# Sustainable Finance Framework

## July 2026

# Introduction

Aguas Andinas (the “Company”) is the largest water treatment company in Chile, providing drinking water, sewage, and wastewater treatment services to more than two million customers.

The Company views sustainable development as the key to a better future both for Chile and the broader international community. The Company’s operations directly advance 15 of the 17 UN Sustainable Development Goals, making the company a key partner for Chile and its citizens. In particular, Aguas Andinas contributes decisively to the fulfillment of SDG 6, which is related to clean water and sanitation.

# Sustainability at Aguas Andinas

Aguas Andinas manages its operations under a corporate purpose focused on ensuring safe and sustainable access to water and sanitation, creating shared value and strengthening water resilience in the face of climate change. Its strategy is structured around six pillars that integrate robust governance, sustainable investments, circular economy, innovation, and social commitment, aligned with the United Nations Sustainable Development Goals. The company holds international certifications, implements transparency tools (G-Metrix), and conducts human rights due diligence, ensuring high ethical standards. As part of its 2034 decarbonization plan, Aguas Andinas strives toward a cleaner energy mix. In 2024, 84.3 % of its energy came from renewable sources, and it has developed a strategy to achieve a short-term commitment approved by the Science Based Target Initiative adjusting its calculation methodology to the SBTi standards. The company has also prioritized the development of a plan to reduce non-revenue water and strengthen the environmental traceability of its processes. Over 90% of its projects deliver measurable environmental or social impact, with initiatives such as Biofactories that promote waste recovery and renewable energy generation, and the Biociudad Plan, which enhances resilience to climate events. This strategy, verified through integrated reporting and ESG metrics, underpins the Sustainable Finance Framework by ensuring responsible investments, risk mitigation, and long-term value creation.[1]

# Rationale for Sustainable Finance Framework

Aguas Andinas has developed its Sustainable Finance Framework (the “Framework”) to finance and refinance its assets and operations, aiming to achieve strategic environmental and social impact in alignment with its corporate strategy to contribute to the universalization of basic sanitation in Chile.

This Framework aligns with the Company’s corporate vision of "We are committed to the sustainability of the water and sanitation services we provide to people, helping them to always live in a healthy environment”. Aguas Andinas has designed a strategy consisting of six strategic pillars that define the actions and challenges the company must take on in the medium term to ensure the sustainability of its operations as described in the previous section. All company investments are driven by this strategy to fulfill its sustainable-development commitment.

[1] More information is available in Aguas Andinas 2025 Integrated Report pages 21, 48, 76, 82, available here.

Under this Framework, the Company and its wholly owned subsidiaries may issue Green, Blue, Social, and Sustainability Financing Instruments (collectively referred to as "Sustainable Finance Instruments" or "SFIs").

To back future SFI issuances, Aguas Andinas created this Framework, which includes:

- **Green Financing Instruments ("Green-Fis"):** Instruments where the proceeds will be applied to finance or refinance, in whole or in part, new and/or existing Eligible Green Projects.
- **Blue Financing Instruments ("Blue-Fis"):** Instruments where the proceeds will be applied to finance or refinance, in whole or in part, new and/or existing Eligible Projects in the categories of Sustainable Water and Wastewater Management, Climate Change Adaptation, and Terrestrial and Aquatic Biodiversity Conservation.
- **Social Financing Instruments ("Social-Fis"):** Instruments where the proceeds or the equivalent amount will be applied to finance or refinance, in whole or in part, new and/or existing Eligible Social Projects.
- **Sustainability Financing Instruments ("Sustainability-Fis"):** Instruments where the proceeds or the equivalent amount will be applied to finance or refinance, in whole or in part, new and/or existing Eligible Green and Social Projects.

## Eligible Instruments for SFIs

Under this Framework, the Company may, from time to time, issue senior unsecured notes, debentures, term loans, project finance loans, ECA-covered loans, commercial papers (with a maturity longer than one year), and loans (such as revolving credit facilities, term loans, and/or contingent facilities), among others, to fund specific investments, assets, and projects that meet the Eligibility Criteria defined in this Framework.

Aguas Andinas considers that the issuance of SFIs and the corresponding investments in Eligible Projects will contribute to the execution of its sustainability strategy and support the achievement of its medium- and long-term targets.

## Alignment with Market Principles

Aguas Andinas developed this Framework using the following voluntary guidelines developed by the International Capital Markets Association ("ICMA"), Loan Market Association ("LMA"), Asia Pacific Loan Market Association ("APLMA"), Loan Syndication & Trading Association ("LSTA") and International Finance Corporation ("IFC") that promote transparency, disclosure and integrity in the sustainable bond and loan markets (the "Principles[2]"):

- ICMA Green Bond Principles (GBP)[3], June 2025.
- ICMA Social Bond Principles (SBP)[4], 2025.
- LMA, APLMA, and LSTA Green Loan Principles (GLP)[5] 2025
- LMA, APLMA, and LSTA Social Loan Principles (SLP) 2025[6]

[2] GLP and, together with GBP, SBP, GLP and SLP, referred to as the "Principles"

[3] Green Bond Principles » ICMA

[4] Social Bond Principles (SBP) » ICMA

[5] https://www.lsta.org/content/guidance-on-green-loan-principles-glp/

[6] https://www.lsta.org/content/social-loan-principles-slp/

Aguas Andinas will also align with ICMA's Sustainability Bond Guidelines (SBG)[7], 2021 and the IFC Guidelines for Blue Finance Version 2.0 2025 ("Guidelines for Blue Finance")[8] (together referred to as the "Guidelines").

The Principles and the Guidelines provide a foundation to enable issuers and investors to engage in green, blue, social, and sustainability bonds, loans, and other capital market instruments. These processes leverage existing best market practices to ensure that these instruments are used to finance and/or refinance projects and programs that contribute to environmental and/or social activities.

# Use of Proceeds

Aguas Andinas intends to allocate an equal amount to the net proceeds of any SFI based on this Framework to finance and/or refinance, in whole or in part, Green, Blue and/or Social Projects ("Eligible Projects") that meet the eligibility criteria described below. Net proceeds will be used to finance Eligible Projects that have made disbursements over the last 36 months, or less, prior to issuance. The balance will be used for disbursements under Eligible Projects scheduled for implementation within the next 24 months.

For the purpose of this Framework, investments that may be considered Eligible Projects include the following:

- Development, reforms, installation, and expansion, as well as other capital expenditures ("CapEx") related to the defined Eligible Projects.
- Selected operating expenditures ("OpEx"), such as maintenance costs that either increase the lifetime or the value of the assets of physical assets meeting the and related to the financing of the Eligible Projects.
- Research and development ("R&D") expenditures aimed at developing new products and/or solutions as per the Eligibility Criteria.
- Acquisitions of a majority or minority stake or capital injections in Pure Player[9] companies specialized in the green and blue categories described in the Use of Proceeds section of this Framework.

Eligible Projects are defined as investments that align to an Eligible Category described below that (i) meet the defined social and environmental criteria; and (ii) have been reviewed and approved by the Company. The Eligible Projects will be carried out by Aguas Andinas S.A. and its regulated subsidiaries Aguas Cordillera S.A. and Aguas Manquehue S.A.[10]

[7] https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf

[8] ifc-guidelines-for-blue-finance.pdf

[9] A Pure Player company is defined as a company that derives the great majority of its revenues (at least 90%) from activities aligned with the criteria of eligible green/blue or social categories

[10] Information on all of these projects will be available on the Aguas Andinas Investor Relations website at www.aguasandinasinversionistas.cl

## Eligible Green / Blue Project Categories

| Eligible Green / Blue Category | Eligibility Criteria |
|---|---|
| Sustainable Water and Wastewater Management | Investments and expenditure in planning, development, operation, maintenance, enhancement, installation, expansion, acquisition and retrofitting of sustainable water and sewage management systems and technologies, including:<br><br>**Potable Water**<br>• Infrastructure or drinking water treatment systems that improve, maintain or monitor water quality.<br>• Optimization and efficiency programs that reduce water footprint in the distribution and consumption of water in operations, production facilities, and offices.<br>• Sustainable water supply infrastructure (e.g. abstraction and treatment) that would allow a significant reduction of the volume of water abstracted to satisfy a defined demand.<br>• Smart system water meters and tools for pressure identification and/or leaks.<br><br>**Wastewater Treatment**<br>• Infrastructure to collect and treat sewage.<br>• Wastewater/sewage treatment and recovery plants and related infrastructure.<br>• Urban drainage systems.<br><br>**Water Infrastructure**<br>• Water recycling and reuse infrastructure.<br>• Water supply/storage infrastructure to recharge water, recover water bodies/tables, rainwater catchment systems.<br><br>**UN SDG Alignment**<br>**6: Clean Water and Sanitation** |
| Climate Change Adaptation | Investments and expenditures in infrastructure designed to increase resilience and improve customer reliability, as well as mitigating impacts from climate change, such as severe climatic events, including more frequent and intense flooding, drought, heat waves, as well as other impacts and changes in climate patterns including:<br>• Technology and infrastructure to diversify water supplies and increase water security such as expanding groundwater extraction via networks of wells and artificial aquifer recharge projects to store excessive water underground.<br>• Direct connection from the main raw water reservoir of the metropolitan region to the water treatment plants |

| Eligible Green / Blue Category | Eligibility Criteria |
|---|---|
| | **UN SDG Alignment**<br>**13: Climate Action** |
| Terrestrial and Aquatic Biodiversity Conservation | Investments and expenditure for sustainable management and restoration of natural ecosystems, including:<br>• Conservation and management projects to restore or maintain catchment systems (rivers, lakes, streams, dams, groundwater and springs) to improve the quality of the environment and water.<br>• Projects for the conservation and restoration of forests, riparian vegetation and wetlands to maintain water quality and quantity and to prevent flooding and promote biodiversity.<br><br>**UN SDG Alignment**<br>**14: Life Below Water** |
| Renewable Energy | Investments and expenditure in the generation, design, development, construction, operation, distribution, maintenance and/or purchase of renewable energy and related infrastructure including:<br>• Long-term power purchase agreements (PPAs) of at least 5 years from solar, wind, small-scale hydropower<br>  • Electrical cogeneration and self-consumption through biogas treated in biofactories<br><br>**UN SDG Alignment**<br>**7: Affordable and Clean Energy**<br>**13: Climate Action** |
| Energy Efficiency | Investments and expenditures in activities, equipment, technology, and other products or projects that increase energy efficiency, reduce energy consumption, or reduce GHG emissions, or projects that help manage and store energy including:<br>• Application of LED lighting fixtures, HVAC optimization, building upgrades, heat recovery systems, vacuum distillation.<br>• The company is managing the conversion of certain assets, particularly wells (which are among its highest electricity consumers), into a free-market energy customer. The goal is to negotiate renewable energy contracts with more favorable terms.<br><br>**UN SDG Alignment**<br>**7: Affordable and Clean Energy**<br>**13: Climate Action** |

### Eligible Social Project Categories:

| Eligible Social Category | Eligibility Criteria |
|---|---|
| Affordable Basic Infrastructure | Investments and expenditure in construction, development, renewal, maintenance and/or expansion of facilities, systems, services, and programs that improve access to drinking water and sanitation systems for low-income populations, populations living in a situation of social vulnerability, or populations in risk of being affected by a natural hazard including:<br>• Expansion of systems located in select locations<br>• Building works to prevent widespread service outages and ensure the continuity of drinking water supply and access<br><br>**UN SDG Alignment**<br>**3: Good Health and Well-Being**<br>**6: Clean Water and Sanitation** |

### Target Population for Social Projects

Aguas Andinas serves most of the metropolitan population of Santiago to ensure all inhabitants have reliable and safe access to water. The company understands that water is a universal good that needs a whole functioning ecosystem around it that mitigates health risks from untreated or poorly treated water. If portions of the metropolitan population are exposed to harmful bacteria, viruses and parasites from contaminated water, the whole functioning of the entire population is at risk. Moreover, these activities help mitigate negative affects related to water scarcity in the service area, which is of growing concern in both Chile and the Latin America region.

### Exclusion Criteria

Below are related projects and activities that cannot be classified as Eligible Projects and therefore cannot be allocated to as part of a Sustainable Financing Instrument issued under this Framework:

- Acquisition, development, operation and maintenance of fossil fuel-based electricity generation systems or coal or fuel oil heating systems;
- Nuclear activities or associated waste;
- Tobacco;
- Controversial weapons.

Aguas Andinas will also align to the UNEP FI's Recommended Exclusions for Financing a Sustainable Blue Economy.[11]

[11] Available at https://www.unepfi.org/publications/turning-the-tide-recommended-exclusions/

# Process of Project Evaluation and Selection

Aguas Andinas has an Investment and Expenditure Committee (CIG), comprised by the Executive Committee, which meets weekly to analyze and approve investments, expenditures, and contract modifications exceeding 1,260 UF (pre-VAT), as well as awards and contracts with related companies. In the context of these approvals, the CIG ensures that awards are made under competitive conditions and in accordance with internal procedures and current regulations, including the requirements established by the Superintendency of Sanitary Services (SISS, The Regulator) for public bidding processes. It also monitors compliance with the current investment budget for the resulting awards, promoting efficiency in terms of costs, deadlines, quality, and safety.

Aguas Andinas also formed a separate committee to evaluate all assets selected for sustainable-labeled bond issuance (the "Green and Social Financing Committee"). Working in coordination with the Expenditure Committee, the Green and Social Financing Committee is responsible for overseeing the management of proceeds from the issuance of SFIs and is comprised of members from the Finance, Business Control, Sustainability, Compliance and Corporate Governance divisions. These members will work hand in hand with the Corporate PMO to manage the investment portfolio and its related programs and projects. The Green and Social Financing Committee meets at least monthly, and more often when required.

A total of eight members sit on the Green and Social Financing Committee, as follows:

- A chairman (who, in the event of a tie in a given vote, shall break the tie with his/her vote).
- A secretary (responsible for compiling all agreements reached at committee meetings and for circulating the minutes, in addition to working with the Business Control, Treasury and Accounting Divisions to follow up on instrument disbursements).
- The remaining six committee members are delegates.

All projects selected by the Company are subject to the provisions of the Company's Integrated Management Policy, thereby complying with the environmental and social criteria used during the process of evaluation and selection of Eligible Projects. The following environmental and social factors are considered among the items examined during the project selection process:

**Environmental Factors**

- Environmental management strategy
- Prevention and control of environmental emergencies and incidents and contamination
- Biodiversity protection
- Minimizing environmental impacts
- Promoting the use of renewable energy
- Protecting water resources
- Atmospheric emissions management
- Climate change adaptation capacity
- Local pollution (noise, odor, aesthetic, etc.) management

**Social Factors**

- Respect for human and labor rights
- Occupational health and safety management for all project workers
- Quality of working conditions for all project workers

# Management of Proceeds

The Treasury and Corporate Finance team will oversee the management of net proceeds and their proper linkage to eligible assets, while also ensuring that they meet the criteria outlined under the Sustainable Bond framework.

Until the net proceeds of an SFI are fully allocated, Aguas Andinas pledges to disclose the value of any unallocated net proceeds and/or when the net proceeds have been completely allocated in an Annual Report published on the Company's website.

The balance of the net proceeds under examination will be periodically adjusted to match Eligible Project allocations made during the period during the life of each SFI. The Company will disclose the types of temporary placement of unallocated proceeds that it plans on making. Unallocated proceeds will be held exclusively in:

- Cash, short-term deposits, or low-risk money market instruments, in accordance with the company's financial risk policies
- Used temporarily to reduce renewable indebtedness before being distributed and/or disbursed to eligible projects

Aguas Andinas pledges that temporarily unallocated proceeds will not be invested in controversial activities as defined in the Exclusion Criteria section. In the event that any asset or project (i) no longer meets the established eligibility criteria (ii), is controversial in nature or (iii) in the event of cancellation, all proceeds raised will be disinvested from the project in question and used to finance other eligible projects, as determined by the Green and Social Financing Committee, during the same session it becomes aware of this situation. Proceeds shall be redistributed within a 12-month period. Moreover, should the above situation occur, an ad hoc report on the matter will be issued to investors.

Principal and interest payments will be made from Aguas Andinas' general accounts and will not be related to the performance of eligible projects.

# Reporting

On an annual basis and until full allocation Aguas Andinas will provide its investors with information on the SFIs, as part of its integrated annual report (the "Annual SFI Report"). The information in the Annual SFI Report will be available on the Company's Investor Relations website.[12]

The following is a detailed account of what will be included in the Annual SFI Report:

i. Updated description of assets and proceeds allocated to eligible green, blue and/or social assets. The Green and Social Financing Committee will be responsible for providing said update and for making the required information available in a timely manner. The percentage allocated to refinancing and financing will be explicitly reported.
ii. The methodology and/or rationale behind the metrics publicly disclosed in the reports.

[12] Available at www.aguasandinasinversionistas.cl

iii. If applicable, a report on ESG disputes related to the selected asset portfolio, to be included in the integrated annual report for the corresponding year.
iv. The amount of unallocated proceeds.
v. Relevant asset impact indicators listed by category, in line with the ICMA Harmonized Framework for Impact Reporting[13] as follows:

| Eligible Category | Example Impact Metrics |
|---|---|
| Sustainable Water and Wastewater Management | • Number of water connections (absolute number)<br>• Number of sewage connections (absolute number)<br>• Energy use (kWh)<br>• Volume of water saved ($m^3$)<br>• Autonomy of networks (hours)<br>• Nitrogen concentration (mg/L)<br>• Volume of treated water ($m^3$/year)<br>• Volume of treated effluent ($m^3$/year)<br>• Number of customers served by the water supply / operations |
| Climate Change Adaptation | • Autonomy of network (hours)<br>• Total invested in infrastructure to increase resilience (USD/year)<br>• Days of water or sewage operation interrupted due to floods (days)<br>• Number of monitoring or alert systems installed (number) |
| Terrestrial and Aquatic Biodiversity Conservation | • Area managed under conservation (ha)<br>• Reafforested and/or recovered area (ha) |
| Renewable Energy | • Share of total electricity consumption from renewable sources (%)<br>• Annual renewable energy consumed/generated (kWh)<br>• Annual GHG emissions reduced/avoided (tons of CO2 equivalent) |
| Energy Efficiency | • Annual energy savings (MWh/GWh)<br>• Annual GHG emissions reduced/avoided (tons of CO2 equivalent) |
| Affordable Basic Infrastructure | • Population and/or households served by operations |

[13] Handbook-Harmonised-Framework-for-Impact-Reporting-June-2024.pdf

# External Review

## Second Party Opinion

Aguas Andinas has engaged Moody's ESG Solutions to provide a Second Party Opinion ("SPO") on its Sustainable framework. Moody's ESG Solutions has conducted a review of the framework, considering its social and green attributes and its alignment with the Principles and the Guidelines.

The purpose of the SPO is to provide investors with an independent opinion. This SPO, as well as the Sustainable Bond Issuance framework, will be published under the Bondholders section on the Aguas Andinas Investor Relations site.[14]

## External Review

Aguas Andinas commits to an external review of its Annual SFI Report that will be verified annually by an external independent assurance provider. The external review will be included in the Company's integrated annual report or published separately. The review will track the status of the allocation of proceeds and evaluate relevant impact indicators until full allocation is achieved.

## Amendments

Aguas Andinas may review this Framework from time to time, including its alignment with up-to-date versions of the Principles and the Guidelines, as well as other national and/or international standards, with the aim of adhering to best market practices, provided that maintaining or expanding levels of transparency and reporting.

Similarly, Aguas Andinas should also review this Framework in the event of material changes in its corporate strategy (such as changes in the corporate sector, acquisitions, mergers and divestments deemed relevant). Such a review may result in updating and modifying this Framework. Updates, if not minor in nature, will be subject to obtaining a new SPO issued by an independent verifier.

Any updated version of this Framework that may exist will maintain or improve current levels of transparency and reporting. The updated Framework, if any, will be published on the Company's website and will replace this Framework.

[14] Available at www.aguasandinasinversionistas.cl