



AGUAS
andinas®

ESG Information Annex 2024

Document prepared to respond and
apply to S&P CSA / DJSI

1.2.2

Board Type

3 of the Board Members meet S&P indepedence
criteria

	Felipe Larraín Aspillaga (Chairman)	Gustavo Migues	Fernando Samaniego Sangroniz	María Florencia Esquerre Riquelme	Giorgiann a Cuneo Queirolo	Rodrigo Manubens Moltedo	Jaime Arellano Quintana
Criteria 1	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Criteria 2	No	No	No	No	Yes	Yes	Yes
Criteria 3	No	No	No	No	Yes	Yes	Yes
Criteria 4	No	No	No	No	No	Yes	Yes
Criteria 5	No	No	No	No	No	Yes	Yes
Criteria 6	No	No	No	No	No	Yes	Yes
Criteria 7	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Criteria 8	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Criteria 9	No	No	No	No	No	Yes	Yes
Total Criteria Met	3	3	3	3	5	9	9
Meets 1st 3 Criteria	1	1	1	1	3	3	3

1.2.8

Board Industry Experience

The following Board Members have executive experience in the water utility industry:

Felipe Larraín Aspillaga	Gustavo Miguez	Fernando Samaniego Sangroniz	María Florencia Esquerre Riquelme
CEO of Aguas Andinas S.A. from 2004 to 2011. Member of Society of the Maipo Canal and the Maipo River Surveillance Board.	Joined the Veolia Group in 1995 at Compagnie Générale des Eaux in France and then continued his career in Puerto Rico as Regional Director. In 2002 he was assigned to China, where he held executive positions in the healthcare services sector	CEO of Inversiones Aguas Metropolitana (IAM), the controlling group of Aguas Andinas and its subsidiaries, from 2021.	Lawyer for Corporate Legal Management Veolia Chile and Lawyer for Legal Management Suez Latin America, from 2017

1.2.9

CEO Compensation - Success Metrics

The company has predefined metrics for the CEO's variable remuneration, which are aligned with the company's strategy and long-term results, including internal financial objectives (meeting company objectives such as Ebitda; Simplified Free Cash Flow; Net Profit of the Fiscal year; Ebit, Growth and Income, execution of the budgets, External perception metrics (performance in sustainability indices), Sustainable Water Resources Management (Hydraulic

1.2.10

CEO Compensation - Long-Term Performance Alignment

Aguas Andinas' CEO is part of the Long-Term Incentives plan. A performance period of 3 years is applied to evaluate variable compensation.

No portion of the CEO's short-term incentive is deferred in the form of shares or stock options. Neither a clawback provision nor a time vesting period for the CEO variable compensation had been set.

DEO (in Spanish, Strategic Management by Objectives) is the System that allows setting and evaluating objectives to annually reward employees based on the achievement of strategic goals and targets. The DEO is made up of three components that are weighted according to the impact that each level has on the Company's strategy: Global objectives (35% weight) that apply to all workers, from the executive level downwards; Functional Objectives (40% weight) that apply to all workers in a particular business unit or direction, from the executive level downwards; and Individual objectives (25%) set for each position, regardless of their rank.

For the most material issues, executive compensation considered for the 2023 period were:

- Regarding the Hydraulic Efficiency Plan, Global Objectives were set related to limiting non-revenue water or losses. A 50% weight of the total objective was set for achieving the non revenue water (NRW) % defined for each year.
- Tariff rates and process objectives were considered in the Functional and Individual Objectives of the Transformation, Operations and Planning, and the Engineering Departments. Targets were different for both departments, fluctuating between 15% and 30% weight of the goals.
- Lower customer debt rate: Functional Objectives were set regarding this metric for the Customer and Commercial Development Department.

Each massive water supply cut in the city stops economic activity significantly. This is mainly associated to the inability of workers in diverse economic sectors to carry out their daily productive activities if they do not have access to drinking water.

Considering publicly available data from the Chilean Central Bank regarding GDP per capita in Chile and the number of inhabitants of the Metropolitan area where the company has its concessions, a monthly and daily regional GDP is calculated. Assuming that at least 50% of all economics activities in the city are stopped during a massive water supply cut, the company has calculated an impact of 177 million USD of daily economic value loss.

1.4.1

Risk Governance

According to Aguas Andinas' [Policies and Procedures on Corporate Governance](#), four times a year, the Board of Directors reviews the company's risk management procedure and its outcomes . **The full Board oversees the risk governance framework**, including the proper functioning of the process, the risk matrix, contingency plans, among others. It also oversees the annual risks audit plan, possible serious deficiencies and irregularities that have been detected and must be communicated accordingly to the authorities and regulators, and recommendations and improvements to minimize irregularities or fraud.

From a management perspective, risk control is carried out based on **three lines**

First line of defense	Second line of defense	Third line of defense
At an operational level, the first line of defense groups all those responsible of each unit or process that is being evaluated. They identify,	Risk management oversight as a second line of control is rooted at the Corporate Risk and Integrated Management Unit, led by the Risk Officer who reports to the Transformation Director (executive) and which is responsible for the methodology, application, coordination and validation of the different risk assessment processes developed	Auditing the risk management process and function is the Internal Control and Audit Unit, who reports directly to the company's CEO. This unit reviews and audits the process led by the Corporate Risk

1.4.2

Risk Management Processes / Risk Exposure

According to Aguas Andinas' Risk Management and Control Policy, each unit needs to conduct a risk assessment at least annually. This process, which is the integrated review of the company's risks, is managed by the Risk Management Unit. Additionally, the same unit conducts yearly a strategic risks review process. For certain particularly identified risks (compliance, security, fixed assets, among others), assessments are performed along the mentioned processes. Given all this, the company's risk exposure is regularly reviewed.

1.4.2

Risk Management Processes / Risk Management Process Audit

Internal audits are conducted by the Internal Control and Audit Unit annually. Additionally, once a year, risk management processes are externally audited, complying with the company's certifications following international standards.

1.4.2

Risk Management Processes / Risk Culture

Training

Aguas Andinas continually carries out awareness-raising and training activities about its risk management approach as part of its Comprehensive Management System (SGI, in Spanish) and its multiple ISO certifications (ISO 9001, 14001, 45001, 22301, 50001, 55001, 27001, 37001 y NCH3262). Training is conducted for all key personnel in relation to risk management processes, relevant risk concepts and specific types of risks such as business continuity, compliance, security, environment, among others.

Development of products and services

The Risk Assessment Methodology is a company-wide document that stipulates the types and formulas to measure the organization's risk levels. This methodology involves all areas and units, including the provision of services and innovation for product development. Parameters and types of probability are defined along with the impacts that must be considered to reach the level for both, inherent and residual risk. The impact assessment includes the analysis of the legal and regulatory, reputational, financial, environmental, service-related implications, and those that involve people (such as job security and social security). This methodology also defines the prioritization of investments and expenses for risk mitigation plans, which are crucial for the product and services development given the current and future climate scenarios the company is facing.

Financial incentives

One of the company's strategic objectives is to mitigate the company's very high risks and maintain the level of residual risk according to the

1.4.3

Emerging Risks

Risk	#1
Category	Geopolitical
Description	Given the geopolitical tensions at a global level, various conflicts around the planet run the risk of intensifying and thereby impacting not only international tensions, political instability and armed conflicts, but also the fragility of states and their capacity for coordination and cooperation. Additionally, considering technological advances, in the absence of concerted collaboration at the international level, new tools of disruption and conflict could be developed, thereby altering supply chains and access to input markets.
Impact	For operating its business, Aguas Andinas uses inputs from other global regions, mainly chemical supplies or construction materials. As such, this risk is increasingly relevant considering the investment and infrastructure development plans that the company has planned for the coming decades to increase the resilience of the water supply for Santiago in future climate scenarios and deepening water shortages (Biociudad Plan). Thus, the impacts at a political and legal level - such as the early termination of a contract or changes in the regulatory framework - and at the economic level - inflation, credit risk or changes in the tariff model for the sanitary industry - combined with those that an important crisis could trigger at a global level, could severely affect the innovation and development plans, as well as the exchange of information, financial or physical flows and, consequently, technological growth and the process improvements necessary to achieve the strategic objectives in the long term given the climate challenges faced.
Mitigation actions	As early mitigation actions, the company established solid global networks with the Veolia Group to strengthen the cooperation and development given a global uncertainty context. Considering conflict escalation at a local level, Aguas Andinas has strengthened

1.4.3

Emerging Risks

Risk	#2
Category	Technological
Description	<p>A host of new risks will arise from self-performing generative AI models that are given increasing control over the physical world, triggering large-scale changes in socio-economic structures. Thus, along with the possibility of an entity achieving artificial general intelligence (AGI) - learning to perform any human or animal task - risks such as misinformation, loss of employment, criminal use and cyberattacks, prejudices and discrimination, the use in making critical decisions in organizations and States, and the integration of AI in weapons and war. To date, the precautionary principle (prudence in the face of uncertainty) has not been largely applied to the development of AI. However, the rapid evolution of development and reliance on advanced artificial intelligence is outpacing the ability to adapt, both to understand the technology itself (the "black box problem") and to create regulatory safeguards (the "pace problem"). This is particularly critical for companies that, like Aguas Andinas, have quickly integrated automation and digitalization into their operations, especially considering that this is a service of particular relevance to people's daily lives and the functioning of the city.</p>
Impact	<p>Currently, Aguas Andinas Operational Control Center (CCO) operates 24 hours a day, managing around 80,000 variables through more than 700 remotely controlled stations and 900 dataloggers distributed in Greater Santiago. The goal is to achieve digital communication for 100% of remotely controlled installations. Though this is extremely strategic for the company, the increasing integration of AI into the physical world can result in the use of unreliable information, operational</p>

The variable compensation system, the DEO, this is composed of three blocks of objectives that are weighted according to the impact that each level has on the Company's strategy: Global objectives (35%), Functional Objectives (40%) and Individual Objectives (25%). The final achievement, to be eligible for the payment of the Variable Bonus, must not be less than 80% and the maximum percentage of compliance is 140%.

Considering functional objectives, which are assigned to the respective areas, the Legal, Regulatory and Corporate Governance business unit team has incorporated compliance variables for evaluating their objectives and calculating variable compensation.

Regarding performance appraisals for the whole company, general competencies are evaluated which consider attitude and behaviors. This also measures the potential for professional growth based on desirable conducts. These are key components of the People Development Policy, created to guide conduct and performance of employees.

The attitudes and behaviors which are evaluated are:

- Willingness to Learn
- Thinking Beyond Borders
- Understanding of Others
- Maturity and Resilience: which includes an ethical commitment variable

1.6.1	Contributions and other spending			
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\$ CLP Contributions	2020	2021	2022	2023
Lobbying, interest representation or similar	\$51.744.351	\$166.745.136	\$105.000.000	\$193.595.280
Local, regional or national political campaigns / organizations / candidates	\$0	\$0	\$0	\$0
Trade associations or tax-exempt groups (e.g. think tanks)	\$392.276.349	\$489.985.062	\$403.000.000	\$331.178.760
Other (e.g. spending related to ballot measures or referendums)	\$0	\$0	\$0	\$0
Total contributions and other spending	\$444.020.700	\$656.730.198	\$572.000.000	\$524.774.040
Note: 100% of contributions corresponds to Aguas Andinas and its subsidiaries (subsidiaries of both the sanitary and non-sanitary sector) <div> Data coverage 100% 100% 100% 100% </div>				

1.6.2	Largest Contributions & Expenditures
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In FY 2023, Aguas Andinas contributed to the following trade associations as part of its largest expenditures:

Name	Description	Amount contributed in 2023 \$ CLP
ANDESS	The National Association of Sanitary Services Companies, Andess AG, is the trade association that brings together 22 private drinking water and sanitation companies in the country.	\$294.381.120
ICARE	ICARE is a private, non-profit corporation independent of union and political interests, founded in 1953 by businessmen and professionals linked to various sectors of national economic activity with the purpose of promoting business excellence in the country.	\$91.994.100
Water Fund Santiago-Maipo ("Fondo del Agua")	A public-private corporation that seeks to promote alliances to implement joint solutions around water security around the Maipo River basin in the Metropolitan Region of Chile.	\$52.725.982
SOFOFA	SOFOFA was born in 1883 as the Sociedad de Fomento Fabril, with the objective of promoting Chile's manufacturing industry. Since then, it has evolved to become the most important, representative and diverse business institution in the country. It seeks to	\$32.216.292

In its contribution to the public debate, Aguas Andinas seeks to maintain consistency with its sustainable strategy. This is how the company prioritizes memberships that align with its strategic pillars, especially considering commitments regarding climate change and environmental impact. In this way, the company has aligned itself with entities such as CLG, Accion Empresas (WBCSD); ACADES; Water Fund, among others that have an active role in confronting climate change. Particularly, Aguas Andinas has declared its commitment to the Paris Agreement, through its participation in CLG, Group of Business Leaders for Climate Action that brings together leading companies in climate change seeking more ambition from companies and authorities in this matter.

Regarding procedures and governance, the Strategy and Corporate Affairs Department is responsible for the Strategy and Sustainability Management, overseeing all issues regarding environmental and water resources and participating directly or indirectly through its trade association's memberships in public policy discussions. This implies a review process to examine policy commitments of trade associations. On the other hand, the Legal, Regulatory and Corporate Governance Affairs Department and the CEO are responsible for the lobbying activities. This covers the entire operations for Aguas Andinas and its subsidiaries.

It should be noted that the associations to which Aguas Andinas belongs have demonstrated a clear commitment to climate change. In the case of ANDESS, which

Complementing the 2023 Integrated Report, the company has a systematic approach for selecting suppliers and identifying critical ones.

Some of the aspects the organization considers in the critical supplier selection process includes variables for assessing environmental, social, governance and commercial relevance.

Moreover, the company has a general risk review criterion for suppliers and acquisitions whose analysis is incorporated at a country level, where certain social and governance risks in terms of the country of procedure can be evaluated and even considered as a cause for exclusion.

Complementing what is stated in the 2023 Integrated Report, the supplier development programs include the following elements:

- Information/training on the ESG Program through the Public Supplier Portal program, which provides information of interest on ESG requirements and training on this matters.
- The critical suppliers are evaluated through a monitoring process that has been developed with the support of a consulting firm, where they can access a benchmark with their performance based on a series of social, environmental and governance variables.
- The above is complemented with coaching sessions, through talks and workshops, where action plans are sought so that critical suppliers can improve their main diagnosed gaps.

As published in the Integrated Report, 36 of the 39 critical suppliers were evaluated under ESG criteria, all of them participating in capacity development programs to improve their sustainable performance. The goal is to incorporate the 39 critical suppliers into this program (100% of the total Tier 1 suppliers of this type).

In all cases where a low degree of compliance was identified, correction plans took place to improve ESG performance.

Complementing the 2023 Integrated Report, Aguas Andinas has a clear and structured escalation process that employees must follow if a threat to information security is identified. Highlights of this process include:

- **Annual Cyber Education Plans:** the company develops annual plans that include monthly phishing campaigns, talks and courses to train employees in the identification and management of malicious threats.
- **Incident Response Plan:** A detailed plan that defines the steps to follow and responsibilities in the event of a cyber incident, divided into: (1) Preparation: Definition of functions, decision levels and authority, and storage of relevant information. (2) Detection and Analysis: Confirmation of the type of threat and determination of attack vectors (3) Containment, Eradication and Recovery: Containment of the threat and restoration of affected resources (4) Post-Incident Activities: Preparation of reports, records and lessons learned. (5) Incident Response Operational Group (GRIIO): Every incident is analyzed by the GRIIO, following the steps of the response plan to ensure effective management.
- **Available Communication Channels:** Several channels are available for employees to report threats and incidents to the cybersecurity team, ensuring a quick response. These include suspicious mails that must be reported to the threat analysis

This comprehensive approach ensures that Aguas Andinas employees are well prepared and know exactly how to act in the event of any threat to information security, contributing to the ongoing protection of the systems and data.

In Aguas Andinas, aspects related to information security form an integral part of the employee performance evaluation. According to the internal regulations (version 2023), each employee must comply with specific rules and is subjected to clear sanctions for

Currently, Aguas Andinas is audited recurrently regarding information security to maintain ISO 27001 and PCI DDs v4 certifications. The IT Systems are 100% certified under these international standards.

Moreover, the company has a mature volatility analysis process to identify security gaps both in its infrastructure and in service providers. This includes an ethical hacking carried out both internally and by external auditors during the year. The company also tests its contingency and operational continuity plans annually.

1.9.2

New Business Opportunities (Water)

Business Opportunity	Type of Service	Related project	Comments
Water Supply	Other	Biociudad	This project will allow the company to face a series of challenges associated with climate change, with an investment roadmap that includes, among other aspects, the construction of a pipeline that will transport up to 3,000 l/s of purified water from Mapocho Trebal to the Maipo River to agricultural use
Industrial Water	Water reuse & recycling	AngloAmerican Industrial Water	<p>This project consists of a swap regarding water rights with the mining company Anglo American.</p> <p>On the other hand, reuse options have been promoted in washing processes and industrial use within the Wastewater Treatment Plants (WTP) in places such as Curacaví, Melipilla and Buin Maipo</p>
Environmental	Waste & recycling	Huechun	The purpose is to reduce investments destined for the management of biosolids (manofill)

In Chile, the instrument for assessing environmental components in the design and implementation of projects is the System of Environmental Impact Assessment (SEIA), overseen by a Government agency. This System evaluates and certifies that activities, both public and private, are able to meet environmental requirements.

The SEIA ensures that no project is carried out before formally obtaining environmental approval, contained in a legally binding document called Environmental Qualification Resolution (RCA). The results of the assessment by the SEIA are published on the website of the Environmental Assessment Service (SEA). This platform is publicly accessible, and within it, specific environmental commitments are displayed. The results of environmental monitoring plans, as well as the results of environmental audits, of projects that have this option, are sent to the Superintendency of the Environment (SMA). This additional information may be requested by the public at any time.

The results of the EIA/DIA are available at:

<https://seia.sea.gob.cl/busqueda/buscarProyecto.php>

Examples of EIA/DIA reports for Aguas Andinas' projects can be found at the following links:

- Alternative Capture and Conduction in the Maipo River to Increase the Security of Drinking Water Supply for the Population
(https://seia.sea.gob.cl/expediente/expedientesEvaluacion.php?modo=ficha&id_expediente=2160543000)

Aguas Andinas conducts audits to evaluate the current conditions of their facilities and their energy efficiency, in order to identify opportunities for improvement in this area. The company also sets energy targets and implement actions to reduce the energy consumption. In addition, the organization keeps a detailed record of energy consumption and intensity in each of the processes over time, which allows the company to evaluate progress in reducing energy consumption and improve its energy efficiency.

As part of its goals, the company aims for 80% of the energy consumed to come from renewable sources. In addition, as part of the objectives of Veolia, the group to which Aguas Andinas belongs, there is a goal for achieving an energy efficiency of 0.34 MWh for each mega liter of water treated.

Some of the initiatives to achieve these targets include the implementation of sensors to record energy parameters and perform online controls in wells, the monitoring of drinking water lifting plants, and the investment in the ANAMMOX System, which reduces nitrogen loading and energy consumption in the Biofactories. Thanks to these and other actions implemented, the company reduced the energy consumption from non-renewable sources by almost 150 GWh from 2022 to 2023.

Regarding the awareness measures, Aguas Andinas has a training platform where employees can access training on various topics. One of these modules is "Energy Management System," which covers the following topics:

1. Introduction to Energy Efficiency Management
2. Energy Management System (ISO 50001)
3. Energy Efficiency in Asset Management Introduction
4. Energy Efficiency Law

Since 2022, a corporate clothing recycling program has been in place at the Biofactory, and in May 2024 containers will be installed at the La Florida and Lo Gallo facilities. In 2023, 500 kilos were recycled; during 2024, 355 kilos were recycled.

Aguas Andinas does not have a specific target for the amount of waste sent to landfill. However, the company has achieved and publicly commits to maintaining zero transfer of biosolids to sanitary landfills. Additionally, due to ISO 14001 certification, Aguas Andinas set a target to recycle 80 tons of waste in 2023. The total amount of waste recycled in 2023 exceeded this target, reaching 82.94 tons.

Multiple waste reduction trainings have been conducted throughout 2024. In May, a recycling training was held for Recycling Day in the corporate building. In June 2024, the company launched the organic waste management project. This initiative included the dissemination of information on purchasing compost bins for the casino, biosolids management, and a composting workshop aimed at equipping workers with the basics to manage organic waste at home. Additionally, Environmental Management Trainings on recycling will be conducted online.

To improve the quality of wastewater Aguas Andinas uses the Annamox Technology to reduce NKT concentrations in effluent from La Farfana and El Trebal. This influences not only N₂O emissions, but also effluent quality improvement. This is verified by the number of effluent non-compliances (see page 193 of the integrated report - discharge non-compliances).

One of the goals for 2024 is to achieve over 92% efficiency in potable water production plants. This reduction refers to process water. In order to accomplish this target, the company assesses water usage to identify opportunities for improving water efficiency. This assessment considers various water uses, including industrial, residential, commercial, and municipal applications.

2.4.4

Leakage Rate

In the following table there is a breakdown of the leakage rate, which is composed of 2 main groups: real losses and apparent losses. The total not recorded water for 2023 was 30.65%.

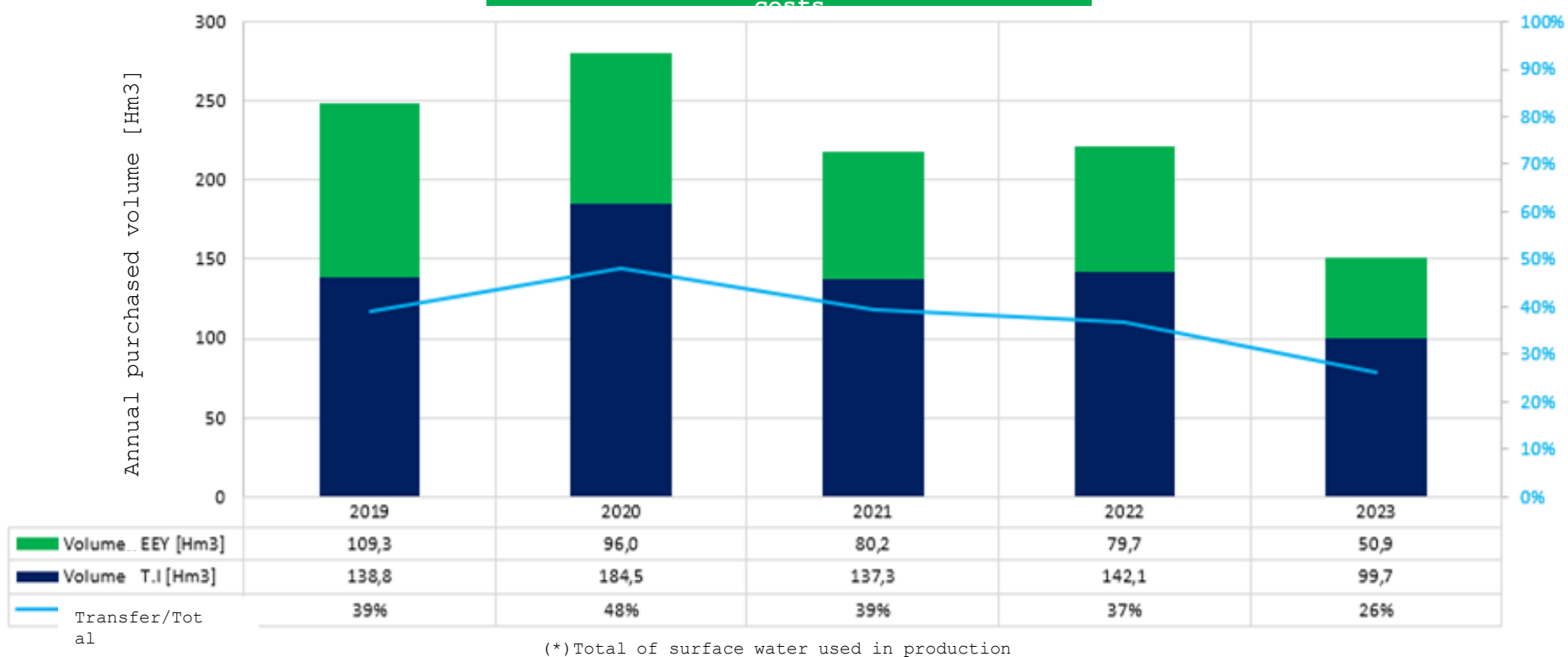
*Please note that comparable data is not available for previous years (2021 and 2020) which currently

Category	Type of loss	2022	2023
Real losses	Aqueduct overflows and leaks	0.95%	2.23%
	Leakage in wells - PEAP	0.26%	0.26%
	Pond overflows and drainage	0.96%	0.94%
	Leakage in drinking water network	23.41%	19.52%
	Total Real Losses	25.58%	22.95%
Apparent losses	Undercount	4.52%	4.29%
	Other apparent losses	0.69%	3.41%
	Total Apparent Losses	5.21%	7.70%

2.4.7

Water Risk Management Programs

In 2020, 48% of total water for production legally corresponded to other users in the basin but, through the company's agreements for prioritizing water for human consumption, it was transferred to Aguas Andinas. This implies an impact on the resource availability and for other water users in the basin (mainly agricultural producers). This accounted for more than 250 hm3 of water. In 2023, these water transfers accounted for 28% of total water used for the company's production, mainly because of the impact of climate scenario on production costs. The region improved slightly.



Aguas Andinas has several board-level committees overseeing climate change-related issues, including the Sustainability Committee, Risk Committee, Internal Audit Committee, and Water Resources Committee. Each committee meets at least quarterly to review climate-related matters.

At the management level, individuals overseeing climate change-related issues include the Director of Strategy and Corporate Affairs, the Manager of Sustainability and Strategy, and the Deputy Manager of Sustainability and Environmental Engagement. Additionally, the CEO leads the Avanza+ committee for monitoring footprint indicators and the Biociudad committee for overseeing the adaptation investment plan. The CEO also heads the Water Resources committee, which tracks supply projects.

DEO (in Spanish, Strategic Management by Objectives) is the System that allows setting and evaluating objectives to annually reward (monetary) workers based on the achievement of goals and targets. The DEO is made up of three components that are weighted according to the impact that each level has on the Company's strategy: Global objectives (35%) that apply transversally to all workers, from the executive level downwards; Functional Objectives (40%) that apply to all workers in a business unit or direction, from the executive level downwards; and Individual objectives (25%).

For 2023, particular climate related incentives were set at all three levels or components: Global, Functional and Individual.

One of the main KPIs set in the Global Objectives, with a 15% weight in the total variable compensation, considers the targets set in the plan Avanza +, which, among other factors, has set particular energy efficiency targets (see page 67 of the Integrated Annual Report for 2023). As such, this KPI is part of the variable compensation of the CEO and other named/ chief executives, as well as for the rest of the organization.

Functional and individual objectives regarding emission reductions have been set for the Sustainability Unit. Its manager and other members of the unit have a target for defining and establishing the abatement curve for emissions through 2030 and 2050, defining new targets and initiatives for their achievement.

Aguas Andinas integrates climate-related risks into its corporate risk management system and considers the company's own operations as well as its upstream and downstream activities. In fact, its main risk -as stated in its 2023 Annual Report (pg. 36)- are the physical impacts of climate change considering drought, atmospheric rivers and the intensification of extreme events. This same report (pages. 38 and 39) also shows the main physical and transition risks the company has identify. More deeply, on its TCFD risk analysis, there are technology and reputational risks assessed as well. These consider, for example, the need for more climate and energy efficient technologies given the diversification of current water extraction and potabilization technologies in a climate stressed area as Santiago. Reputational risks include greater demands on the reduction of water losses or the weakening of positive perception among clients and investors for non-compliance with the climate action plan. In the legal aspects, risks mainly imply fines from regulatory bodies mainly associated with massive water supply cuts that can happen during water shortages or extreme weather events that cause turbidity in the rivers.

The time horizons covered by climate risk assessments are:

- Short-term: 1 year or risks that have already materialized
- Medium-term: 5/6 years (with 2030 as the horizon for the Biociudad Plan)
- Long-term: 15 years (considering more complex or worse climate scenarios and water availability/ decrease in the river flows)

2.5.9

Financial risks of climate change

Driven by changes in regulation

According to the 2021 sanitary regulator (SISS) sector report, 33.1% of the drinking water produced in the country for urban sectors does not reach end users or is not billed. Although this percentage is in a medium range for the international context, it is higher than in other OECD countries, such as Poland, England and New Zealand. This implies a regulatory risk that greater demands will be established by the regulator to reduce non-revenue water, especially considering the drought and water scarcity situation that the main concession areas administered by Aguas Andinas face towards the future and the rising costs this would imply.

If higher requirements are established for non-revenue water and the company is not able to meet them, there could be a financial impact associated with fines and sanctions from the regulator. It is estimated that these could reach approximately 150,000 million pesos (CLP).

Driven by change in physical climate parameters

Both, the last TCFD assessment of Aguas Andinas and the current risk evaluation process of the company, identify the prolonged/ increased drought as one of the most important risks the company faces. For 2030 a significant reduction of 10% of the rivers flows is expected in both scenarios (SSP2-4.5 or SSP5-8.5). An ongoing drought could affect the drinking water supply for Santiago, especially during the summer/dry season, causing massive cuts due to low availability of the resource which can, in turn, give rise to fines and even a decrease in total annual billing.

The financial impact would be mainly associated with massive water supply cuts and its related fines, as well as a decrease in total annual billing, costs that could amount for over 73,500 million pesos (CLP) each year.

Floating photovoltaic generation systems or those located on bodies of water have greater efficiency than traditional projects, reduce evaporation from the bodies they cover and also have the advantage of not requiring additional land. Given the current availability of sites, placing solar panels for energy generation on the roofs of Aguas Andinas water ponds was evaluated. This represents an opportunity for energy self-sufficiency and, therefore, a reduction in costs associated with the purchase of energy for operations. This opportunity is relevant given the increase in both energy prices and the energy necessary for processes such as the extraction of groundwater for the production of drinking water.

Annual financial implications from this opportunity would be more than 650,000 USD, considering an annual generation of approximately 6,200 MWh.

The physical scenarios used in the Climate Change impact estimation for the period 2021 to 2100 are RCP 2.6, RCP 4.5 and RCP 8.5.

The context specific plan to adapt to physical risks covers a 100% of the existing and the new operations, since Biociudad also includes future operations. This plan includes a target to implement relevant adaptation measures within 10-15 years.

Aguas Andinas is part of the Race to Zero global campaign, which mobilizes a coalition of leading net-zero initiatives and is aligned with the Science Based Targets Initiative.

Veolia, Aguas Andinas' controller, has a net zero commitment which is aligned with the company's targets and strategy.

Aguas Andinas has a gender diversity roadmap. In 2021, the company aimed to achieve a minimum of 25% women in the staff by 2024. This target includes the share of women in total workforce, management positions in general, junior management positions, top management positions and management positions in revenue-generating functions. This goal will be revised again in 2024.

Regarding STEM positions, the company's objective is to have at least 50% women in new hires, with this goal being reviewed annually.

3.1.4

Gender Pay Indicators

Level	Average Women Salary (CLP)	Average Men Salary (CLP)
Executive level (base salary only)	\$12,338,093	\$13,956,338
Executive level (base salary + other cash incentives)	\$16,490,192	\$16,490,192
Management level (base salary only)	\$6,773,155	\$6,320,589
Management level (base salary + other cash incentives)	\$11,256,967	\$11,999,683
Non-management level (base salary only)	\$1,284,100	\$1,219,999

Aguas Andinas current Human Rights Due Diligence Process was performed in 2022. Different risks were analyzed considering their link and importance for the company's assets, operations and strategy, including, among others, working and contractual conditions, child labor, discrimination and gender discrimination in particular, freedom of association and collective bargaining, health and safety, environmental rights, and access to water and sanitation. Groups considered in this analysis were own employees, contractors and suppliers' employees, local communities and clients. Women and children were indirectly assessed through particular risks for which they are considered more vulnerable (discrimination, or child labor).

3.3.2

Employee Development Programs

Item	Program 1	Program 2
Name and description	Master's Degree in Water: Aimed at technical and managerial profiles. Its objective is to provide participants with a comprehensive vision of urban water cycle management and managerial skills for strategic decision making.	Contracts Administrator Program: This program's purpose is to align and provide tools to people who exercise a contract administrator role within the Aguas Group, under the compliance and protection of all policies and procedures established by the company to manage their contracts effectively. It includes developing an Insight Accountable in the Contract Administrators, being aware of the impact that their behavior generates in the contract cycle and the impact this has on the business.
Business benefits of the program	The goal is to provide quality postgraduate training focused on the sanitary area, which allows having specialized technical competencies and managing resources in an optimal way in the critical areas of the company, as well as preparing professionals for their career development within the company.	This program contributes to reduce and eliminate legal, anti-corruption, corporate brand, labor, environmental, occupational health and safety, and economic risks, among others, that may be caused by the lack of management knowledge in the contract cycle from its beginning to its end.
Quantitative impact of business benefits (monetary or non-monetary)	The impacts are reflected in the productivity and quality of the services, as these people face constant challenges such as climate change and drought, allowing them to efficiently manage resources and propose impact projects for the organization and the public.	The commercial impact is tied to potential costs for the company, which could have significant impact if legal labor standards are not met. The company could face substantial lawsuits if employees are not well-versed in the necessary safeguards, particularly in labor and corruption matters, encompassing criminal, civil, and labor law.
% of FTEs participating in the program	As of 2023, 36 employees have completed this Master's program, and each of them has experienced either career advancement or mobility.	29 out of 131 administrators have received this training. The goal is to train all administrators within the company.

3.3.3

Human Capital Return on Investment

	2020	2021	2022	2023
Total revenue (CLP)	\$478,773,563,000	\$506,459,633,000	\$580,468,054,000	\$640,855,854,000
Total Operating Expenses (CLP)	\$187,218,497,000	\$187,800,299,000	\$212,776,830,000	\$240,565,295,000
Total employee-related expenses (salaries + benefits) (CLP)	\$55,045,719,000	\$55,077,943,000	\$66,369,413,000	\$76,458,923,000
Resulting HC ROI	6.2966	6.78561	6.54007	6.23537
Total Employees	1,729	1,725	2,083	2,133

3.3.5	Type of Performance Appraisal
Type	Description
Management by objectives	Evaluation that allows aligning transversal, individual and strategic goals, also assessing attributes of individual performance, such as commitment and motivation achieved as a team. Once the process is completed, new challenges and goals are agreed for the next period.
Multidimensional evaluation	Modality applied to all workers in the organization. It consists of measuring the frequency with which certain behaviors or behaviors occur that show how a person performs at work. The purpose is to identify gaps between current and desired behavior, depending on the position. Based on these findings, the competencies that need to be strengthened through various methods, such as training, projects or others, are determined.
Agile conversations	During the performance evaluation process, one of the stages is called an interview. At this stage, the worker and direct management must meet to provide feedback on their evaluation, performance and co-construct a development plan. After the interview process and the closing of this process, talent committees are held, led by the assistant manager for talent and culture, whose objectives are to discuss the performance and the potential of all the people in the company, and in 2023 more than 40 talent meetings were held with the different hierarchical lines where career development plans are defined, This process is strategic, as it has an impact on internal promotions and mobility and requires several conversations and

Aguas Andinas has a program called Sequoia, in which controller shares can be purchased at a preferential cost and with attractive modalities, which ensures that at least the initial investment will not be lost. This benefit applies for all workers in the group (45% used it in 2023), regardless of position, and it has a period of 5 years.

Among the evaluated variables for these incentives are items such as: Sustainability Index and Circular Economy (Carbon Footprint, Waste treatment, energy efficiency), Sustainability Indexes (DJSI, Water Footprint), and Climate Change Projects, on which Aguas Andinas is evaluated as a company.

In addition to the programs already published in the Annual Report, there is also one program called Sports and Cultural Teams, in which the workers form a team with the aim of developing a sport and the company gives financial support for this sports team. This initiative is a benefit for the company's employees to develop sports and cultural activities, receiving economic support to promote a healthy life, taking care of their physical and mental state, in an integral way. Besides, there is a well-equipped nursery room in the Company's Corporate Building for the exclusive use of breastfeeding.

Moreover, according to Chilean law 20.545 the company's workers have the benefit of paid parental leave. This law states that the worker is entitled to a maternity leave of 6 weeks before childbirth (prenatal) and 24 weeks after it (postnatal). The father will be entitled to a paid leave of five days in case of birth of a child, which may be used at his choice from the moment of birth, and it can be continuous, excluding the weekly rest, or distributed within the first month from the date of birth. This leave will also be granted to the father who is in the process of adoption and will be counted from the notification of the resolution that grants the personal care or accepts the adoption of the minor, in accordance with Articles 19 and 24 of Law No. 19,620.

More information about this law is available at: [Law 20.545](#)

Chilean law also indicates special cases for which there is paid family or care leave beyond parental leave. While primarily intended for parents, individuals holding a caregiver credential, as defined by the law, may also qualify.

3.3.8

Employee Turnover Rate

The following table shows the voluntary turnover rate for the last four years. This is calculated based on the voluntary resignation divided by the total FTEs, and it covers 100% of the FTEs.

Year	2020	2021	2022	2023
Voluntary employee turnover rate	4,1	6,8	4,1	5 ,8

Since 2023 the company has established a more structured methodology for measuring employee wellbeing, as previously, measurements had been taken, however, these lacked follow-up. Due to this, since 2023 Aguas Andinas decided to apply GPTW, which will be carried out every other year in the company with the objective of having a diagnosis of the organizational climate, identify gaps, work on action plans and measure again to see the evolution and/or decrease of the identified gaps.

The following table shows the statements used in the survey to evaluate different aspects of employee wellbeing.	
Job satisfaction	<p>When I see what we have accomplished, I feel proud.</p> <p>I feel good about the way we contribute as an organization to the community.</p> <p>People like coming to work here.</p> <p>I am proud to tell others that I work here.</p> <p>I would like to work here for a long time to come.</p> <p>I would highly recommend this organization to friends and family as a great place to work.</p>
Purpose	<p>My job has a special meaning: this is not "just a job".</p> <p>I feel that my participation makes a difference.</p>
Happiness	<p>I can be myself in my workplace.</p> <p>Our infrastructure contributes to a good working environment.</p> <p>We have special and unique benefits here.</p> <p>This is a fun place to work.</p> <p>All things considered; I would say this is a great place to work.</p>
Stress	<p>I feel good about the way we contribute as an organization to the community.</p> <p>People are encouraged to balance their work and personal lives.</p>

The occupational health and safety (SSO) programs of Aguas Andinas, Aguas Cordillera, Aguas Manquehue and ANAM have been certified under the ISO 45001 standard, focused on these matters, and which covers 100% of the workers of these companies. This implies having programs to identify operational risks, and to report them if they find dangerous acts and criteria to their joint committees and headquarters. The company also conducts training, especially in confined spaces, which is its main risk.

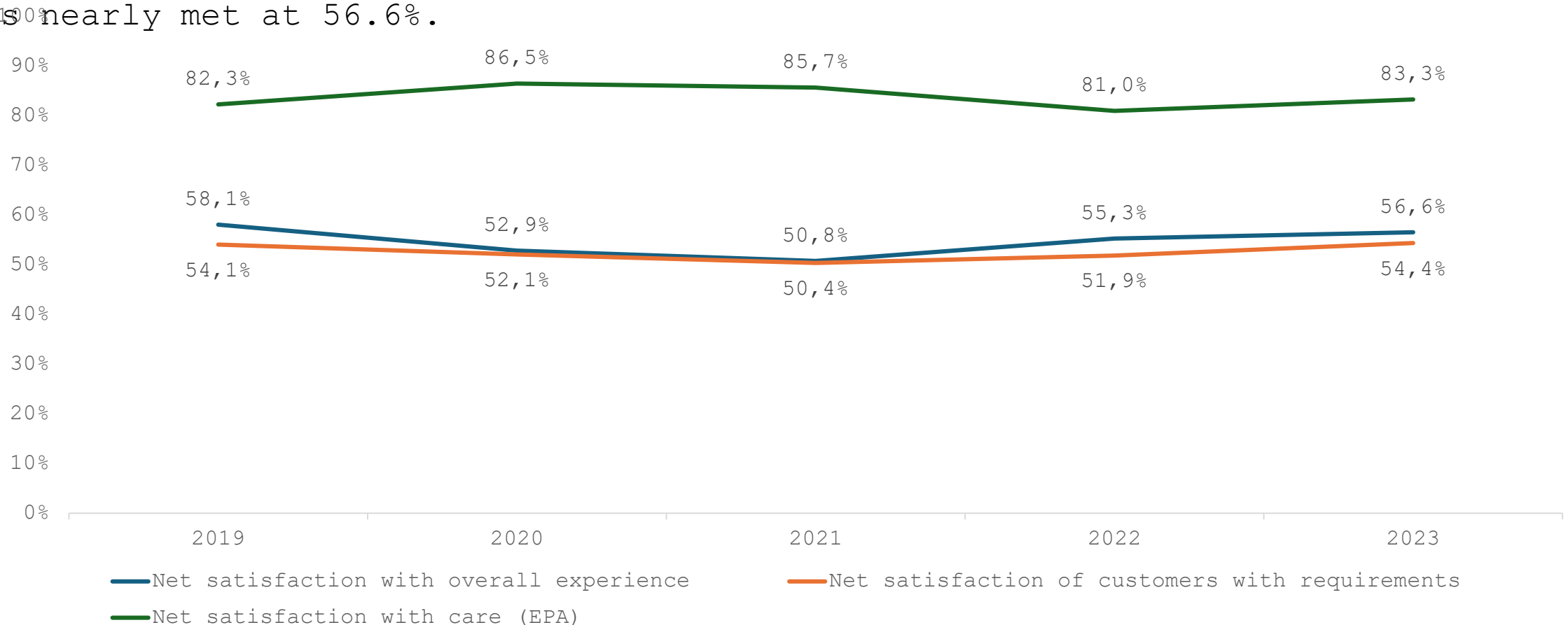
In addition, Aguas Andinas states that there is a procedure to investigate work accidents within the ISO 45001 certification that have been implemented and is also required by Chilean law. Finally, contracts with third parties must also meet the requirements for procurement and contracts in terms of HSE.

3.5.1

Customer Satisfaction Measurement

The company utilizes both internal and external metrics to assess customer perception of service quality. The following graph shows the results of the surveys for the last four years.

The goal for 2023 was to achieve a global net satisfaction rate of 57%, which was nearly met at 56.6%.



The treatment of personal data is an important issue at the company level. For Technological Risk there is an annual roadmap where every year where new risks are raised and the effectiveness of existing controls are evaluated. In case this is not being effective the company creates new controls every year.

Summary of controls in place:

- Update of data protection policy
- Disclaimer on website regarding the use of cookies and data
- Annual awareness plan regarding the protection of information and personal data.
- Information leakage control
- Classification of unstructured data and structures
- Encryption of data at rest and in transit
- Data anonymization
- User profiling for systems and databases
- Control of the use of personal and corporate data and information in IA applications
- Talks and education of suppliers regarding the care of data and information

Aguas Andinas has conducted SROI analysis for two important programs: “The future is feminine” (in Spanish “El Futuro es Femenino”), and the Startup fund (in Spanish, “Fondo de Arranques”). The first program’s objective is to train and certify women in the plumbing trade, providing practical and financial tools, along with knowledge about the water ecosystem. The second program’s objective is to provide drinking water connections and sewage unions to vulnerable households with no financial capability to afford them.

All programs currently being executed have evaluation instances which consider impact variables according to each program objectives.