

Second-Party Opinion

Reviewed by:

MORNINGSTAR

SUSTAINALYTICS



Second-Party Opinion

Tanner Sustainability Financing Framework

Evaluation Summary

Sustainalytics is of the opinion that the Tanner Sustainability Financing Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023, and Social Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Socioeconomic Advancement and Empowerment: MSMEs, Socioeconomic Advancement and Empowerment: Auto Financing, and Clean Transportation – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental and social impacts and advance the UN Sustainable Development Goals, specifically SDGs 1, 8, 9, 10 and 11.



PROJECT EVALUATION AND SELECTION Tanner's ESG Committee, consisting of senior representatives from the Corporate, Auto-Financing, and Finance divisions, will be responsible for the evaluation and selection of eligible assets as per the criteria outlined in the Framework. The Company has an environmental and social risk management system to address the environmental and social risks associated with the projects financed. Based on an established process for project selection and the presence of a general risk management process, Sustainalytics considers these processes to be aligned with market practice.



MANAGEMENT OF PROCEEDS Tanner's Administration will be responsible for the management and allocation of proceeds using internal tracking systems. The Company intends to fully allocate proceeds within 36 months of the respective issuance date. Unallocated net proceeds will be held in cash, cash equivalents or other forms of liquid securities and investments. This is aligned with market practice.



REPORTING Tanner commits to report on the allocation and impact of proceeds in an annual report on its Investor Relations website on an annual basis until maturity. In addition, Tanner intends to report on relevant impact metrics. Sustainalytics views Tanner's allocation and impact reporting as aligned with market practice.

Evaluation Date October 4, 2023

Issuer Location Santiago, Chile

Report Sections

Introduction.....	2
Sustainalytics' Opinion	3
Appendix	11

For inquiries, contact the Sustainable Corporate Solutions project team:

Hamoda Youssef (Toronto)

Project Manager

hamoda.youssef@sustainalytics.com

(+1) 416 861 0403

Aishwarya Ramchandran (Toronto)

Project Support

Lindsay Brent (Toronto)

Client Relations

susfinance.americas@sustainalytics.com

(+1) 646 518 9623

Introduction

Tanner Servicios Financieros SA ("Tanner" or the "Company") is a financial services institution based in Santiago, Chile. The Company provides a range of financial services, including factoring, auto financing, insurance, corporate loans, and leasing. As of 2022, Tanner provided services to more than 83,000 customers, primarily MSMEs and individuals, and has approximately 950 employees across 24 offices in Chile.¹

Tanner has developed the Tanner Sustainability Financing Framework dated October 2023 (the "Framework"), under which the Company, its subsidiaries and special-purpose vehicles² intend to issue sustainability bonds, loans,³ private placements and other financing instruments (the "Sustainability Financing Instruments")⁴ and use the proceeds to finance or refinance, in whole or in part, existing and future projects aimed at supporting Chile's transition to a low-carbon economy and promoting socioeconomic advancement (the "Eligible Projects"). The Framework defines eligibility criteria in three areas:

1. Socioeconomic Advancement and Empowerment: MSMEs
2. Socioeconomic Advancement and Empowerment: Auto Financing
3. Clean Transportation

Tanner engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework's environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2023 (SBP),⁵ Green Loan Principles 2023 (GLP) and Social Loan Principles 2023 (SLP).⁶ The Framework has been published in a separate document.⁷

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

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent⁸ 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 Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA, and the Green Loan Principles 2023 and Social Loan Principles 2023, as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.14, 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 Tanner'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. Tanner representatives have confirmed (1) they understand it is the sole responsibility of Tanner to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all

¹ Tanner, "Annual Report 2022", at: <https://cdn-tanner.azureedge.net/wp-tanner-dev/2023/04/annual-report-2022-tanner.pdf>

² Tanner has communicated to Sustainalytics that the subsidiaries issuing the instruments under the Framework will be either wholly owned or majorly controlled (>50%+1 share) by Tanner, and that Tanner will be responsible for ensuring continual alignment of such issuances with the criteria defined in the Framework.

³ In the case of multi-tranche loans, the Issuer will label just those tranches as green, social or sustainable that exclusively finance eligible activities.

⁴ Sustainalytics has reviewed only those financial instruments that are specified under the Framework.

⁵ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

⁶ The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>

⁷ The Tanner Sustainability Financing Framework is available on Tanner Servicios Financieros SA's website at: <https://tanner.cl/inversionistas-investors>

⁸ 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.

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.

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

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. Upon 24 (twenty-four) months following the evaluation date set stated herein, Tanner is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

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 Tanner has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Tanner Sustainability Financing Framework

Sustainalytics is of the opinion that the Tanner Sustainability Financing Framework is credible and impactful and aligns with the four core components of the GBP, SBP, GLP and SLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Socioeconomic Advancement and Empowerment: MSMEs, Socioeconomic Advancement and Empowerment: Auto Financing, and Clean Transportation – are aligned with those recognized by the GBP, SBP, GLP and SLP.
 - Tanner has established a two-year look-back period for its refinancing activities, which Sustainalytics views to be in line with market practice.
 - Under Socioeconomic Advancement and Empowerment: MSMEs, Tanner intends to finance or refinance loans and financial services provided to the following groups: i) MSMEs; ii) women-owned MSMEs; iii) youth-owned MSMEs; and iv) migrant-owned MSMEs.
 - Tanner refers to the definition from the Internal Tax Service of Chile (SII) on MSMEs based on the enterprise's annual sales.⁹ The size of the enterprise is classified into the following ranges, based on the calculation of annual sales: i) micro enterprises range from 0.01 to 2,400 UF¹⁰ per year; ii) small enterprises range from 2,400 to 25,000 UF per year; iii) medium-sized enterprises range from 25,000 to 100,000 UF per year.
 - Sustainalytics notes that the SII's thresholds to define MSMEs are in line with those defined by the International Finance Corporation (IFC).¹¹

⁹ SII, "Personas Jurídicas y Empresas", at:

https://www.sii.cl/sobre_el_sii/nominapersonasjuridicas.html#:~:text=1er%20Rango%20Peque%C3%B1a%20Empresa%3A%202.400,a%2050.000%2C00%20UF%20Anuales

¹⁰ UF stands for Unidad de Fomento, which is a unit of accounting used in Chile. It is a non-circulating currency that is constantly adjusted for inflation. The Central Bank of Chile calculates UF based on the consumer price index.

Central Bank of Chile, "Unidad de foment (UF)", at: <https://www.bcentral.cl/en/content/-/details/6-7-unidad-fomento-uf>

¹¹ IFC, "IFC's Definitions of Targeted Sectors", at: <https://www.ifc.org/en/what-we-do/sector-expertise/financial-institutions/definitions-of-targeted-sectors>

- Tanner defines women-owned MSMEs as those that meet one of the following: i) majority-owned by women ($\geq 51\%$); or ii) 20% or more owned by women and has one woman or more as the CEO, COO, president or vice president, and where a board exists, has 30% or more of the board of directors composed of women.
- Tanner defines youth-owned MSMEs as those that meet one of the following: i) majority-owned by a young person ($\geq 51\%$); or ii) 20% or more owned by a young person and has one young person or more as the CEO, COO, president or vice president, and where a board exists, has 30% or more of the board of directors composed of young people.
 - The Company defines a young person as an individual who is 32 years old or younger, following the age group defined by the World Bank's Young Professional Program.¹²
 - Sustainalytics notes the high level of unemployment among youth in Chile¹³ and further notes that Tanner's expenditures towards youth-owned MSMEs could enable youth's access to financial services, increase youth employment and benefit the economy in Chile.
- Tanner defines migrant-owned MSMEs as those that meet one of the following: i) majority-owned by migrants ($\geq 51\%$); or ii) 20% or more owned by migrant and has one migrant or more as the CEO, COO, president, or vice president, and where a board exists, has 30% or more of the board of directors composed of migrants.
 - The Company defines the targeted migrant to be a person who is not born in Chile and who has not been nationalized that: i) has low or no credit score history; or ii) meet the criteria of a low- or moderate-income borrower in Chile.¹⁴
- Sustainalytics considers lending to MSMEs located in developing countries with the additional targeting for businesses led by the target populations as being socially impactful.
- Under Socioeconomic Advancement and Empowerment: Auto Financing, Tanner intends to finance or refinance loans and automotive financing products provided to low- and moderate-income borrowers.¹⁵
 - Tanner has communicated to Sustainalytics that the loans will be offered at interest rates below or at the market rates. Sustainalytics notes that Tanner has responsible lending policies in place to protect its borrowers from predatory lending. For additional details, refer to Section 2.
 - Tanner has communicated to Sustainalytics that financed vehicles will adhere to the current emissions standards in Chile. Sustainalytics notes that emissions standards for light- and medium-duty vehicles in Chile are required to conform to either US or European emissions standards.¹⁶
- Under the Clean Transportation category, Tanner intends to finance or refinance the development, manufacturing, operation, acquisition, and maintenance of zero direct emissions and low GHG emissions vehicles that meet the following emissions thresholds: i) motorcycles, and light- and medium-sized passenger vehicles with an emissions threshold below 50 gCO₂e/km; ii) freight vehicles for road transport with an emissions threshold below 25 gCO₂e/tkm.
 - The Company intends to employ the New European Driving Cycle (NEDC) as a test procedure to determine if vehicles' emissions are below the defined thresholds.¹⁷

¹² The World Bank, "The World Bank Group Young Professionals Program", at: <https://www.worldbank.org/en/about/careers/programs-and-internships/young-professionals-program>

¹³ The World Bank, "Unemployment, youth total (% of total labor force ages 15-24) (modeled ILO estimate) – Chile", at: <https://data.worldbank.org/indicator/SL.UEM.1524.ZS?lang=en&locations=CL>

¹⁴ Tanner identifies low- and moderate-income borrowers as individuals with an income below the average net monthly labour income of the employed population in Chile at CLP 757,752 (USD 855.50) as measured by the Statistics National Institute (INE) in its annual Supplementary Income Survey. INE, "El ingreso laboral promedio mensual en Chile fue de \$757.752 en 2022", at: [https://www.ine.gob.cl/sala-de-prensa/prensa/general/noticia/2023/08/16/el-ingreso-laboral-promedio-mensual-en-chile-fue-de-\\$757.752-en-2022](https://www.ine.gob.cl/sala-de-prensa/prensa/general/noticia/2023/08/16/el-ingreso-laboral-promedio-mensual-en-chile-fue-de-$757.752-en-2022)

¹⁵ Ibid.

¹⁶ Transport Policy, "Chile: Light-duty: Emissions", at: <https://www.transportpolicy.net/standard/chile-light-duty-emissions/>

¹⁷ Tanner has communicated to Sustainalytics that from September 2024, emissions standards for light- and medium-duty vehicles in Chile will mandate reporting emissions using World Harmonized Light Vehicles Test Procedure in compliance with Euro 6b standard.

Sustainalytics considers best practice to use the World Harmonized Light-duty Vehicle Test Procedure (WLTP), as it replicates realistic driving conditions and yields more accurate emissions results.¹⁸

- Additionally, the Framework stipulates expenditures towards parts of vehicles defined under this category. Tanner has communicated to Sustainalytics that financing will be limited to specialized parts that are specific for green transportation such as, batteries for EVs.
- Sustainalytics considers investments under this category to be aligned with market practice.
- In accordance with the exclusionary criteria set out in the Framework, proceeds will not be allocated to projects or assets directly linked to oil and gas generation, exploration, transmission and distribution; alcohol; tobacco; weapons; gambling; forced labour and child labour; and adult entertainment. Sustainalytics notes positively the Framework's inclusion of the exclusionary criteria.
- Project Evaluation and Selection:
 - Tanner's ESG Committee (the "Committee") will be responsible for evaluating and selecting eligible projects as per the criteria outlined in the Framework. The Committee consists of senior representatives from the Corporate, Auto-Financing, and Finance divisions, as well as sustainability, risk and legal representatives.
 - The Committee will review eligible assets to manage perceived environmental and social risks through its environmental and social risk management system. For additional details, refer to Section 2.
 - Based on the cross-functional oversight for project evaluation and selection, and the presence of an environmental and social risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Tanner's Administration will be responsible for the management and allocation of proceeds using internal tracking systems. Net proceeds will be deposited into Tanner's general account, and an amount at least equivalent to the net proceeds will be earmarked for allocation to eligible assets in accordance with the Framework.
 - Tanner intends to fully allocate proceeds within 36 months of the respective issuance date. Pending full allocation, proceeds will be temporarily held in cash, cash equivalents or other forms of liquid securities and investments in line with the Framework's exclusionary list.
 - Based on the defined management of proceeds, including the allocation timeframe and the temporary use of proceeds, Sustainalytics considers this process to be aligned with market practice.
- Reporting:
 - Tanner commits to report on the allocation and impact of proceeds in an annual report on its Investor Relations website on an annual basis until full allocation. For revolving credit facilities, Tanner has confirmed that reporting will continue until the maturity of such facilities.
 - Allocation reporting will include: i) net proceeds raised from each Sustainability Financing Instrument; ii) description of assets financed by the net proceeds and corresponding allocated amount; iii) total amount of funds allocated to each of the eligible categories; iv) allocated versus total amounts; and v) refinancing versus financing amounts.
 - Impact reporting may include qualitative performance indicators and quantitative performance measures, where feasible, including: i) number of loans to the target populations; ii) amount of loans granted; iii) number of low-carbon vehicles financed; and iv) reduction in GHG emissions.
 - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be aligned with market practice.

¹⁸ The NEDC test procedure, while still used worldwide, uses theoretical driving data, which can lead to material differences in terms of vehicles' CO₂ emissions compared to WLTP.

Transport & Environment, "Mind the Gap 2016 – Report", at: <https://www.transportenvironment.org/discover/mind-gap-2016-report/>

Alignment with Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023 and Social Loan Principles 2023

Sustainalytics has determined that the Tanner Sustainability Financing Framework aligns with the four core components of the GBP, SBP, GLP and SLP. For detailed information, please refer to Appendix 1: Sustainability Bond/Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Tanner

Contribution to Tanner's sustainability strategy

Sustainalytics is of the opinion that Tanner demonstrates a commitment to sustainability by integrating environmental, social and corporate governance considerations into its projects and lending practices. In 2021, Tanner conducted a materiality assessment and identified 18 material economic, environmental, and social issues that informed the Company's sustainability pillars. These pillars include: i) promoting the Company's human capital and retaining talent; ii) improving digital infrastructure, streamlining processes, and implementing robust security and privacy measures; iii) recognizing diversity in the workplace; iv) promoting sustainability by empowering individuals and MSMEs through its products and services; and v) promoting global customer satisfaction and interests.¹⁹

Tanner's Corporate Division is responsible for meeting the Company's priorities related to promoting socioeconomic sustainability by empowering MSMEs, while its Auto-financing Division is responsible for empowering individuals. Within the Corporate Division, the Company provides factoring services and corporate loans for the provision of working capital financing for SMEs and other customers. Furthermore, Tanner prioritizes targeting its financing to various SME groups, such as young entrepreneurs and those run by women and migrants.²⁰ The Company also has communicated to Sustainalytics that it is currently developing quantitative targets for MSME financing services. Between 2022 and 2021, the number of SME customers increased by 50% as a result of the services provided by the Corporate Division. The Company has also communicated that 30% of its financing within the Corporate Division was targeted at SMEs and in 2022, it supported more than 2,000 SMEs. Within the Auto Financing Division, the Company has communicated that, in 2022, it supported 4,500 low- and moderate-income individuals, while 13% of auto-financing was allocated to these individuals. Overall, Tanner had 15,170 outstanding automotive and corporate financing loans amounting to USD 283 million for its qualified programmes in 2022.²¹

Tanner also prioritizes the adoption of electromobility in all stages of the value chain, including for imports, distribution and implementation of services, and sale of vehicles to people and companies to advance its sustainability strategy.²² The Company has communicated that it is currently developing quantitative targets for electromobility. In 2022, the Company provided gross loans amounting to USD 4.1 million for electromobility solutions through products within the corporate and auto-financing divisions. As part of its automotive financing initiatives, Tanner financed vehicle import companies and sectors with high levels of mobility seeking to invest in new technologies. The Company has also established partnerships and agreements with automotive businesses to increase financing for different types of vehicles. For example, in 2022, Tanner signed a contract with BYD Chile to enable financing for the acquisition of a 100% electric fleet, heavy-duty vehicles and last-mile vehicles for SMEs.²³

Sustainalytics is of the opinion that the Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental and social priorities. Sustainalytics notes that Tanner is developing quantitative, time-bound targets and encourages the Company to publicly disclose these targets and report on their progress.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving environmental risks arising from financed activities, business ethics, predatory lending, human and labour rights, and community and stakeholder relations. While Tanner plays a limited role in the

¹⁹ Tanner, "Annual Report 2022", at: <https://cdn-tanner.azureedge.net/wp-tanner-dev/2023/04/annual-report-2022-tanner.pdf>

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

²³ Ibid.

development of the specific projects that it finances, by offering lending and financial services, it is exposed to risks associated with the companies or projects that it may finance.

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

- To manage environmental risks associated with its credit operations, Tanner has implemented a formal Environmental and Social Risk Management Policy that establishes the framework, principles, structures and guidelines for identifying, organizing, executing, monitoring, controlling and continually improving its management of environmental and social risks. The policy is applicable to Tanner's clients, subsidiaries, businesses and operations. Furthermore, the policy outlines the procedure for approving credits in accordance with current laws and regulations.²⁴ Additionally, the policy adheres to the IFC's Performance Standards on Environmental and Social Sustainability, which establish guidelines to manage risks relating to GHG emissions, energy, water, land-use and biodiversity conservation.²⁵ In line with this policy, financing with greater exposure to risks may require: i) verification by Tanner's compliance team on current regulations on environmental and social issues; ii) site visits by Tanner personnel; or iii) appraisal by an expert on the issue.²⁶
- Tanner has adopted a Code of Ethics and Conduct, which defines principles and standards related to ethical behaviour; anti-bribery and corruption; integrity; handling; safeguarding and disclosure of information; prevention of crime; and relationship management with clients, suppliers, the community and sustainability, and internal stakeholders. The code is applicable to all employees, senior management and collaborators, as well as Tanner's suppliers and stakeholders in the value chain.²⁷ Tanner has also established a formal Crime Prevention Policy in accordance with Chile's Law No. 20,393, applicable to its business processes. The policy establishes a framework for the prevention of bribery and money laundering.²⁸
- Regarding risks related to predatory lending, Tanner's Credit Risk Policy and Code of Ethics and Conduct ensure that the Company implements responsible lending practices to which all employees must adhere, including understanding a borrower's financial situation, such as the client's cash cycle and business flows, and creating fair and competitive loan terms relative to other creditors.²⁹ Additionally, the Company has communicated to Sustainalytics that it requires its financing activities to have flexible terms depending on the type of customer and its payment preferences.
- To manage or mitigate risks related to human and labour rights, as outlined in Tanner's Environmental and Social Risk Management Policy and Manual of the Management System for Environmental and Social Risks of the Credit Operations, the Company has a process in place to ensure that financed projects with high environmental and social risk exposure adhere to IFC's Performance Standard 2 on labour and working conditions. This standard establishes guidelines related to protecting the fundamental rights of workers, complying with national employment and labour laws and ensuring fair treatment and equal opportunity.^{30,31}
- Tanner is headquartered in Chile, which is recognized as a Designated Country under the Equator Principles. This indicates the presence of robust environmental and social governance systems, legislation, and institutional capacity for protecting the environment and communities, including stakeholder engagement for certain new projects.³²

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

²⁴ Tanner shared its Environmental and Social Risk Management Policy document confidentially with Sustainalytics.

²⁵ IFC, "IFC's Performance Standards on Environmental and Social Sustainability", (2012), at: <https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards>

²⁶ Tanner, "Tanner Sustainability Financing Framework", (2023), at: <https://tanner.cl/inversionistas-investors>

²⁷ Tanner shared its Code of Ethics and Conduct document confidentially with Sustainalytics.

²⁸ Tanner shared its Crime Prevention Policy document confidentially with Sustainalytics.

²⁹ Tanner shared Chapter 1 of its Credit Risk Policy Manual document confidentially with Sustainalytics.

³⁰ IFC, "Performance Standards on Environmental and Social Sustainability", (2012), at: <https://www.ifc.org/content/dam/ifc/doc/2010/2012-ifc-performance-standards-en.pdf>

³¹ Tanner shared its Manual of the Management System for Environmental and Social Risks of the Credit Operations document confidentially with Sustainalytics.

³² Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

Section 3: Impact of Use of Proceeds

All three use of proceeds categories are aligned with those recognized by the GBP, SBP, GLP and SLP. Sustainalytics has focused on where the impact is specifically relevant in the local context.

Importance of financial inclusion for underserved populations in Chile

According to the World Bank's Global Findex, Chile's bank account ownership in 2017 was 74.3%, which was higher than Brazil (70%) and Argentina (48.7%) averages, as well as the Latin American and Caribbean average (55.1%), but lower than the average among OECD countries (94.7%).^{33,34,35} According to the World Bank, financial inclusion in Chile has not entirely reached its underserved populations. In order to meet the needs of Chile's underserved consumers, including low-income individuals, financial products should be made more accessible with easier account opening processes and more flexible withdrawal options.³⁶ As of 2021, the underbanked population in Chile accounted for 26%,³⁷ with women facing greater challenges with loan approval rates 18.3% lower than men.³⁸ Additionally, low-income individuals, who represented 10.8% of Chile's population in 2020, are more likely to have fewer or no access to debt.^{39,40} Chile's underserved populations that own or operate MSMEs also experience issues related to access to adequate financing. For example, women represent 38% of microenterprises in Chile but experience a greater degree of informality (57%) compared to their male counterparts (43%) and earn less than half the profits. Furthermore, most women finance their businesses using their own resources, with only a few having the ability to gain access to financial institutions.⁴¹ Approximately 4% of women-owned microenterprises use informal financing sources as of 2019.⁴² Therefore, such inequalities hinder these enterprises' ability to grow.⁴³

Chile enacted the Fintech Law in 2023 to encourage the development of new products and services and to reach segments of the population that are currently underserved, among other objectives.⁴⁴ In an effort to expand support for women-owned businesses, Chile created the Ministry of Women and Gender Equity in March 2014.⁴⁵ The Chilean government's Plan for Equality of Opportunity between Men and Women 2011-2020 further provides guidance on gender equality policies, including provisions specific to MSME entrepreneurs.⁴⁶

Given this context, Sustainalytics recognizes the alignment of Tanner's emphasis on extending financial access to the target populations under the Framework with the Chilean government's endeavours to enhance access to essential services for marginalized and underserved groups. Sustainalytics also emphasizes the significance of offering low-rate social loans to these targeted groups, highlighting their potential positive contribution toward fostering financial inclusion and bolstering financial security in Chile.

³³ The World Bank Group, "Chile: Financial Sector Assessment Program", (2022), at:

<https://documents1.worldbank.org/curated/en/099440107152219110/pdf/P17202003745650ea0811e02f3df054d83c.pdf>

³⁴ Bank account ownership measures the percentage of individuals older than 15 who have an account at a bank or other type of financial institution.

³⁵ The World Bank Group, "Chile: Financial Sector Assessment Program", (2022), at:

<https://documents1.worldbank.org/curated/en/099440107152219110/pdf/P17202003745650ea0811e02f3df054d83c.pdf>

³⁶ Ibid.

³⁷ Ventura, L. (2021), "World's Most Unbanked Countries 2021", Global Finance, at: <https://www.gfmag.com/global-data/economic-data/worlds-most-unbanked-countries>

³⁸ Montoya, A.M. et al. (2020), "Bad Taste: Gender Discrimination in the Consumer Credit Market", Inter-American Development Bank, at:

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

³⁹ The World Bank, "Poverty headcount ratio at national poverty lines (% of population) - Chile", at:

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

⁴⁰ Madeira, C. (2023), "Adverse selection, loan access and default behavior in the Chilean consumer debt market", Financial Innovation, at: <https://doi.org/10.1186/s40854-023-00458-6>

⁴¹ Latin America and the Caribbean UN Women Programme, "Mapping of investments with a gender perspective in Chile", (2021), at:

https://lac.unwomen.org/sites/default/files/Field%20Office%20Americas/Documentos/Publicaciones/2021/08/EN_Informe%20Inversion%20con%20Le%20de%20Genero%20Chile%20WEB.pdf

⁴² Ibid.

⁴³ Ibid.

⁴⁴ Government of Chile, "Promueve la Competencia e Inclusión Financiera a Través de la Innovación y Tecnología en la Prestación de Servicios Financieros, Ley Fintec", at: <https://www.diariooficial.interior.gob.cl/publicaciones/2023/01/04/43442/01/2246446.pdf>

⁴⁵ Ministerio de la Mujer y la Equidad de Género, "Definiciones estratégicas 2023-2026", at: https://minmujeryeg.gob.cl/?page_id=4195

⁴⁶ Inter-American Development Bank, "Gender in Infrastructure: Chile – Equal Opportunities", at:

<https://generoeninfraestructura.iadb.org/en/country/chile>

Contribution to SDGs

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

Use of Proceeds Category	SDG	SDG target
Socioeconomic Advancement and Empowerment: MSMEs	8. Decent Work and Economic Growth	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
	9. Industry, Innovation and Infrastructure	9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets
	10. Reduce Inequality Within and Among Countries	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
Socioeconomic Advancement: Auto Financing	1. End Poverty in all its Forms Everywhere	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
	8. Decent Work and Economic Growth	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

Conclusion

Tanner has developed the Tanner Sustainability Financing Framework under which the Company and its subsidiaries may issue sustainability bonds, loans, private placements, and other financing instruments and use the proceeds to finance or refinance, in whole or in part, existing and future projects aimed at supporting Chile's transition to a low-carbon economy and promoting socioeconomic advancement. Sustainalytics considers that the eligible projects are expected to create positive environmental and social impacts.

The Tanner Sustainability Financing Framework outlines a process for tracking, allocation, and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics believes that the Tanner Sustainability Financing Framework is aligned with the overall sustainability strategy of the Company and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 1, 8, 9, 10 and 11. Additionally, Sustainalytics is of the opinion that Tanner has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Tanner is well-positioned to issue sustainability bonds, loans, and private placements, and that the Tanner Sustainability Financing Framework is robust, transparent,

and in alignment with the four core components of the Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023 and Social Loan Principles 2023.

Appendix

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

Section 1. Basic Information

Issuer name:	Tanner Servicios Financieros SA
Social Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Tanner Sustainability Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	October 4, 2023
Publication date of review publication:	
Original publication date <i>[please fill this out for updates]</i> :	

Section 2. Review overview

SCOPE OF REVIEW

The review:

- ☒ assessed the 4 core components of the Principles (**complete review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*).
- ☐ assessed only some of them (**partial review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*); please indicate which ones:
 - ☐ Use of Proceeds ☐ Process for Project Evaluation and Selection
 - ☐ Management of Proceeds ☐ Reporting
- ☐ assessed the alignment with other regulations or standards (CBI, EU GBS, ASEAN Green Bond Standard, ISO 14030, etc.); please indicate which ones:

ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- ☒ Second Party Opinion ☐ Certification
- ☐ Verification ☐ Scoring/Rating
- ☐ Other (please specify):

Does the review include a sustainability quality score?

- ☐ Of the issuer ☐ Of the project

☐ Of the Framework

☐ Other (please specify):

☒ No scoring

ASSESSMENT OF THE PROJECT(S)

Does the review include:

- ☒ The environmental and/or social features of the type of project(s) intended for the Use of Proceeds?
- ☒ The environmental and/or social benefits and impact targeted by the eligible Green and/or Social Project(s) financed by the Green, Social or Sustainability Bond?
- ☒ The potentially material environmental and/or social risks associated with the project(s) (where relevant)?

ISSUER'S OVERARCHING OBJECTIVES

Does the review include:

- ☒ An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery?
- ☒ An identification and assessment of environmental, social and governance related risks of adverse impact through the Issuer's [actions] and explanations on how they are managed and mitigated by the issuer?
- ☒ A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting?

CLIMATE TRANSITION STRATEGY

Does the review assess:

- ☐ The issuer's climate transition strategy & governance?
- ☐ The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario?
- ☐ The credibility of the issuer's climate transition strategy to reach its targets?
- ☐ The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval).
- ☐ If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)?
- ☐ The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition pathways that are deemed necessary to limit climate change to targeted levels?
- ☐ The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically?

Overall comment on this section:

Section 3. Detailed Review

1. USE OF PROCEEDS

Does the review assess:

- ☒ the environmental/social benefits of the project(s)?
- ☒ whether those benefits are quantifiable and meaningful?

☒ for social projects, whether the target population is properly identified?

Does the review assess if the issuer provides clear information on:

☐ the estimated proceeds allocation per project category (in case of multiple projects)?

☐ the estimated share of financing vs. re-financing (and the related lookback period)?

Overall comment on this section:

The eligible categories for the use of proceeds – Socioeconomic Advancement and Empowerment: MSMEs, Socioeconomic Advancement and Empowerment: Auto Financing, and Clean Transportation – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental and social impacts and advance the UN Sustainable Development Goals, specifically SDGs 1, 8, 9, 10 and 11.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Does the review assess:

☒ whether the eligibility of the project(s) is aligned with official or market-based taxonomies or recognised international standards? Please specify which ones. Sustainalytics has a proprietary taxonomy which is influenced by the EU taxonomy, Climate Bonds Initiative taxonomy as well as international standards.

☒ whether the eligible projects are aligned with the overall sustainability strategy of the issuer and/or if the eligible projects are aligned with material ESG-related objectives in the issuer's industry?

☒ the process and governance to set the eligibility criteria including, if applicable, exclusion criteria?

☒ the processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)?

☒ any process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s)?

Overall comment on this section:

Tanner's ESG Committee, consisting of senior representatives from the Corporate, Auto-Financing, and Finance divisions, will be responsible for the evaluation and selection of eligible assets as per the criteria outlined in the Framework. The Company has an environmental and social risk management system to address the environmental and social risks associated with the projects financed. Based on an established process for project selection and the presence of a general risk management process, Sustainalytics considers these processes to be aligned with market practice.

3. MANAGEMENT OF PROCEEDS

Does the review assess:

☒ the issuer's policy for segregating or tracking the proceeds in an appropriate manner?

☒ the intended types of temporary investment instruments for unallocated proceeds?

☐ Whether an external auditor will verify the internal tracking of the proceeds and the allocation of the funds?

Overall comment on this section:

Tanner's Administration will be responsible for the management and allocation of proceeds using internal tracking systems. The Company intends to fully allocate proceeds within 36 months of the respective issuance date. Unallocated net proceeds will be held in cash, cash equivalents or other forms of liquid securities and investments. This is aligned with market practice.

4. REPORTING

Does the review assess:

- ☒ the expected type of allocation and impact reporting (bond-by-bond or on a portfolio basis)?
- ☒ the frequency and the means of disclosure?
- ☐ the disclosure of the methodology of the expected or achieved impact of the financed project(s)?

Overall comment on this section:

Tanner commits to report on the allocation and impact of proceeds in an annual report on its Investor Relations website on an annual basis until maturity. In addition, Tanner intends to report on relevant impact metrics. Sustainalytics views Tanner's allocation and impact reporting as aligned with market practice.

Section 4. Additional Information

Useful links (e.g. to the external review provider's methodology or credentials, to the full review, to issuer's documentation, etc.)

Analysis of the contribution of the project(s) to the UN Sustainable Development Goals:

Additional assessment in relation to the issuer/bond framework/eligible project(s):

Disclaimer

Copyright ©2023 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

Or contact us contact@sustainalytics.com

