

GREEN FINANCING FRAMEWORK

March 2025



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1. INTRODUCTION

1.1 ESG STRATEGY AND OBJECTIVES

Colbun S.A. (together with its subsidiaries, “Colbun” or the “Company”)¹ is a Chilean-born firm leader in the generation and commercialization of reliable, competitive and sustainable energy, as well as in the delivery of energy solutions.

The Company has a consolidated installed capacity of 4,207 MW as of December 2024, composed by 38% of hydraulic power plants, 5% of solar photovoltaic power plants, 6% of wind farms, and 51% of thermal power plants, adding a total of 28 facilities in Chile and Peru. Additionally, as of today the company is in the final construction stage of Horizonte, a wind farm of 816 MW.

In the Chilean market, Colbun is a prominent player, being the second largest operator within the National Electric System (SEN), reaching approximately 14% of the market share. Its presence is robust in Peru as well, where the Company ranks as the fifth largest generator, capturing a 7% market share².

In its origin, Colbun was dedicated to the transformation of water into energy, through large-scale hydropower. Then, thermal assets were incorporated into the Company's generation matrix to ensure a continuous and secure supply. Today, it is focused on developing solar, wind resources and storage systems to advance the energy matrix decarbonization but also being conscious of its clients' and the society's need for reliable, continuous and competitive supply, historically provided by thermal power plants and reservoir hydropower.

The Company has an ambitious Strategic Agenda for 2030, which was updated in line with the energy transition that Chile and the world are experiencing, together with the social and environmental challenges we face. This roadmap is the confirmation of the role that Colbun assumes in terms of providing society and its customers with a reliable, competitive and sustainable supply, in line with its purpose: **“We transform energy, in balance with the planet, to boost your projects and dreams”**. In this perspective, Colbun emphasizes that sustainability is not only part of this purpose, but the essence of it. From transforming energy from renewable sources to the constant search for each of the Company's activities to contribute to a responsible energy transition, and support climate change mitigation³ while integrating responsible social and environmental practices.

In a complementary manner, Colbun, as part of its strategy, is expanding its value offer by promoting different energy solutions, such as self-consumption photovoltaic plants, energy efficiency management systems and storage, among others. Seeking to also contribute to its clients' sustainability goals.

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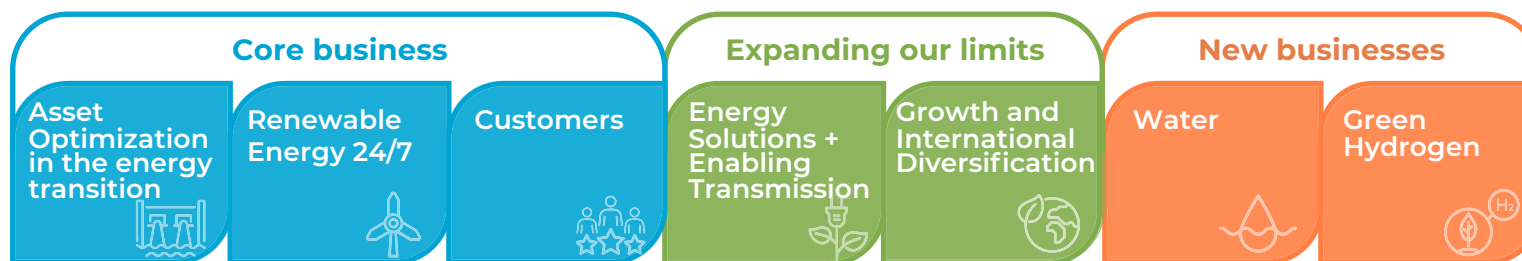
¹ [Integrate Annual Report 2023 \(colbun.cl\)](#)

² Market shared, based on energy generation

³ Colbun is dedicated to contributing to the goals outlined by Chile and Peru as part of their Nationally Determined Contributions (NDCs) under the Paris Agreement. To achieve this, the Company has established short and medium-term mitigation targets and aims to achieve carbon neutrality by 2050 at the latest. See here further references to the countries' NDC: [Chile's_NDC_2020_english.pdf \(unfccc.int\)](#); [Peru First NDC \(Updated submission\) | UNFCCC](#).

COLBUN'S STRATEGIC AGENDA

Colbun's ESG roadmap is defined by its Strategic Agenda, which has seven pillars, grouped into three areas.



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Core business



Assets optimization in the energy transition:

The availability of water resources and the massive expansion of renewable energies undoubtedly poses the challenge of optimizing the operation of the Company's assets, to deliver a reliable and efficient supply to its clients and to the countries where it operates. Within this context, Colbun has been adopting different measures to use its resources more efficiently and reduce its environmental footprint. These measures include, for instance, an effective response to extreme weather events and more efficient and preventive maintenance management of its plants.



24/7 Renewable generation:

Colbun seeks to grow in renewable energies to maximize the value of the Company through projects that cost-efficiently satisfy the energy demand of its clients and the markets where it operates, contributing to a reduced carbon matrix.⁴ Specifically, within its 2030 objectives based in 2020, Colbun aims to develop nearly 4,000 MW of renewable energy and storage in Chile and Peru, increasing the participation of renewable assets to 70% of the total generation matrix. As of December 2024, 49% of the Company's installed capacity comes from renewable sources. In that line, Colbun has a pipeline of renewable projects of more than 6,100 MW in Chile.

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4. Colbun has agreed with the Chilean Government the decommissioning of Santa María coal-fired plant (the only one operated by the Company) by 2040, since the power plant still ensures secure continuity of electricity supply in the country. Relevant references: [Government announces phase-out of 8 coal-fired power plants in 5 years and total retirement by 2040](#)-National Energy Commission (cne.cl) - [Comisión Nacional de Energía \(cne.cl\)](#). [Colbun press release \(energia.gob.cl\)](#).



Customers:

Ensuring the satisfaction of its customers is essential for the long-term sustainability of the business. Colbun seeks to be a strategic partner of its clients, which means providing them with continuous and sustainable energy at highly competitive prices through long-term contracts.⁵ This way, the Company has managed to maintain a balanced contracting policy in terms of its electricity supply capacity, thus avoiding the risks of being exposed to spot purchases or prices on the market.

Since 2016, Colbun has focused mainly on “unregulated clients”, i.e. those that can freely negotiate their electricity tariff with generation companies. Today both in Chile and Peru, the majority of the Company’s corporate clients are “unregulated”, reaching close to 390 customers and representing around 80% of Colbun’s energy sales in 2024.

In addition to reliable and sustainable energy, Colbun also offers Renewable Certificates to its clients, whereby an independent audit company certifies that the energy consumed comes from renewable sources.⁶ This certificate allows companies to communicate to their different stakeholders the use of clean energy in their production processes.

Expanding our limits



B2B energy solutions and enabling transmission:

Along with providing energy, the Company offers comprehensive, sustainable and innovative solutions that range from infrastructure and electromobility to distributed energy, energy efficiency, demand-side energy management and storage initiatives. These initiatives aim at solving challenges such as energy saving, compliance with the Energy Efficiency Law in Chile⁷ and achieving sustainability goals.



International growth and diversification:

As part of Colbun’s Strategic Agenda, expanding the Company’s horizons through international growth is a key focus. Colbun continuously and systematically evaluates alternatives that enhance the Company’s value. This strategic pillar revolves around three main axes:

- 1. Scale:** The electricity industry necessitates scale to achieve efficiencies in project development, construction, operation, and asset commercialization.
- 2. Diversification:** International expansion aims to diversify systemic risks, including political, regulatory, socioenvironmental, demand stagnation, and hydrological conditions in each country.
- 3. Selection Criteria:** When assessing opportunities in potential countries, we consider criteria such as regulatory frameworks, political stability, investor protection mechanisms, market experience and knowledge.

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5. As an example, Colbun recently subscribed a 100% renewable energy supply agreement for 1,100 GWh/year with Codelco, one of the largest copper producers in the world. [Codelco and Colbun reaffirm their environmental commitment with new 100% renewable energy contract \(colbun.cl\)](#)

6. [Renewable certification \(colbun.cl\)](#)

7. [Energy Efficiency Law and Plan-Ministry of Energy \(energia.gob.cl\)](#)

New businesses

Colbun's Strategic Agenda also seeks to grow in businesses adjacent to energy, where there are potential opportunities to generate sustainable and environmentally responsible solutions to customer and societal problems. These are infrastructure businesses with a high energy component, such as water and green hydrogen projects. By leveraging its extensive experience in developing, constructing, and operating large-scale infrastructure, Colbun can effectively serve a potential client base that aligns closely with its core energy business through these new initiatives.



Water:

At the beginning of 2023, a new area was created within the company, focused on identifying and developing growth opportunities in the desalination and large-scale water supply sector. These actions respond to the high demand for water in industrial processes, the ever-increasing limited supply of freshwater resources, and the resulting need for water infrastructure solutions.



Green Hydrogen:

In early 2023, Colbun launched a new area as a natural extension of its core business. This initiative is highly synergistic with the development of renewable energy projects, given that clean energy is the primary input in green-hydrogen production. Alongside, Colbun recognizes green hydrogen as a leading alternative for decarbonizing industries where the electrification of energy consumption is not feasible.



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SUSTAINABILITY WITHIN COLBUN'S STRATEGY









Colbun's Strategic Agenda is designed to enhance the Company's value in a sustainable manner aligning with our purpose. Each pillar of our development strategy, along with our short, medium, and long-term goals, contributes to addressing this purpose.

Therefore, sustainability is an inherent aspect of our Strategic Agenda. The objective is to generate a positive impact on all our stakeholders, which is measured in an annual event, in addition to reducing the environmental footprint and ensuring processes that promote diversity and inclusion.

Sustainability Policy:

Our Sustainability Policy⁸ outlines guidelines for the sustainable development of our business, aiming to generate long-term value for the Company and our stakeholders. In line with it, a roadmap and goals to be met were defined, and are reviewed by the Sustainability Committee and the Board of Directors sessions.

Corporate ESG Public Goals:

Climate Change 	<ul style="list-style-type: none"> · Add 4,000 MW of renewable capacity by 2030 (2020 baseline). · Achieve carbon neutrality by 2050. · Reduce net CO₂ emission factor by 30% by 2025 and 40% by 2030 (2018 baseline: 0.323 tons CO₂e/MWh). · Achieve zero Scope 2 (indirect CO₂ emissions) from 2022 onwards (market-based).
Water 	<ul style="list-style-type: none"> · Reduce freshwater extraction intensity per unit of energy generated by 40% by 2025 and 45% by 2030 (2018 baseline: 0.300 m³/MWh). · Reduce freshwater consumption in non-operational activities by 40% by 2025 (2018 baseline: 246,000 m³).
Waste 	<ul style="list-style-type: none"> · Recycle 35% of non-ash waste by 2025 and 50% by 2030 (2022 baseline: 9%).
Gender Equality 	<ul style="list-style-type: none"> · Reach 25% female representation of total workforce by 2025 and 30% by 2030 (2018 baseline: 18%). · Promote women hiring in male-dominated areas and roles, reaching 15.8% by 2025 and 18% by 2030 (2018 baseline: 10%). · Ensure 20% female representation in leadership positions by 2025 and 25% by 2030 (2020 baseline: 14%).
Communities 	<ul style="list-style-type: none"> · "NPS": 67% (Likert question: "Colbun is a good neighbor").
Workers 	<ul style="list-style-type: none"> · "NPS": 90% (Likert question: "I would highly recommend this organization to friends and family as a great place to work".)
Suppliers 	<ul style="list-style-type: none"> · NPS: 85 points.
Clients 	<ul style="list-style-type: none"> · NPS: 75 points.

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1.2 ESG GOVERNANCE

At Colbun, our governance, based on ethical leadership, forms the cornerstone for our Company to uphold quality, efficiency and safety standards, alongside stringent ethical, legal, and sustainable practices. In this context, Colbun has several initiatives for the Board of Directors to get involved early in the different areas and management of the Company. Some of these practices are the following:

- The Board receives monthly reports on the progress of sustainability goals and key milestones, which are also presented by the CEO during Board meetings. Additionally, given the integration of sustainability KPIs and challenges into the 2030 Corporate Strategy, quarterly reviews of the most relevant sustainability information are conducted with the Board and senior executives.
- The Sustainability Committee serves as the primary coordinating and oversight body for our sustainability approach, policy, and strategy. It oversees the integration of environmental, social, and governance factors into the 2030 Corporate Strategy and across different business areas, promoting impact reduction, value creation, and thereby fulfilling the Company's purpose. The committee meets quarterly and is composed of the CEO, the Chief Sustainability and Corporate Affairs Officer, the Chief of Organization and People, the Chief Energy Officer, and the Chief Innovation and New Business Officer, with the Deputy Chief of Sustainability acting as the secretary. It also includes the Board Chairman, the Vice Chairman, and two additional appointed directors, one of whom is independent.

- The Risk Committee identifies, quantifies, monitors, and communicates the Company's risks, including those related to climate change, environmental, social, human rights, and governance risks. This committee meets bi-monthly and is composed of the CEO, senior executives, and is supported by the Risk Manager as secretary. The Board Chairman and two additional directors also participate.

- The Ethics and Audit Committee oversees Internal Audit operations, manages the Company's Ethics and Compliance Reporting Channel, and ensures compliance with Law No. 20,393 on Crime Prevention. It is comprised of the Board Chairman and two independent directors. The Internal Audit Manager serves as secretary. Meetings are held every three months, with reports presented to the Board accordingly. The Chairman of the Ethics and Audit Committee presents key matters to the Board on a quarterly basis.



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1.3 ESG RISK MANAGEMENT

The Risk Management Model identifies situations and events that may pose challenges to the Company's goals, as defined in the Corporate Risk Management Manual. Under this model, Colbun addresses strategic risks that threaten sustainability, operations, and future projects, while seeking to maximize business opportunities and ensure compliance with regulatory and legal obligations.

The Corporate Processes and Risk Management Department is responsible for the design and methodological implementation of the model, while the Internal Audit Management area ensures the effectiveness and compliance of the defined policies and processes.

The guidelines for risk management are defined in three key documents:

- Risk Management Policy
- Corporate Risk Matrix
- Risk Appetite Framework

For more information, refer to pages 39 and 41 of 2024's Integrated Annual Report.

E 1.3.1 ENVIRONMENTAL RISKS

a) Climate Change Risks

Considering the strategic nature of risks associated with global warming, Colbun signed Chile's Decarbonization Agreement⁹, committing to shutting down its only coal power plant by 2040.

In line with this commitment, Colbun conducted an assessment of the Company's current situation using the Task Force on Climate-related Financial Disclosures (TCFD)¹⁰ framework. The analysis was conducted using the following methodology:

Physical Risks:

- Acute risks: Originating from intense weather events
- Chronic risks: Resulting from long-term changes in climate conditions

Transition Risks:

- Political and legal
- Technological
- Market-related
- Reputational

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9. [Exempt Decree N°50/2020, signed between the Ministry of Energy and the companies with coal plants.](#)
10. [Task Force on Climate-Related Financial Disclosures | TCFD.](#) (fsb-tcfd.org)

b) Environmental Performance Risks

Waste management in industrial operations involves reducing, reusing, and recycling materials, contributing to resource conservation and reduced raw material usage. Colbun aims to reduce waste generation, primarily ash, and promote a circular economy. The main risks are:

- Events triggering biodiversity loss or alteration
- Increased raw material costs
- Barriers to winning new projects
- Regulatory non-compliance
- Environmental incidents
- Reputational damage

c) Biodiversity Risks

Biodiversity management is essential for energy companies operating in fragile and vulnerable natural environments. Colbun's goal is to address biodiversity management comprehensively, considering it throughout the lifecycle of our power plants and projects. The main risks include:

- Habitat loss
- Contribution to environmental conservation
- Events that may trigger biodiversity loss or alteration
- Barriers to winning new projects

For more information, refer to page 163 of 2024's Integrated Annual Report.

d) Water Risks

Chile has experienced several drought years over the past decade, with very low rainfall and streamflow, but at the same time, water use provides renewable, clean energy and contributes to electricity supply stability. In this context, Colbun aims to responsibly manage water and reduce freshwater intensity per unit of energy generated and in non-operational activities. Some impacts on the environment and risks for the Company include:

- Excessive or inadequate water use can affect the surrounding environment and nearby communities
- Water storage capacity benefits agreements with irrigators
- The possibility of water contamination can affect the environment and communities
- Excessive water released from dams into rivers can cause flooding
- Hydrological variability and water scarcity due to drought, affecting energy generation
- Higher water supply costs for our thermal power plants

For more information, refer to page 156 of 2024's Integrated Annual Report.



S 1.3.2 SOCIAL RISKS

a) Human Rights Risks

Colbun reaffirmed its commitment to the United Nations' "Guiding Principles on Business and Human Rights" and promotes a risk prevention approach by proactively and systematically identifying potential impacts the company may cause. Colbun has an inventory of human rights risks, along with responsibilities assigned for their identification and management. The main identified risks include:

- Fatal or non-fatal accidents involving individuals falling or drowning in canals
- Fatal or non-fatal accidents and material damage to communities due to water discharges and overflows
- Internal staff and supplier accidents on dangerous routes to or from remote power plants
- In the event of workplace accidents in remote locations, workers may not receive timely medical attention due to the distance from the nearest medical facility
- Sexual harassment incidents at the Company's facilities

For more information, refer to pages 77 and 211 of 2024's Integrated Annual Report.

b) Occupational Risks

Safety working conditions are critical for both employee well-being and operational efficiency. Colbun prioritizes developing its organization and people, ensuring good working conditions and safety, and promoting talent attraction. Some risks include:

- Serious accidents and/or inadequate conditions that could lead to health problems for workers
- Difficulty attracting and retaining key professionals, resulting in a lack of qualified personnel to meet industry challenges
- Team demotivation leading to reduced productivity
- Unresolved conflicts resulting in strikes and operational shutdowns
- Malicious acts by third parties

For more information, refer to page 115 of 2024's Integrated Annual Report.

c) Diversity, Equity, and Fair Treatment

Colbun fosters a safe and respectful work environment that promotes equal opportunities and allows all employees to be authentic.

Risks include:

- Lack of impartiality in organizational culture
- Legal issues and litigation related to discrimination
- Reduced talent attraction and retention

In this context, Colbun has developed action plans for:

- Avoiding discrimination, encouraging cultural change and learning to eliminate biases
- Overcoming barriers to diverse talents helps address inequality and promote equity and social justice
- Homogenization of teams

For more information, refer to page 111 of 2024's Integrated Annual Report.

d) Community Risks

Colbun works in collaboration with the communities where it operates to promote social development opportunities and economic progress, establishing strong and trusting relationships. Risks identified include:

- Project and/or operational shutdowns
- Social incidents
- Reputational damage
- Human rights violations
- Protests and opposition to operations and/or projects
- Failure to diagnose and address community needs adequately

For more information, refer to page 131 of 2024's Integrated Annual Report.



1.3.3 GOVERNANCE RISKS

a) Ethical and Compliance Risks

Colbun pays special attention to risks that involve improper integration of ethical principles into the Company's processes and activities, fostering a culture of integrity and compliance. Identified risks include:

- Agreements on prices, discounts, and margins with competitors
- Managing marginal costs by submitting untimely or incomplete information to the CEN
- Improper exclusivity clauses in agreements with unregulated clients
- Imposing prices on suppliers or sharing confidential business information with them
- Information sharing among executives and/or directors
- Legal and regulatory data protection and cybersecurity mandatory requirements

For more information, refer to page 46 of 2024's Integrated Annual Report.



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1.4 ESG SELECTION CRITERIA

ENVIRONMENTAL COMMITMENTS FOR PROJECTS

Biodiversity	<ul style="list-style-type: none"> · Ensure no net loss on land with high environmental value¹¹ for new projects.
Climate Change	<ul style="list-style-type: none"> · Measure the carbon footprint during construction and operation of the project. · Consider carbon footprint as one of the key variables when selecting the most relevant suppliers and contractors for the project.
Water	<ul style="list-style-type: none"> · Evaluate systems for treated water recirculation, rainwater capture, or any initiative that reduces future water consumption.
Waste	<ul style="list-style-type: none"> · Promote circularity in initiatives like waste valuation. · Consider circularity as a factor in the evaluation of key suppliers and contractors for the project.
Sustainable Building and Landscape Integration	<ul style="list-style-type: none"> · Design project buildings following Leed Certification or similar criteria. · Use materials in the building's exteriors that ensure landscape integration.
Incidents	<ul style="list-style-type: none"> · Have mechanisms in place to prevent environmental incidents. · Maintain a certified management system.

SOCIAL COMMITMENTS FOR PROJECTS

Communities	<ul style="list-style-type: none"> · Implement Early Citizen Participation (ECP) beyond the requirements of the Environmental Impact Assessment System (SEIA as its Spanish acronyms). · Maintain continuous dialogue to incorporate community needs and priorities, aiming for shared value creation. · Develop social investment projects in collaboration with local authorities and organizations to promote the sustainable development of the territories.
Local Workforce and Services	<ul style="list-style-type: none"> · Promote the hiring of local labor. · Encourage the hiring of local services and purchases.
Diversity and Human Rights	<ul style="list-style-type: none"> · Promote the hiring of women during both construction and operation phases. · Ensure healthy, harassment-free environments
Occupational Safety and Health	<ul style="list-style-type: none"> · Promote a culture of accident prevention, focusing on serious or fatal accidents/incidents. · Maintain a certified management system.

GOVERNANCE COMMITMENTS FOR PROJECTS

Supplier Selection and Monitoring	<ul style="list-style-type: none"> · Select suppliers including ESG criteria. · Monitor ESG performance of suppliers.
Ethic	<ul style="list-style-type: none"> · Train and raise awareness about the existence of the Ethics and Compliance Reporting Channel for permanent workers and contractors.

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11. Territories with low or no anthropic intervention with unique or scarcely representative species and ecosystems.

2. GREEN FINANCING FRAMEWORK

2.1 FRAMEWORK'S RATIONALE AND KEY COMPONENTS

This document constitutes Colbun's Green Financing Framework (the "Framework"), that updates and supersedes the prior version published in September 2021, reflecting the enhancements experienced both by the Company and the overall sustainability finance market practices, as well as evolving investors' expectations.

Under this Framework, Colbun intends to issue green financing instruments (the "Green Financing Instruments" or "GFI", which include bonds, private placements, loans, commercial papers and/or any other financial instrument commonly accepted in international and/or domestic markets) to finance and/or refinance, in whole or in part, eligible assets and expenditures (the "Eligible Green Projects") that meet the eligibility criteria defined herein (the "Eligibility Criteria").

Colbun expects the GFI to support its sustainability strategy and contribute to the aforementioned sustainability goals, including the construction of approximately 4,000 MW in renewable energy and storage capacity by 2030, along with strengthening the supply of energy efficiency solutions to its customers, promoting projects related to the conservation, protection and restoration of existing natural resources, projects seeking sustainable water management, and initiatives to adapt to and mitigate the challenges of climate change faced by Chile and the planet.

This Framework has been developed in accordance with the International Capital Markets Association's ("ICMA") Green Bond Principles ("GBP"), June 2021 (with June 2022 Appendix 1)¹²; and the Loan Market Association's ("LMA") Green Loan Principles ("GLP"), March 2023¹³ (the "Principles"). As such, this Framework addresses the following components of the Principles:

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

The Company may consider updating this Framework to reflect relevant market and/or regulatory developments, nevertheless in any case those changes will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by a second party opinion ("SPO") provider.



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12. [Green-Bond-Principles June 2021 \(with June 2022 Appendix 1\) \(icmagroup.org\)](#)

13. [Green Loan Principles March 023 - LMA](#)

2.2 USE OF PROCEEDS

Colbun intends to allocate an amount equivalent to the net proceeds of any Green Financing Instrument to finance and/or refinance, in whole or in part, Eligible Green Projects located in Chile as per the following Eligible Categories, which will support specific United Nations Sustainability Development Goals (the “UN SDGs”),¹⁴ as specified in the table on the next page.

Due to the Company’s business profile, the largest portion of net proceeds from GFIs are expected to be allocated towards the Renewable Energy category.

The value amount of the Eligible Green Projects will be measured via book value, capital expenditure (“CapEx”) or operating expenditure (“OpEx”), as applicable. A look-back period of up to 36 months prior to the issue date of the relevant GFI will apply to Eligible Green Projects in the form of OpEx, whilst this limitation will not apply to those corresponding to CapEx (as per the criteria set up within the European Green Bond Standard).¹⁵



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











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14. [THE 17 GOALS | Sustainable Development \(un.org\)](https://www.un.org/sustainabledevelopment/)

15. [Regulation - EU - 2023/2631 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2023/2631/oj)

Eligible Category	Eligibility Criteria	EU Taxonomy objective and related activity reference ¹⁶	UN SDG
Renewable Energy 	<p>Construction, acquisition, development, investment, maintenance or operation of:</p> <ul style="list-style-type: none"> Renewable energy generation facilities (and related connection, transmission and distribution infrastructure) that produce electricity from: <ul style="list-style-type: none"> Solar power, using either solar photovoltaic (PV) or concentrated solar power (CSP) technology (where at least 85% of the electricity is generated from solar power) Wind power, either on- or off-shore Facilities related to the production and storage of hydrogen and hydrogen-based synthetic fuels, using energy from renewable generation 	Climate change mitigation [activities 3.2, 3.10, 4.1, 4.2, 4.3, 4.9, 4.12]	  
Energy Efficiency 	<p>Construction, acquisition, development, investment, maintenance or operation of projects, assets or measures that reduce energy consumption, improve energy efficiency and/or reduce electricity losses, consisting in installation, maintenance or repair of energy efficiency equipment, devices or appliances, where an energy efficiency improvement at least equal to 20% vs existing alternative would be expected, on a best-efforts basis.¹⁷ These activities may include:</p> <ul style="list-style-type: none"> Electricity storage equipment or assets (e.g. battery storage/pumped hydropower storage) Consumption management software (e.g. Utility Bill Management) for multipoint customers with multiple power connections Energy audits to commercial and industrial clients with the aim of detecting and implementing energy use improvements Implementation of energy management systems according to ISO 50001 standard¹⁸ Systems that allow monitoring and controlling customer loads to reduce electrical consumption at night and during peak hours Projects for thermal processes electrification, aimed at replacing the use of fuels with electrical systems that generate heat (e.g. electric boilers, heat pumps, among others)¹⁹ <p>Colbun will strive to use the best available technology whenever possible.</p>	Climate change mitigation [activities 3.5, 7.2, 7.3]	  
Terrestrial and aquatic biodiversity 	<p>Expenditures on projects related to the conservation, protection and restoration of existing natural resources and/or biodiversity, including maintenance, protection and identification of endangered flora and fauna in areas where Colbun operates. These activities may include:</p> <ul style="list-style-type: none"> Use of Geographic Information Systems (GIS) platforms to evaluate biodiversity attributes on company property, allowing progress towards strategic objectives (impacts and dependencies) Monitoring of endangered fauna species in operating power plants Creation of new conservation areas on company property, with the presence of threatened ecosystems and/or key species, or areas with high environmental/social value Implementation of Conservation Plans in the Company's protected areas Trainings for company employees on biodiversity present in Colbun's facilities Trainings for local communities on biodiversity present in the territory where Colbun is located Implementation of biodiversity initiatives together with various relevant stakeholders (community, academia, NGOs, etc.) 	Protection and restoration of biodiversity and ecosystems [activity 1.1]	  
Climate Change Adaptation 	<p>Construction, acquisition, development, investment, maintenance or operation of systems that aim to improve the safety, reliability and resiliency of renewable energy systems against the impact of climate change, including weather-related events, floods, severe storms, droughts, water stress, landslides and wildfires (e.g. software, technical consultancy, information support systems, climate observation, early warning systems, also including technologies improving water management and efficiency through measures such as reduction of water consumption, reduction of leakages or reduction of unaccounted-for water).²⁰</p>	Climate change adaptation [activities 8.4, 9.1]	 

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16. EU taxonomy for sustainable activities - European Commission (europa.eu)

17. Building-related projects should lead to a reduction of primary energy demand (PED) of at least 30%.

18. ISO - ISO 50001 — Energy management

19. Electric heat pumps should be below the refrigerant threshold (Global Warming Potential or "GWP") of 675.

20. Water projects should lead to a reduction of water consumptions of at least 20%.

2.2.1 EXCLUDED ACTIVITIES

Eligible Green Projects related to any of the following activities, will not be considered for allocation purposes according to this Framework:

- Exploration, production, transportation, consumption and distribution of fossil fuels;
- Deforestation, forest degradation, where no compensation measures have been adopted;
- Activities or projects associated with child and/or forced labour;
- Activities or projects violating the rights of indigenous populations;
- Activities or projects in protected areas;
- Energy plants (including biomass) with direct CO₂ emission level of more than 100g CO₂/kWh.

Through the Development Committee (the “Committee”), Colbun will oversee the selection of Eligible Green Projects. The Chief Financial Officer and Chief Sustainability and Corporate Affairs Officer are expected to join this Committee, at least once per year, to evaluate and determine which projects (applicable according to the selection criteria presented in this document) will be eligible for disbursement of green financing instrument proceeds.

The responsibilities of the Committee associated to the project’s evaluation and selection process, are the following:

- Review and select projects that align with the eligibility criteria set forth in Section 2.2, whilst final allocation will be reviewed and approved by the CFO.
- Establish, at the time of contemplating a GFI issuance, an Eligible Green Projects Register (the “Register”), in the form of a protected data file or internal information system, that lists the total Eligible Green Projects portfolio (i.e. those that will be financed and/or refinanced via GFI according to this Framework).
- Actively manage and at least annually review the Eligible Green Projects, as listed in the Register, to ensure that they remain in line with the Framework’s criteria, and that their volume is at least equal to the amount of outstanding GFI.
- Create an annual report, as per Section 2.5, on the allocation and impact of the Eligible Green Projects allocated to the relevant GFI.

2.3 PROJECT EVALUATION AND SELECTION PROCESS

Colbun has robust processes related to environmental, social and governance issues, as reflected in its Sustainability Policy²¹; Occupational Safety & Health and Environmental Policy; Asset Management and Energy Performance Policy; Environmental Protection Standard²², Climate Change Strategy; Biodiversity Strategy; Human Rights and Companies Policy; Diversity, Equity and Inclusion Policy; Community Relations Policy; Community and Society Manual; Code of Ethics and Conduct , applicable to all areas.

21. [Sustainability management \(colbun.cl\)](#). [Política de Sostenibilidad \(colbun.cl\)](#)

22. [Environmental Protection Standard for the execution of works and services \(colbun.cl\)](#)

- Approve any initiative to issue a new GFI, considering the existing and expected volume of Eligible Green Projects for allocation purposes.
- Manage eventual updates to the Framework, ensuring its alignment with relevant market standards and best practices.

2.4 MANAGEMENT OF PROCEEDS

The Committee will keep track of the Eligible Green Project portfolio, and the funds allocated towards them from all outstanding GFI via the Register, and by also establishing and maintaining a specific investment folder that gathers all expenses and documentation based on a unique project code identifier.

Pending the allocation of the net proceeds of a GFI to Eligible Green Projects, all or a portion of the net proceeds will be held on the Colbun's treasury's accounts, invested in cash, cash equivalents and/or other liquid instruments, in accordance with the Company's investment policy.

The payment of principal and interest on any GFI will be made from the Company's general corporate account and will not be linked to the performance of any Eligible Green Project. The full allocation of the net proceeds from the GFIs will be finalised, on a best-efforts basis, within 24 months from the issuance of the respective instrument.

In case of divestment of any Eligible Green Project, or if an Eligible Green Project fails to ensure continued compliance with the Framework's eligibility criteria, the Committee will strive to replace the allocated amount with new Eligible Green Project(s) as soon as reasonably practicable, and ideally within a 12-month period.

2.5 REPORTING

On an annual basis from the calendar year following the issuance of a relevant GFI, Colbun commits to produce transparent reporting on the allocation of proceeds towards Eligible Green Projects until full allocation (and thereafter in case of material developments on the Eligible Green Projects portfolio), and to report on the positive environmental impacts of those Eligible Green Projects until the maturity of any GFI. These reports will be published on Colbun's Investors Relations website.²³

The reporting will be made on a portfolio basis, grouping all the applicable GFI funds, as allocated towards a portfolio of Eligible Green Projects.

2.5.1 ALLOCATION REPORTING

The allocation section of the report will contain the following information:

- Update of the description of the Eligible Green Projects and amount of the net proceeds allocated to each one, either individually or by category, subject to confidentiality considerations.
- The share of new financing vs. re-financing.
- Amount of net proceeds that have not yet been allocated, if any.

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²³ [Investors \(colbun.cl\)](#)

2.5.2 IMPACT REPORTING

Where feasible, qualitative and quantitative environmental and social performance data relating to the Eligible Green Projects funded via the relevant GFI will be reported.

Examples of expected impact metrics may include:

Eligible Category	Indicative Key Performance Indicators
Renewable Energy 	<ul style="list-style-type: none"> · Annual greenhouse gas (GHG) emissions reduced/avoided (in Mt of CO₂e) · Annual renewable energy generation (in MWh or GJ, where applicable) · Capacity of renewable energy plant(s) developed or rehabilitated (in MW) · Annual absolute (gross) GHG emissions (in Mt of CO₂e)
Energy Efficiency 	<ul style="list-style-type: none"> · Annual energy savings (in MWh or GJ, where applicable) · Reduction in absolute energy usage (in %) · Annual GHG emissions avoided/reduced (in Mt of CO₂e) · Expected energy storage capacity (in MWh x hour)
Terrestrial and aquatic biodiversity 	<ul style="list-style-type: none"> · Maintenance/safeguarding/increase of protected and/or natural areas (including forest) (in km²) · Number of protected species that are deemed sensitive in protected/conserved area · Absolute number of endangered species under a monitoring program · Absolute number of native species of flora or fauna restored through the relevant project · Number of conservation plans implemented in protected/conserved areas · Number of workers trained in biodiversity · Number of people trained in biodiversity outreach activities · Number of local organizations trained in biodiversity · Number of biodiversity initiatives implemented together with various relevant stakeholders
Climate Change Adaptation 	<ul style="list-style-type: none"> · Number of people and/or enterprises (e.g. companies or farms) benefitting from measures to mitigate the consequences of weather-related events, floods, severe storms, droughts, water stress, landslides and wildfires · Reduction in number of operating days lost due to those events · Reduction in emergency and unplanned repair and replacement of infrastructure damaged by those events · Reduction in land loss from flooding erosion · Increase in energy generation, and storage in MWh

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2.6 EXTERNAL REVIEW

2.6.1 SECOND PARTY OPINION

Colbun has appointed Moody's Investors Service to provide an external review on the Green Framework in the form of a Second Party Opinion, which will be published in the Company's Investors Relations website.

2.6.2 POST ISSUANCE EXTERNAL VERIFICATION

Colbun will obtain a limited assurance or external verification on the annual impact and allocation report from an independent third party, that could be an audit firm, ESG agency or an otherwise qualified entity, until full allocation of proceeds.

Such verification will be made available together with the relevant annual reporting in Company's Investors Relations website.



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3. LEGAL 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 Colbun, 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 Colbun 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 Colbun and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Colbun as to the fairness, accuracy, reasonableness or completeness of such information.

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