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**LOAN NUMBER 9559-CL**

# **Loan Agreement**

**(Chile Green Hydrogen Facility to Support a Green, Resilient, and Inclusive Economic Development Project)**

**between**

**REPUBLIC OF CHILE**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

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## **LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF CHILE (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

### **ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

### **ARTICLE II — LOAN**

- 2.01. The Bank agrees to lend to the Borrower the amount of one hundred fifty million Dollars (\$150,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III.A of Schedule 2 to this Agreement. The Borrower’s Representative for purposes of taking any action required or permitted to be taken pursuant to said Section III.A is CORFO’s Executive Vice-President or CORFO’s General Manager.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are January 1 and July 1 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause the Project to be carried out by CORFO in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement, and the Subsidiary Agreement.

### **ARTICLE IV — REMEDIES OF THE BANK**

- 4.01. The Additional Event of Suspension consists of the following, namely, that CORFO's Legislation has been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the ability of CORFO to perform any of its obligations under the Subsidiary Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of thirty (30) days after notice of the event has been given by the Bank to the Borrower.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) that CORFO has developed and approved the Operational Manual set forth in Section I.C.1 of Schedule 2 to this Agreement, in form and substance satisfactory to the Bank;
  - (b) that the Subsidiary Agreement between the Borrower and CORFO has been signed in form and substance satisfactory to the Bank, and any conditions precedent to its effectiveness (other than the effectiveness of this Agreement) have been fulfilled;
  - (c) that the updated Stakeholder Engagement Plan has been adopted and disclosed in form and substance satisfactory to the Bank; and
  - (d) that the first version of the Labor Management Procedures focusing on Part 2 of the Project has been prepared, adopted, and disclosed in form and substance satisfactory to the Bank.
- 5.02. The Effectiveness Deadline is the date one hundred eighty (180) days after the Signature Date.

### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. Except as provided in Section 2.02 of this Agreement and in the ESCP, the Borrower's Representative is its Minister of Finance or any other person authorized in writing by such Representative.

6.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower's address is:

Ministry of Finance  
Teatinos 120  
Santiago, Chile; and

(b) the Borrower's Electronic Address is:

E-mail:  
[oficinapartes@dipres.gob.cl](mailto:oficinapartes@dipres.gob.cl)

6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America; and

(b) the Bank's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	<a href="mailto:iabousleiman@worldbank.org">iabousleiman@worldbank.org</a>

AGREED as of the Signature Date.

**REPUBLIC OF CHILE**

By



\_\_\_\_\_  
**Authorized Representative**

**Name:** \_\_\_\_\_ Mario Marcel

**Title:** \_\_\_\_\_ Minister of Finance

**Date:** \_\_\_\_\_ 06-Jul-2023

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By



\_\_\_\_\_  
**Authorized Representative**

**Name:** \_\_\_\_\_ Pilar Maisterra

**Title:** \_\_\_\_\_ Acting Country Director, LC6

**Date:** \_\_\_\_\_ 29-Jun-2023

**Countersigned on behalf of the  
Treasurer General of the Republic of  
Chile<sup>1</sup>**

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Countersigned on behalf of the  
Controller General of the Republic of  
Chile<sup>2</sup>**

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

<sup>1</sup> Countersignature date by the Borrower's Treasurer General is not considered for purposes of establishing the Signature Date.

<sup>2</sup> Countersignature date by the Borrower's Controller General is not considered for purposes of establishing the Signature Date.

## SCHEDULE 1

### Project Description

The objective of the Project is to support the development of the green hydrogen industry in the Republic of Chile.

The Project consists of the following parts:

#### **Part 1: Green Hydrogen Investment Sub-loans and Risk-Mitigation Facility.**

Provision of Credit Lines to Eligible Beneficiaries, directly through CORFO or indirectly through Eligible RFIs, to partially finance renewable energy green hydrogen production, including electrolysis systems, compression, and storage (Green Hydrogen Sub-projects), comprising:

- (a) Sub-loans; and
- (b) Funding for Debt Service Reserve Accounts and Liquidity Reserve Accounts (Risk-Mitigation Reserve Accounts) to mitigate, respectively, private sector debt repayment and operational underperformance risks of Green Hydrogen Sub-projects.

#### **Part 2: Capacity Building and Project Management.**

Technical assistance, capacity building, and overall Project management activities to strengthen the enabling environment for the green hydrogen industry through the development of necessary professional, financial, and technical skills, including:

- (a) knowledge products and studies in priority areas to, *inter alia*: (i) inform ways to foster demand for green hydrogen from state-owned enterprises and the private sector; (ii) promote the use and access of public infrastructure; and (iii) analyze the expected hydrogen international commodities markets; and
- (b) project implementation, management, and supervision support, including, *inter alia*, for: (i) assessing the risks and advising on the technical, financial, legal, and environmental and social evaluation of Green Hydrogen Sub-projects under Part 1 of the Project; (ii) training in the technical, financial, and environmental and social assessment of Green Hydrogen Sub-projects; (iii) procurement, financial management, monitoring and evaluation aspects of the Project and environmental and social management; and (iv) strengthening CORFO's capacity to act as a tier-1 lender under Part 1 of the Project and facilitate Green Hydrogen Sub-projects' access to new and existing financial instruments.

## SCHEDULE 2

### Project Execution

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements.**

1. The Borrower shall cause CORFO to:
  - (a) operate and maintain the GIF for the purposes of the implementation, monitoring, and supervision of the Project, with a structure, functions, responsibilities, and staffing acceptable to the Bank, including fiduciary, administrative, and technical personnel, and social and environmental specialists, all with qualifications, experience, and terms of employment, as set forth in Operational Manual and the ESCP; and
  - (b) no later than one hundred eighty (180) days after the Effective Date, select and hire a fiduciary coordinator as part of the GIF with qualifications, experience, and terms of reference satisfactory to the Bank, as set forth in the Operational Manual.

##### **B. Subsidiary Agreement.**

1. To facilitate the carrying out of the Project, the Borrower shall enter into an agreement with CORFO (the "Subsidiary Agreement") to transfer the proceeds of the Loan to CORFO, under terms and conditions approved by the Bank, which shall include, *inter alia*, the following:
  - (a) the Borrower's right to take remedial actions against CORFO in case CORFO shall have failed to comply with any of its obligations under the Subsidiary Agreement (which actions may include, *inter alia*, the partial or total suspension and/or cancellation (as the case may be) of the proceeds of the Loan transferred to CORFO);
  - (b) the Borrower's obligation to timely formulate the annual budget for Project implementation in accordance with the Borrower's national legislation; and
  - (c) CORFO's obligation to:
    - (i) carry out the Project with due diligence and efficiency, and in conformity with appropriate administrative, technical, financial, economic, environmental, and social standards and practices, and in accordance with the provisions of this Agreement;
    - (ii) use the loan funds for the financing of the Project as provided in this Agreement;

- (iii) provide the counterpart funds, facilities, services, and other resources, necessary or appropriate to carry out the Project;
  - (iv) ensure that the Project is carried out in accordance with the provisions of this Agreement, including the provisions set forth in the General Conditions, the Operational Manual, the Procurement Regulations, the ESCP and the Anti-Corruption Guidelines;
  - (v) establish and thereafter operate and maintain throughout Project implementation, a credit committee within CORFO for the approval or rejection of proposed Green Hydrogen Sub-projects, with functions and responsibilities acceptable to the Bank, and with staff in numbers and with qualifications and experience acceptable to the Bank, as further detailed in the Operational Manual;
  - (vi) maintain, throughout Project implementation, a financial management system acceptable to the Bank; and
  - (vii) comply with all other relevant terms of this Agreement, including the exclusion of Excluded Activities.
2. The Borrower shall cause CORFO to exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.
3. Except as the Bank shall otherwise agree, the Borrower shall cause CORFO not to assign, amend, abrogate, or waive the Subsidiary Agreement or any of its provisions.

**C. Operational Manual.**

1. The Borrower shall cause CORFO to implement the Project in accordance with a manual (“Operational Manual”) which shall include, *inter alia*:
- (a) a description of Project activities;
  - (b) institutional arrangements for Project implementation (including, *inter alia*, GIF staff composition and their roles and responsibilities in Project implementation);
  - (c) a dedicated section for the implementation of Part 1 of the Project, including, *inter alia*:
    - (i) procedures for the preparation, implementation, monitoring, and evaluation of all the activities under Part 1 of the Project, including financial management and audit procedures for Eligible RFIs and Green Hydrogen Sub-projects, and mechanisms and procedures for the provision and control of Sub-loans and Risk-Mitigation Reserve Accounts;



- (ii) detailed criteria and procedures for the selection of Eligible RFIs and Green Hydrogen Subprojects;
  - (iii) key requirements for the RFI Financing Agreements and the Green Hydrogen Sub-Project Financial Agreements, in line with those included under this Agreement;
  - (iv) Excluded Activities; and
  - (v) monitoring, reporting requirements, and financial management procedures.
2. The Borrower shall cause CORFO not to amend, delete, suspend, or waive any part of the Operational Manual, without the prior written agreement of the Bank.
  3. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

**D. Green Hydrogen Sub-projects Financing.**

1. **Sub-loans.** For purposes of financing Sub-loans under Part 1(a) of the Project, the Borrower shall cause CORFO to:
  - (a) on-lend to Eligible RFIs the proceeds of the Loan allocated to Sub-loans against Category (1-A) under Section III.A of this Schedule 2, under the terms and conditions of the RFI Financing Agreements, including those set forth in Section I.D.3 of this Schedule 2 and in the Operational Manual; and/or
  - (b) on-lend directly to Eligible Beneficiaries the proceeds of the Loan allocated to Sub-loans against Category (2-A) under Section III.A of this Schedule 2, under the terms and conditions of the Green Hydrogen Sub-project Financing Agreements, including those set forth in Section I.E of this Schedule 2 and in the Operational Manual.
2. **Risk-Mitigation Reserve Accounts.** For purposes of funding Debt Service Reserve Accounts and Liquidity Reserve Accounts under Part 1(b) of the Project, the Borrower shall cause CORFO to:
  - (a) (i) on-lend to Eligible RFIs the proceeds of the Loan allocated to Risk-Mitigation Reserve Accounts against Category (1-B) under Section III.A of this Schedule 2, under the terms and conditions of the RFI Financing Agreements, including those set forth in Section I.D.3 of this Schedule 2 and in the Operational Manual; and (ii) cause Eligible RFIs to open, operate, maintain, and supervise separate Debt Service Reserve Accounts and Liquidity Reserve Accounts, which shall be exclusively used for supporting the implementation of Green Hydrogen Sub-Projects under the terms and conditions of the RFI Financing Agreements and Green Hydrogen Sub-project Financing Agreements, and in accordance with the

terms set forth in this Agreement, the Anti-Corruption Guidelines, and the Operational Manual; and/or

- (b) (i) on-lend directly to Eligible Beneficiaries the proceeds of the Loan allocated to Risk-Mitigation Reserve Accounts against Category (2-B) under Section III.A of this Schedule 2, under the terms and conditions of the Green Hydrogen Sub-project Financing Agreements, including those set forth in Section I.E of this Schedule 2 and in the Operational Manual; and (ii) open, operate, maintain and supervise separate Debt Service Reserve Accounts and Liquidity Reserve Accounts, which shall be exclusively used for supporting the implementation of the Green Hydrogen Sub-Projects under the terms and conditions of the Green Hydrogen Sub-project Financing Agreements, and in accordance with the terms set forth in this Agreement, the Anti-Corruption Guidelines and the Operational Manual; and
- (c) upon approval of a Credit Line, deposit the corresponding proceeds of the Loan funds into a Debt Service Reserve Account to mitigate the risks associated with a potential private sector debt repayment default by an Eligible Beneficiary, pursuant to the corresponding RFI Financing Agreement (as applicable), Green Hydrogen Sub-project Financing Agreement, and the Operational Manual, including, *inter alia*, provisions stating that the proceeds under each Debt Reserve Account shall:
  - (i) cover up to twelve (12) months of private sector debt installment repayment of a Green Hydrogen Sub-project and in no case shall cover a repayment of a Sub-loan as defined in paragraph 29 of the Appendix to this Agreement (as said coverage period may be revised from time to time by agreement among the Borrower, CORFO and the Bank and reflected in the Operational Manual for any proposed Green Hydrogen Subproject before the corresponding Green Hydrogen Sub-project Financing Agreement is signed); and
  - (ii) only be disbursed upon submission by an Eligible Beneficiary of evidence acceptable to CORFO and the Eligible RFI (as applicable) on the occurrence of a financial cashflow shortfall that jeopardizes a private sector debt installment repayment of a Green Hydrogen Sub-project, based on the corresponding debt service coverage ratio specified in the Operational Manual; and
- (d) upon approval of a Credit Line, deposit the corresponding proceeds of the Loan funds into a Liquidity Reserve Account to provide additional liquidity to a Green Hydrogen Sub-project and facilitate its continued operation, pursuant to the corresponding RFI Financing Agreement (as applicable), Green Hydrogen Sub-project Financing Agreement, and the Operational Manual, including, *inter alia*, provisions stating that the proceeds under each Liquidity Reserve Account shall:
  - (i) be calculated on up to twenty-five (25) percent of the expected revenues of the pertinent Green Hydrogen Sub-project over its initial five years (as said percentage and term may be revised from time to time by agreement among the Borrower, CORFO and the Bank and reflected in the

Operational Manual for any proposed Green Hydrogen Subproject before the corresponding Green Hydrogen Sub-project Financing Agreement is signed); and

- (ii) only be disbursed upon the submission by an Eligible Beneficiary of evidence acceptable to CORFO and the Eligible RFI (as applicable) on the occurrence of technical deficiencies associated with a Green Hydrogen Subproject listed in the Operational Manual that undermine its expected green hydrogen production level (such as, *inter alia*, temporary deviations of operational key performance indicators related to the production, compression or storage of hydrogen; complications arising from the unavailability of the electrolyzer' replacements; or excessive costs for repair and replacements of the electrolyzer due to component failure or unexpected performance degradation beyond the scope of the performance-based maintenance contracting).

3. **RFI Financing.** The Borrower shall ensure that each RFI Financing Agreement contains provisions pursuant to which CORFO undertakes to:

- (a) suspend or terminate the right of the Eligible RFI to use the proceeds of the RFI Financing, or obtain a refund of all or any part of the amount of the same then withdrawn, upon the Eligible RFI's failure to perform any of its obligations under the RFI Financing Agreement; and
- (b) require each Eligible RFI to:
  - (i) submit a proposal to CORFO for the approval of Credit Lines in accordance with the criteria and procedures set forth in this Agreement and in the Operational Manual, and thereafter supervise, monitor and report to CORFO on the carrying out of Green Hydrogen Sub-projects by the corresponding Eligible Beneficiaries, all in accordance with the Operational Manual;
  - (ii) upon selection of any given Eligible Green Hydrogen Sub-project and approval of the corresponding Credit Line, enter into a Green Hydrogen Sub-project Financing Agreement with the corresponding Eligible Beneficiary, all in accordance with terms and conditions satisfactory to the Bank, including those set forth in this Agreement and the Operational Manual;
  - (iii) provide Credit Lines and conduct its operations and affairs in accordance with appropriate financial standards and practices, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower, with qualified management and staff in adequate numbers;
  - (iv) (A) apply, as appropriate, environmental and social requirements before the selection of any Green Hydrogen Sub-project proposal, in accordance

with the Environmental and Social Standards, the ESCP and CORFO's ESMS; (B) maintain and apply environmental and social requirements to the Green Hydrogen Sub-projects in accordance with CORFO's ESMS; (C) require Eligible Beneficiaries to identify, assess, manage and monitor the environmental and social risks and impacts of Green Hydrogen Sub-projects, as set forth in CORFO's ESMS; (D) ensure that no Excluded Activities are included in any Green Hydrogen Sub-projects; and (E) comply with all other relevant material measures and action set out in the ESCP, as applicable;

- (v) ensure that the proceeds of Credit Lines shall be used exclusively in the carrying out of the Green Hydrogen Sub-project;
- (vi)
  - (A) exchange views with, and furnish all such information to, CORFO and the Bank, as may be reasonably requested by CORFO or the Bank, with regard to the progress of its activities under Part 1 of the Project, the performance of its obligations under its respective RFI Financing Agreement, and other matters relating to the purposes of said Part of the Project;
  - (B) prepare and submit to CORFO, semiannual reports on Credit Lines disbursements, repayments and reports on Green Hydrogen Sub-projects' characteristics as set forth in the Operational Manual and the ESCP; and
  - (C) promptly inform CORFO and the Bank of any condition that interferes or threatens to interfere with the progress of its activities under its respective RFI Financing Agreement;
- (vii)
  - (A) maintain records and accounts adequate to reflect, in accordance with sound accounting practices, its operations and financial condition; and
  - (B) furnish to CORFO and the Bank such information concerning said records and accounts as CORFO or the Bank shall from time to time reasonably request;
- (viii) maintain a financial management system and prepare financial statements in accordance with consistently applied auditing standards acceptable to the Bank; and
- (ix) at CORFO's or the Bank's request, have such financial statement audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements so audited to CORFO and the Bank.

4. The Borrower shall cause CORFO to: (a) take or cause to be taken all action necessary or appropriate on its part to enable Eligible RFIs to perform, in accordance with the provisions

- of their respective RFI Financing Agreements, all the obligations of the Eligible RFIs therein set forth; and (b) not to take or permit to be taken any action that would prevent or interfere with such performance.
5. The Borrower shall cause CORFO to exercise its rights and carry out its obligations under each RFI Financing Agreement in such a manner as to protect the interests of the Bank and the Borrower and to accomplish the purposes of the Loan.
  6. Except as the Bank shall otherwise agree, the Borrower shall cause CORFO not to assign, amend, abrogate, waive or fail to enforce any of the provisions of any RFI Financing Agreement.
  7. ***RFI Eligibility Criteria.*** Except as the Bank shall otherwise agree, the Borrower shall cause CORFO to select Eligible RFIs in accordance with the criteria and procedures set forth in the Operational Manual, including, *inter alia*, that the Eligible RFI: (a) is legally established and registered as a financial institution pursuant to the laws of the Borrower; (b) complies and has capacity to comply with CORFO's ESMS; (c) is under the supervision of CMF; (d) is not included under any sanction regime or financial restructuring plan; and (e) has policies to comply with local and international standards and meets applicable minimum risk ratings.
  8. ***Green Hydrogen Sub-projects and Eligible Beneficiaries Eligibility Criteria.***
    - (a) The Borrower shall cause CORFO to ensure that in no case shall CORFO or an Eligible RFI provide a Sub-loan financed out of the proceeds of the Loan for more than forty (40) percent of the CAPEX of a Green Hydrogen Sub-project.
    - (b) The Borrower shall cause CORFO to ensure that Credit Lines shall be provided exclusively for the production of green hydrogen (and not for the production of any derivative or any green energy generation source) and up to an amount equivalent to forty million Dollars (\$40,000,000) for any given Green Hydrogen Subproject (as said amount may be revised from time to time by agreement among the Borrower, CORFO and the Bank and reflected in the Operational Manual).
    - (c) Except as the Bank shall otherwise agree, the Borrower shall cause CORFO to verify that each Sub-loan and funding of Risk-Mitigation Reserve Accounts shall be provided for a Green Hydrogen Sub-project which is not supporting or including any of the Excluded Activities and which is determined on the basis of an appraisal carried out in accordance with procedures acceptable to the Bank, as further described in the Operational Manual, including determining to the satisfaction of the Bank that:
      - (i) The Eligible Beneficiary:
        - (A) is duly organized as a legal entity under the Borrower's legislation to carry out a Green Hydrogen Sub-project;

- (B) has completed feasibility studies for the proposed Green Hydrogen Sub-project;
- (C) has demonstrated that it has equity investors committed to financing at least thirty (30) percent of equity of the total cost of the Green Hydrogen Sub-project;
- (D) has demonstrated an advanced knowledge of, and capabilities in the development, construction, financing, and successful operation of similar sub-projects;
- (E) can assume financing commitments and demonstrate the origin of the necessary funds to carry out the Green Hydrogen Sub-project;
- (F) has submitted a technical report prepared by an independent engineering firm on the proposed Green Hydrogen Sub-project, describing, *inter alia*, technical aspects, feasibility, risks, as well as a detailed execution schedule;
- (G) has submitted copies of signed contracts or draft contracts on: (I) the required equipment of the Green Hydrogen Sub-project with contractors that have the technical capacity to undertake the required work; and (II) the sale of green hydrogen with prospective buyers who have the financial capacity to fulfill their payment obligations;
- (H) has prepared a business plan including, *inter alia*, the commercial and financial strategy, expansion plans and local content of the proposed Green Hydrogen Sub-project for a period of at least fifteen (15) years;
- (I) has prepared a financial model based on international financial reporting standards, including financial projections of the proposed Green Hydrogen Subproject for the next fifteen (15) years, and demonstrating its viability; and
- (J) complies with applicable social and environmental requirements established in CORFO's ESMS in accordance with the ESCP.

**E. Green Hydrogen Sub-project Financing Agreements.**

1. Upon approval by CORFO of a Credit Line for any given Green Hydrogen Sub-project, the Borrower shall ensure that either an Eligible RFI or CORFO and the pertinent Eligible Beneficiary execute a Green Hydrogen Sub-project Financing Agreement with terms and conditions set forth in the Operational Manual and satisfactory to the Bank, including, *inter alia*, that each Eligible RFI or CORFO (as the case may be) shall obtain rights adequate to protect its interests and those of the Bank, including:

- (a) the right to suspend or terminate the Eligible Beneficiary's use of the proceeds of the Sub-loan and Risk-Mitigation Reserve Accounts, or obtain a refund of all or any part of the amount of the Sub-loan and/or Risk-Mitigation Reserve Accounts then withdrawn, upon the Eligible Beneficiary's failure to perform any of its obligations under the relevant Green Hydrogen Sub-project Financing Agreement; and
- (b) requiring each Eligible Beneficiary to:
  - (i) carry out its Green Hydrogen Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Operational Manual, the ESCP, CORFO's ESMS, and the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower;
  - (ii) provide the facilities, services and other resources, necessary or appropriate to carry out the corresponding Green Hydrogen Sub-project;
  - (iii) maintain mechanisms adequate to enable it to monitor and evaluate the progress of the Green Hydrogen Sub-project;
  - (iv) commit to not carry out Excluded Activities as part of the corresponding Green Hydrogen Sub-project;
  - (v) if necessary, enable the Borrower, CORFO, the Eligible RFI (as applicable) and the Bank to inspect the Green Hydrogen Sub-project, its operation and any relevant records and documents;
  - (vi) prepare and furnish to the Borrower, CORFO, the Eligible RFI (as applicable), and the Bank all such information as the Borrower, CORFO, the Eligible RFI (as applicable), or the Bank shall reasonably request relating to the foregoing;
  - (vii) except as the Eligible RFI (as applicable), CORFO and the Bank shall otherwise agree, not to assign, amend, abrogate, waive or fail to enforce any of the Green Hydrogen Sub-project Financing Agreement's provisions listed in the Operational Manual; and
  - (viii) (A) take or cause to be taken all action necessary or appropriate on its part to enable the Eligible RFI or CORFO (as the case may be) to perform its obligations under the pertinent RFI Financing Agreement and/or Green Hydrogen Sub-project Financing Agreement (as the case may be) and all the obligations of the Eligible RFIs and CORFO therein set forth (as the case may be); and (B) not to take or permit to be taken any action that would prevent or interfere with such performance.

**F. Environmental and Social Standards.**

1. The Borrower shall cause CORFO to ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower shall cause CORFO to ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Borrower shall cause CORFO to ensure that:
  - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
  - (b) sufficient funds are available to cover the costs of implementing the ESCP;
  - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
  - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. Without limitation upon paragraphs 1-2 above, the Borrower shall cause CORFO to: (a) establish CORFO’s ESMS prior to carrying out any activity under Part 1 of the Project; (b) thereafter maintain and apply CORFO’s ESMS to the activities under Part 1 of the Project, including to all Eligible RFIs (as applicable) and Eligible Beneficiaries; and (c) ensure that no Excluded Activities are supported under the Project; all in a manner acceptable to the Bank.
5. The Borrower shall cause CORFO to ensure that:
  - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP, CORFO’s ESMS and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP and CORFO’s ESMS; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP and CORFO’s ESMS; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
  - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect



on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein, CORFO's ESMS and the Environmental and Social Standards.

6. The Borrower shall cause CORFO to establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

**Section II. Project Monitoring Reporting and Evaluation**

The Borrower shall cause CORFO to furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

**Section III. Withdrawal of Loan Proceeds**

**A. General.**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay (i) the Front-end Fee; (ii) the Commitment Charge and, (iii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
(1-A) Sub-loans provided by Eligible RFIs under Part 1(a) of the Project	120,790,000	up to 40% of CAPEX under a Green Hydrogen Sub-project
(1-B) Funding for Risk-Mitigation Reserve Accounts provided by Eligible RFIs under Part 1 (b) of the Project	21,000,000	100%
(2-A) Sub-loans provided by CORFO under Part 1(a) of the Project	0	up to 40% of CAPEX under a Green Hydrogen Sub-project

(2-B) Funding for Risk-Mitigation Reserve Accounts provided by CORFO under Part 1 (b) of the Project	0	100%
(3) Goods, non-consulting services, consulting services, Training and Operating Costs under Part 2 of the Project	6,625,000	100%
(4) Front-end Fee	375,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(5) Commitment Charge on the Loan accrued on or before the last Payment Date immediately preceding the Closing Date	1,210,000	Amount payable pursuant to Section 3.01(b) of the General Conditions and Section 2.04 of this Agreement in accordance with Section 2.07 (c) of the General Conditions
(5) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 4.05 (c) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>150,000,000</b>	

**B. Withdrawal Conditions; Withdrawal Period.**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
  - (a) for payments made prior to the Signature Date; or
  - (b) under Category (1-A), (1-B), (2-A) or (2-B), until CORFO's ESMS has been established and a summary of its elements has been disclosed by CORFO, in a manner acceptable to the Bank; or
  - (c) under Category (2-A) or (2-B), until CORFO has: (i) designed and prepared a business plan for a unit exclusively dedicated to provide direct finance to Green Hydrogen Sub-projects; (ii) established such unit with adequate governance and technical, legal, and financial expertise to assess, design, approve, and monitor project finance arrangements; and (iii) developed policies, procedures, and systems for project finance, all in a manner satisfactory to Bank.

2. The Closing Date is June 30, 2028.

### SCHEDULE 3

#### Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

##### Level Principal Repayments

<b>Principal Payment Date</b>	<b>Installment Share</b>
On each January 1 and July 1 Beginning January 1, 2029 through January 1, 2041	4 %

## APPENDIX

### Section I. Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
2. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “CAPEX” means capital expenditures of electrolysis systems for the production of green hydrogen, including, *inter alia*, the electrolyzer, compressor, storage and dispenser equipment capital costs, as well as the related installation, engineering design, transport, and civil works.
4. “CMF” means the *Comisión para el Mercado Financiero*, the Borrower’s Financial Market Commission.
5. “CORFO” means *Corporación de Fomento de la Producción*, the Chilean Economic Development Agency established pursuant to CORFO’s Legislation. CORFO is the Project Implementing Entity for purposes of the General Conditions.
6. “CORFO’s ESMS” means CORFO’s environmental and social management system, referred to in Section I.F.4 of Schedule 2 to this Agreement, for identifying, assessing, managing and monitoring the environmental and social risks and impacts of all the Green Hydrogen Sub-projects supported under Part 1 of the Project, in accordance with the Environmental and Social Standards, and the ESCP, as said CORFO’s ESMS may be revised from time to time, with prior written agreement of the Bank.
7. “CORFO’s Legislation” means the Borrower’s Law No. 6640 published in the Borrower’s Official Gazette on January 10, 1941 and its regulations set forth in the Borrower’s Decree No. 360 published in the Borrower’s Official Gazette on May 15, 1945 and the norms set forth in Decree No. 211 published in the Borrower’s Official Gazette on May 15, 1945, all as amended to the Signature Date of this Agreement.
8. “Credit Line” means a credit line made or proposed to be made out of the proceeds of the Loan by an Eligible RFI or directly by CORFO, as the case may be, to an Eligible Beneficiary to finance a Sub-loan and Risk-Mitigation Reserve Accounts under Part 1 of the Project up to an amount equivalent to \$40,000,000 for any given Green Hydrogen Subproject (as said amount may be revised from time to time by agreement among the Borrower, CORFO and the Bank and reflected in the Operational Manual).
9. “Debt Service Reserve Account” means an account in which Loan proceeds shall be deposited by CORFO or an Eligible RFI (as applicable) to complement a Sub-loan as part of a Credit Line under Part 1(b) of the Project to an Eligible Beneficiary to mitigate private

sector debt repayment risks of a Green Hydrogen Sub-project, all in accordance with Section I.D.2(c) of Schedule 2 to this Agreement.

10. “Eligible Beneficiary” means a firm duly organized as a legal entity under the Borrower’s legislation to carry out a Green Hydrogen Sub-project, that meets the appropriate criteria set forth in Section I.D.8 of Schedule 2 to this Agreement and in the Operational Manual to receive a Sub-loan and funding for Risk-Reserve Mitigation Accounts under a Credit Line.
11. “Eligible RFI” means any financial retail intermediary which meets the criteria set forth in the Operational Manual (including the criteria set forth in Section I.D.7 of Schedule 2 to this Agreement) to receive RFI Financing.
12. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated May 12, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
13. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
14. “Excluded Activities” means an investment that involves: (a) significant adverse risks and impacts, long-term, permanent, and/or irreversible, impossible to avoid entirely, and that require complex, unproven mitigation, or sophisticated environmental and social analysis; (b) overlap with national/sub-national protected areas, and other types of critical habitats and that have the potential to generate significant adverse effects on these; (c) significant adverse cumulative or transboundary impacts; (d) overlap with designated cultural heritage sites and with the potential to generate significant adverse effects on these or that have a high probability of intersecting (and adversely impacting) sites of high archaeological or cultural interest; (e) significant adverse impacts on indigenous peoples and/ or other vulnerable minorities; (f) land acquisition resulting in large-scale involuntary economic and/or physical displacement, including permanent economic displacement of vulnerable

- groups; (g) potential significant social conflict, harm or human security risks; (h) child labor, non-compliance with the fundamental principles of workers' rights, forced labor, exploitation and/or discriminatory practices; (i) association with high emissions of pollutants to water, soil, and/or the atmosphere; (j) likelihood to cause high visual, physical, and/or health and safety-related risks and impacts to surrounding communities; (k) significant concerns related to the environmental and social capacity and past experience of the developer; and (l) the potential use of, or discharge into, any waterways as defined and applicable under World Bank Operational Policy 7.50 (or detailed design and engineering studies of such investment), as such waterways shall have been described more specifically in the Operational Manual; as said Excluded Activities may be modified from time to time in agreement with the Bank, the Borrower and CORFO, and reflected in the Operational Manual and CORFO's ESMS.
15. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing", dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, and January 1, 2022).
  16. "GIF" means *Gerencia de Inversión y Financiamiento*, CORFO's investment and financing management unit, or any successor thereto acceptable to the Bank.
  17. "Green Hydrogen Sub-project" means an investment carried out or proposed to be carried by an Eligible Beneficiary for renewable-energy green hydrogen production, including electrolysis systems, compression and storage, partially financed by a Credit Line under Part 1 of the Project in accordance with the criteria and procedures set forth in this Agreement and the Operational Manual.
  18. "Green Hydrogen Sub-project Financing Agreement" means any Green Hydrogen Sub-project Financing Agreement between CORFO and an Eligible Beneficiary or any Green Hydrogen Sub-project Financing Agreement between an Eligible RFI and an Eligible Beneficiary, as referred to in Section I.E of Schedule 2 to this Agreement.
  19. "Labor Management Procedures" means the labor management procedures to be prepared by CORFO in a manner acceptable to the Bank, as set out in the ESCP, in accordance with the Environmental and Social Standards.
  20. "Liquidity Reserve Account" means an account in which Loan proceeds shall be deposited by CORFO or an Eligible RFI (as applicable) to complement a Sub-loan as part of a Credit Line to an Eligible Beneficiary under Part 1(b) of the Project to mitigate operational underperformance of a Green Hydrogen Sub-project in accordance with Section I.D.2 (d) of Schedule 2 to this Agreement.
  21. "Operating Costs" means reasonable incremental recurrent expenditures (none of which would have been incurred absent the Project), incurred by CORFO for the implementation, coordination and supervision of the Project, including travel costs (i.e. accommodation, transportation and *per-diem*); operation and maintenance of office equipment; vehicle rental, operation, insurance and maintenance costs; rental of offices; utilities; non-durable and/or consumable office materials; banking fees; communication, printing and

- publications; and salaries of local contractual staff (but excluding the salaries of the Borrower's public servants and consulting services).
22. "Procurement Regulations" means, for purposes of paragraph 84 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated November 2020.
  23. "Project Implementing Entity" means CORFO.
  24. "RFI Financing" means any financing made or proposed to be made out of the proceeds of the Loan under Part 1 of the Project, by CORFO to an Eligible RFI, to finance a Credit Line pursuant to the pertinent RFI Financing Agreement, under terms and conditions acceptable to the Bank and set forth in the Operational Manual.
  25. "RFI Financing Agreement" means any agreement referred to Section I.D.1(a) of Schedule 2 to this Agreement.
  26. "Risk-Mitigation Reserve Accounts" means the Debt Service Reserve Account and the Liquidity Reserve Account.
  27. "Stakeholder Engagement Plan" means the plan to be adopted and disclosed by CORFO for the Project, in a manner acceptable to the Bank, as set out in the ESCP, in accordance with the Environmental and Social Standards.
  28. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions. Countersignature dates by the Borrower's Treasurer General and Controller General are not considered for purposes of establishing the Signature Date.
  29. "Sub-loan" means a sub-loan made or proposed to be made out of the proceeds of the Loan under Part 1(a) of the Project by an Eligible RFI or directly by CORFO, as the case may be, to an Eligible Beneficiary, for financing up to 40% of the total cost of CAPEX of a Green Hydrogen Sub-project, pursuant to the terms of this Agreement, a Green Hydrogen Financing Agreement and the Operational Manual.
  30. "Subsidiary Agreement" means the agreement between the Borrower and CORFO, as referred to in Section I.B of Schedule 2 to this Agreement.
  31. "Training" means expenditures (other than those for consulting services) incurred by CORFO to finance reasonable transportation costs and *per-diem* of trainees and trainers, training registration fees, and rental of training facilities and equipment.