ The Issuer also has in place an Ethics and Corporate Governance Committee, which is responsible for ensuring compliance with the Issuer's Code of Ethics, including establishing compliance reporting channels and reviewing complaints.²⁵

Based on these policies, standards and assessments, Sustainalytics is of the opinion that CLA has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the SBP. Sustainalytics focuses below where the impact is specifically relevant in the local context.

Importance of financial inclusion for underserved populations in Chile

Chile has a relatively low banking penetration rate of 74.3% in comparison with 90% in the US, UK, Spain and 80% in China in 2017,²⁶ with 26% of the population underbanked as of 2021.²⁷ The problem is more acute for women, whose loan approval rate is 18.3% lower than for men in Chile, according to the IDB.²⁸ Low-income individuals, who make up 10.8% of the Chile's population in 2020²⁹, also face difficulties with access to financial services because of poor credit scores and delinquency.³⁰ Low-income households with limited access to financing are also less competitive in obtaining other essential services, such as non-subsidized affordable housing.³¹ In 2017, the housing deficit reached 739,603 units³² in Chile, an increase of 13% over 2015, affecting low-income households the most.³³ In 2017, low-income households accounted for 72% of the total housing deficit, followed by middle-income families at 25% and high-income families at 3%.³⁴

²² CLA, Caja Los Andes Social Financing Framework

²³ Ibid.

²⁴ CLA, "Code of Best Practices and Conduct", at: <https://www.cajalosandes.cl/quienes-somos/codigo-de-buenas-practicas>

²⁵ CLA, Caja Los Andes Social Financing Framework

²⁶ McKinsey & Company, "Lessons from leaders in Latin America's retail banking market", at: <https://www.mckinsey.com/industries/financial-services/our-insights/lessons-from-leaders-in-latin-americas-retail-banking-market>

²⁷ Statista, "Share of the population without access to the services of banks or similar organizations worldwide in 2021, by country", at:

<https://www.statista.com/statistics/1246963/unbanked-population-in-selected-countries/>

²⁸ Inter-American Development Bank, "Bad taste: Gender Discrimination in the Consumer Credit Market", at:

<https://publications.iadb.org/publications/english/document/Bad-Taste-Gender-Discrimination-in-the-Consumer-Credit-Market.pdf>

²⁹ The World Bank, "Poverty headcount ratio at national poverty lines (% of population) - Chile", at:

<https://data.worldbank.org/indicator/SI.POV.NAHC?locations=CL>

³⁰ CLA, Caja Los Andes Social Financing Framework

³¹ HousingWorks Inc., "Affordable Housing: Barriers to Equal Opportunity and Access", at: <https://www.infoweb.org/Marketing/barriers.pdf>

³² These housing units represent the number of new houses that are needed to replace uninhabitable houses in Chile.

³³ Chilean Chamber of Commerce, "Deficit housing: A challenge earring", at: <https://cchc.cl/2019/deficit-habitacional>

³⁴ Ibid.

Moreover, land prices continue to push low-income families from established metropolitan areas to locations that lack urban infrastructure, services and amenities.³⁵

The limited access to financing also impacts the population's access to other essential services, such as education and health care. As per OECD country report, there is a clear imbalance in university enrolment in Chile between the highest and lowest quintiles of the population's financial status – 62.7% of enrolment participation for the highest quintile and only 27.4% of enrolment participation for the lowest one as of 2016.³⁶

In an effort to expand supports for women-owned businesses, Chile created the Ministry of Women and Gender Equity in March 2014.³⁷ The Chilean government's "Plan for equal opportunities for men and women 2011–2020" further provides guidance on gender equality policies, including provisions specific to MSME entrepreneurs.³⁸ To alleviate healthcare inequity, the Chilean government launched the Bono Auge programme in 2010, which aims to establish a system of universal access, including trying to reduce waiting lists in public hospitals and faster treatment for publicly insured patients in case of high-risk diseases.³⁹ In an attempt to expand affordable housing, the Chilean government developed the Integrated Housing Subsidy System known as D.S. 1, which is targeted towards low- to middle-income households.⁴⁰ The funds from the subsidy programmes are distributed depending on an applicant's vulnerability score,⁴¹ using the government's socio-economic assessment,⁴² which classifies households on tranches based on their family formation, educational attainment, housing conditions, total income, physical and mental health, and access to social security. Furthermore, in 2021, the Ministry of Housing and Urban Development announced USD 5.2 billion for construction projects to build around 70,000 homes primarily for low- and middle-income families.⁴³

Given this context, Sustainalytics considers CLA's focus on providing financing access to the identified populations for the specified purposes under the Framework to be complementary to the Chilean government's efforts to make essential services accessible to the vulnerable and underserved groups. Sustainalytics highlights the importance of financing low-rate social loans to the targeted groups and their expected positive impacts on improving financial inclusion and promoting enhanced financial security in Chile.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The bonds issued under the Social Financing Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Access to Financial Services	8. Decent work and economic growth 10. Reduce inequality within and among countries	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
Access to Financing	9. Industry, innovation and infrastructure	9.3 Increase the access of small-scale industrial and other enterprises, in particular in

³⁵ Jiménez, D. et al. (2021), "The Social Housing Crisis and the Barriers to Developing Dementia-Friendly Communities in Chile", *Frontiers in Public Health*, at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8421564/>

³⁶ University of Chile, "Access to Higher Education in Chile: A Literature Review", at: https://www.researchgate.net/publication/340141999_Access_to_Higher_Education_in_Chile_A_Literature_Review

³⁷ Latin America Research Review, "Toward Realizing the Potential of Latin America's Women Entrepreneurs: An Analysis of Barriers and Challenges", at: <https://larrlasa.org/articles/10.25222/larr.108/>

³⁸ Inter-American Development Bank, "Equal Opportunities - Chile", at: <https://generoeninfraestructura.iadb.org/en/country/chile>

³⁹ OECD, "OECD Better Life Index - Chile", at: https://www.oecdbetterlifeindex.org/countries/chile/?source=post_page

⁴⁰ Ibid.

⁴¹ Jiménez, D. et al. (2021), "The Social Housing Crisis and the Barriers to Developing Dementia-Friendly Communities in Chile", *Frontiers in Public Health*, at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8421564/>

⁴² Ibid.

⁴³ Chile Reports, "Chilean Government's Economic Recovery Plan creates over 100,000 jobs in the first quarter of 2021", at: <https://chilereports.cl/en/news/2021/05/30/chilean-government-s-economic-recovery-plan-creates-over-100-000-jobs-in-the-first-quarter-of-2021>

		developing countries, to financial services, including affordable credit, and their integration into value chains and markets
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Conclusion

Caja Los Andes has developed the Caja Los Andes Social Financing Framework under which the Issuer and its subsidiaries may issue bonds and retail loans and use the proceeds to finance investments and expenditures for pre-defined social purposes. Sustainalytics considers that the activities funded under the Framework are expected to create positive social impacts.

The 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 Framework is aligned with the overall sustainability strategy of the Issuer and that the use of proceeds categories will contribute to the advancement of the UN SDGs 8, 9, and 10. Additionally, Sustainalytics is of the opinion that CLA has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible activities funded by the proceeds.

Based on the above, Sustainalytics is confident that Caja Los Andes is well-positioned to issue social bonds and loans and that the Framework is robust, transparent, and in alignment with the four core components of the Social Bond Principles (2021).

Appendix

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

Section 1. Basic Information

Issuer name:	Caja Los Andes
Social Bond ISIN or Issuer Social Bond Framework Name, if applicable:	Caja Los Andes Social Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	July 4, 2022
Publication date of review publication:	
Original publication date [please fill this out for updates]:	

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 SBP:

- | | |
|--|--|
| <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 (please specify): | |

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, Access to Financial Services and Access to Financing, are aligned with those recognized by the Social Bond Principles that seek to achieve positive socio-economic outcomes for target populations. Sustainalytics considers that investments in the eligible categories are expected to lead to positive social impacts and advance the UN Sustainable Development Goals, specifically SDGs 8, 9 and 10.

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Caja Los Andes' Risk and Finance Committee, comprised of directors and senior management, will be responsible for evaluating and selecting eligible social assets. Caja Los Andes has internal processes and policies to address environmental and social risks associated with the financed activities. Sustainalytics considers these processes to be in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social 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 Social Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> 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):

Caja Los Andes' processes for management and allocation of proceeds is supervised by the Finance Department. Caja Los Andes intends to fully allocate proceeds within 24 months after each issuance. Pending allocation, unallocated proceeds may be temporarily used to refinance outstanding debt or may be invested in cash or cash equivalents or other liquid instruments in accordance with Caja Los Andes' investment policy. Caja Los Andes has confirmed that the refinanced debt will not be directly associated with carbon intensive sectors. This is in line with market practice.

Tracking of proceeds:

- Social 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):

Caja Los Andes intends to report on the allocation and impact of proceeds on its website on an annual basis at least until full allocation. The allocation reporting will include category-wide details on the allocation of proceeds, the unallocated amount and the proportion of proceeds used for financing and refinancing. In addition, Caja Los Andes intends to report on relevant quantitative impact metrics where feasible and has provided indicative metrics within the Framework. Sustainalytics views Caja Los Andes's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
 On a project portfolio basis

- Linkage to individual bond(s) Other (please specify):

Information reported:

- Allocated amounts Social Bond financed share of total investment
- Other (please specify): The share of proceeds to be financed versus refinanced, assertions by Caja Los Andes's management with respect to the reported information

Frequency:

- Annual Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported (expected or ex-post):

- Number of beneficiaries Target populations
- Other ESG indicators (*please specify*): amount of social loans provided to low-income individuals, elderly individuals, individuals who self-identify as women, individuals with limited access to credit or unbanked.

Frequency:

- Annual Semi-annual
- Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
- Information published in ad hoc documents Other (please specify): Standalone report on the Issuer's website
- 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 (please specify): | |

Review provider(s):

Date of publication:

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

- i. **Second-Party Opinion:** An institution with social 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 Social 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 Social Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the social 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 social criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the socially 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 Social Bond proceeds, statement of social impact or alignment of reporting with the SBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Social Bond or associated Social Bond framework or Use of Proceeds certified against a recognised external social 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. **Social Bond Scoring/Rating:** An issuer can have its Social Bond, associated Social 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 social performance data, process relative to the SBP, or another benchmark. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material social risks.

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