

Green Bond Impact Report 2020



AES Gener

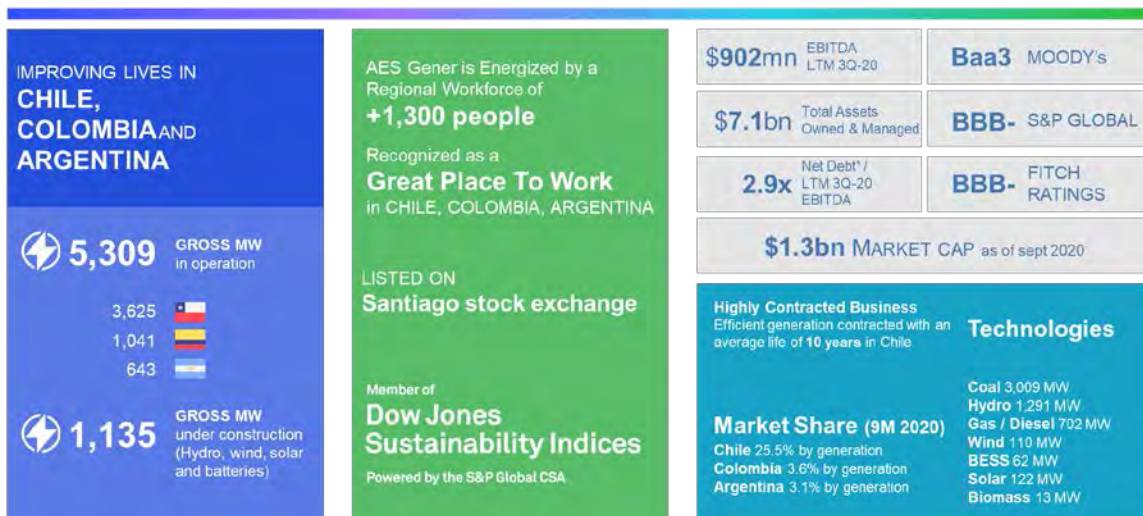
AES Gener is an affiliate of The AES Corporation (“AES”) with a presence in Chile, Colombia and Argentina. We are committed to the sustainable development of South America through a diverse portfolio of power generation facilities. We are the second largest generation company in Chile in terms of installed generation capacity and the first Chile’s power generator providing 25% of the country’s gross generation, as of September 30, 2020

We generate and sell electricity in Chile, Colombia and Argentina to customers, including distributors, commercial and industrial, and mining customers, and other generators, with the purpose of accelerating the future of energy together.

In addition, we sell energy to the spot market. We operate a total installed capacity of 5.309 MW in the region, along with a large portfolio of renewable energy and battery projects under construction.

In Chile, we have an installed capacity of 3.625 MW, consisting of 3.068 MW of thermoelectric energy, 271 MW of hydroelectric energy, 110 MW of wind power, 101 MW of photovoltaic solar capacity, 13 MW of biomass, and 62 MW of battery energy storage systems. In addition, we have seawater desalination plants, transmission lines, and gas pipelines. We also have hydroelectric and solar plants in Colombia with a total capacity of 1041 MW, in addition to a combined-cycle natural gas power plant in Argentina with an installed capacity of 643 MW.

AES GENER - AT A GLANCE



Our Greentegra Strategy: accelerate the future of energy

At AES Gener our ultimate goal is to be the “energy solution provider of choice in South America” with the execution of our Greentegra strategy that has three main objectives: make our customers' electricity supply more sustainable and competitive, reduce the carbon intensity of our portfolio and strengthen our company's investment grade.

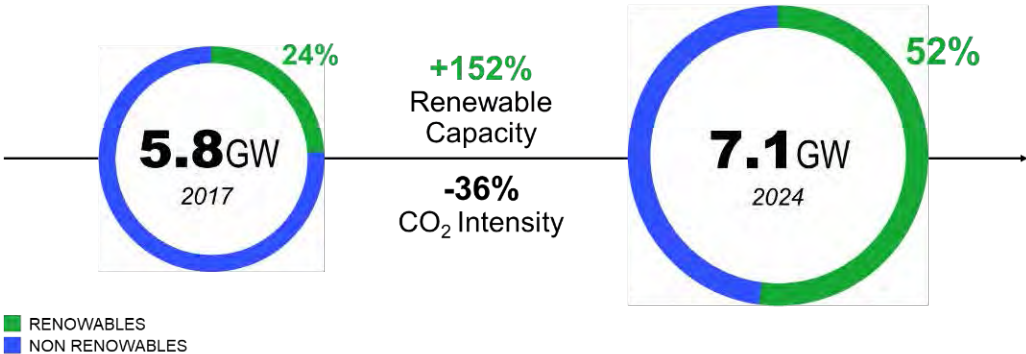
Our strategy considers the needs and concerns of our stakeholders and of both national and international clean energy agendas. In this way, we also help to accelerate a more sustainable energy matrix for the markets where we operate.

Transform AES Gener into a **LEADING RENEWABLE BUSINESS** in South America







We are committed to working toward a more sustainable future for all, transforming our portfolio and increasing our renewable power generation capacity from 24% in 2017, before the launch of the new strategy, to 52% in 2024, including the incorporation of renewable projects through development and acquisition and the retirement of power plants as part of the gradual and responsible process agreed with the authorities for the decarbonization of Chile’s energy matrix.

AES Gener portfolio evolution



Currently, we have under construction 1.135MW of renewable energy (run-of-river hydroelectric, batteries, solar and wind) and a development pipeline of 4.169 MW.

	PIPELINE			
	221MW IN OPERATION SINCE GREENTEGRA	1,135MW UNDER CONSTRUCTION	942MW UNDER DEVELOPMENT	2,952MW UNCONTRACTED UNDER DEVELOPMENT
 HYDRO		531 MW		
 WIND	110 MW	251 MW	516 MW	2,162 MW
 SOLAR	101 MW	241 MW	320 MW	550 MW
 BATTERIES	10 MW	112 MW	106 MW	240 MW

Green bond impact

On 2019, AES Gener issued America's first green hybrid bond for US\$450 million. The hybrid bond, which is due in sixty years (2079), was placed at an annual interest rate of 6.35%.

The placement attracted the interest of more than 133 accounts from various investors, who oversubscribed it in more than three times, generating orders for more than US\$1.450 million.

The following report refers to the period of October 07, 2019 to September 30, 2020, which correspond to a calendar year since the emission of the Green Bond.




Allocation of proceeds

AES Gener has an internal tracking system to monitor and account for an amount equal to the net proceeds.

An internal committee comprised of members from the Sustainability, Finance, and Development teams evaluate the projects to ensure meet the criteria of development, construction, installation, and/or acquisition of renewable energy.

AES Gener has an internal tracking system to monitor and account for an amount equal to the net proceeds. The proceeds from the bond has been used to buy back the bonds that were due in 2021 and 2025 and to finance the purchase and construction of diverse renewable projects including wind, solar or energy storage (battery) that are part of AES Gener renewable growth pipeline.

The following table summarizes the proceeds allocated for the period from October 07, 2019 through September 30, 2020. The amount of net proceeds yet to be allocated to Eligible Green Projects for the period ended September 30, 2020 is US\$150.770.376.

	TYPE OF PROJECT	COUNTRY	AMOUNT DISBURSED (US\$)
	WIND	Chile	228,432,183
	SOLAR	Chile	69,019,670
	SOLAR	Colombia	1,777,771
	TOTAL		299,229,624

Projects description

RENEWABLE ENERGY <i>Project name</i>	COMMISSIONING OR ACQUISITION <i>Date</i>	LIFETIME <i>in years</i>	GENERATION <i>GWH</i>	CAPACITY <i>MW</i>	GHG EMISSIONS AVOIDED <i>Annual Tonnes of CO2e</i>
Los Cururos	2019	26	290	110	140,982
Andes solar IIA	2020	25	260	80	107,822
Los Olmos	2021	25	355	110	147,219
Mesamávida	2021	25	230	62	95,381
Campo Lindo	2022	30	220	82	91,234
Castilla Solar	2019	25	27	21	10,459

Los Cururos



- Type of project: Wind farm
- Location: 300 kilometers from Santiago, in the commune of Ovalle, Coquimbo Region, Chile.
- Installed Capacity: 110 MW // 57 wind turbines
- Description: Los Cururos was acquired in 2019. It is one of the largest wind farms in Chile and the first wind asset for AES Gener in the country. The Cururos Wind Farm includes two wind farms called "El Pacífico" and "La Cebada". The wind turbines are connected by underground power lines to La Cebada substation and interconnect the wind farms to the 2x220 kV transmission line Los Vilos – Pan de Azúcar, owned by the National Electric System.
- Generation since acquisition (2019 - 2020): 207,320 MWh
- Estimated GHG avoided: 140,982 tCO2

Andes Solar IIA



- Type of project: Solar
- Location: Antofagasta region, Chile
- Installed Capacity: 80 MW // 210,672 solar panels
- Description: AES Solar IIA comprises 40,320 bifacial solar panels of 380Wp and 170,352 bifacial solar panels of 385Wp. Bifacial solar panels are capable of capturing direct energy from sunlight and its reflection on the ground, being able to increase their generation capacity by up to 25% depending on terrain conditions. Andes Solar IIA is the world's most efficient solar park. Located in the commune, province and Region of Antofagasta, at 2,800 m altitude.
- Total Annual Generation estimated: 260,000 MWh
- Annual Estimated GHG avoided: 107,822 tCO₂

Los Olmos



- Type of project: Wind
- Location: Biobio region, Chile
- Installed Capacity: 110 MW // 23 turbines
- Los Olmos wind farm is currently under construction and it comprises wind turbines with a nominal power of 4.8 MW each. Located in the Commune Mulchén, Biobío Region, Chile.
- Total Annual Generation estimated: 355,000 MWh
- Annual Estimated GHG avoided: 147,219 tCO₂

Mesamávida



- Type of project: Wind
- Location: Biobio region, Chile
- Installed Capacity: 62 MW // 13 turbines
- The Mesamávida Wind Farm Project is currently under construction and consists of wind turbines with a nominal power of 4,8 MW each. The Project is located 10 km in the west of Los Angeles Commune, Biobío Region.
- Total Annual Generation estimated: 230,000 MWh
- Annual Estimated GHG avoided: 95,381 tCO2

Campo Lindo



render

- Type of project: Wind
- Location: Biobio region, Chile
- Installed Capacity: 82 MW // 23 turbines
- Campo Lindo wind farm is currently under construction and it comprises the installation of wind turbines with a nominal power of 4,3 MW each.
- Campo Lindo Wind Farm Project is located in the commune of Los Angeles and Laja, Biobío Region, Chile, 10 km northwest (NW) of the city of Los Angeles.
- Total Annual Generation estimated: 220,000 MWh
- Annual Estimated GHG avoided: 91,234 tCO2

Castilla



- Type of project: Solar
- Location: El Meta department, Colombia
- Installed Capacity: 21 MW // 54,500 solar panels
- Solar Castilla was built by AES Colombia and started commercial operations in 2019. It is the largest self-generating solar park in Colombia and is located in El Meta department. With an installed capacity of 21 MW and a total of 54,500 panels in service, the solar park supplies part of the energy that Colombian oil Company, Ecopetrol requires in its operations in Castilla La Nueva.
- Generation since acquisition (2019 - 2020): 27,450 MWh
- Estimated GHG avoided: 10,459 tCO₂

Calculation for avoided emissions were made according to the following formula: $ER_y = EG_{facility,y} * EF_{grid,CM,y}$

- ER_y = Emission reduction in year y (tCO₂)
- $EG_{facility,y}$ = Quantity of net electricity generation supplied by the project plant to the grid (MWh)
- $EF_{grid,CM,y}$ = CM CO₂ emission factor in year y

(*CM: Combined Margin)

INDEPENDENT REVIEW REPORT GREEN BOND ISSUANCE 144/A AES GENER

Sirs
AES Gener:

From our consideration:

AES Gener (AES) has asked us to conduct a limited review of its Impact Report regarding the use of funds for the issuance of the green bond 144/A to conclude that:

- The green projects financed by the Green Bond declared in its Report on the use of funds, is in compliance with the eligibility criteria of the projects defined in the report that considers the period between October 7, 2019 and September 30, 2020, which corresponds to a calendar year from the issuance of the Green Bond.
- That the use of funds to issue the green bond is presented, in all material aspects, to reflect the actual use of the proceeds.
- The environmental benefits of green projects financed by the Green Bond, as stated in the Report on the Use of Revenues, in all material respects, are in accordance with the basis of preparation as set out in the Report on the Use of Funds.

Scope

AES Gener's limited assurance review of its internal tracking system to monitor and account for an amount equivalent to net income. The bond proceeds have been used to repurchase bonds maturing in 2021 and 2025 and to finance the purchase and construction of various renewable projects, including wind, solar or energy storage (battery) that are part of AES Gener's renewable growth portfolio.

Standards and verification processes

We have performed our work in accordance with the International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accounts (IFAC).

Our review work has consisted in the evaluation of documents and their backups, where we worked with various units and management of AES Gener that supported the verification process, as well as the application of analytical procedures and review tests described below

- √ Meeting with the team that led the process of issuing the Green Bond 144/A.
- √ Initial analysis of the Green Bond 144/A and evaluation of the context.
- √ Request for requirements and review of evidence with the participating areas of the Green Bond 144/A issuance.
- √ Analysis of the transaction universe of the applied funds of its six projects, which include four wind projects in Chile and two solar projects, one in Colombia and one in Chile.

√ Verification through revisions of the quantitative and qualitative information of each project according to the needs and characteristics of each one, which would correspond to the Wind and Solar projects considered in the structure of the process of issuance of the Green Bond 144/A.

Verification Methodology

Our procedures include meetings with AES Gener personnel responsible for the collection, elaboration and presentation of the "Impact Report", going through the relevant supporting documents, analyzing and reviewing the information obtained, and other procedures related to the information collection process. Specifically the procedures include:

- Obtaining and reviewing systems and documents related to the evaluation and selection of green projects, revenue management, and evaluation of environmental benefits and reporting to know the internal management status of the Green Bond.
- Interview key staff responsible for the Green Bond to understand the policies, processes, internal controls related to green project assessment and revenue management of screening, environmental benefits assessment and reporting.
- Verify the Green Bond registry, project approval documents, and other related project materials to assess whether projects funded by the Green Bond comply with the evaluation criteria.
- Sample account receipts, issue the cost, and proceed with allocation to understand the actual use of the receipts.
- Verify project-related materials and environmental benefit assessment tools, checking that the calculation of the environmental benefit is reasonable.

Conclusions

Regarding the verified information, we can state that no aspect has been revealed that makes us believe that the use of funds for the issuance of AES Gener's Green Bond 144/A has not been executed in the aspects indicated in the scope.

Responsibilities of AES Gener and Deloitte's Management

- Our responsibility is to provide an independent report, based on the procedures applied in our review.
- This report has been prepared exclusively in the interest of AES Gener, according to the terms established in agreements between the parties involved.
- We have performed our work in accordance with the independence standards required by the IFAC Code of Ethics.
- The verification conclusions made by Deloitte are valid for the last version of the data in our possession, received on November 24, 2020.
- The scope of a limited assurance review is substantially less than that of a reasonable assurance audit or review, and therefore we do not provide an audit opinion on the use of funds for the issuance of the Green Bond 144/A.



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Partner
November 24, 2020

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