



# ESG INFORMATION SUMMARY



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## Environmental

### Environmental Compliance

#### Environmental Fines

	2022
Number of violations	0
Amount in fines	0
Amount of unpaid fines at the end of the year	0

\*\*\* The coverage of all environmental indicators is 100%

#### EMS: Certification/ Audit/ Verification

The results of the EIA/DIA are available at: <https://seia.sea.gob.cl/busqueda/buscarProyecto.php>

#### Energy intensity

We have a 2022 target for energy intensity for wastewater treatment process: < 335 Wh/m<sup>3</sup>

## Climate Action

### Climate-Related Scenario Analysis

The transition scenarios and physical scenarios used in our TCFD analysis are:

- Physical scenarios: RCP 2.6, RCP 4.5 and RCP 8.5
- Transition scenario: IEA STEPS

Our context specific plan to adapt to physical risks includes a target to implement relevant adaptation measures within 10-15 years.

### Net-Zero Commitment

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, our controller, has a [net zero commitment](#) which is aligned with our targets and strategy.

## Social

### Labor Practice Indicators

#### Discrimination & Harassment

During 2022, we carried out training and awareness talks on different topics addressing non-discrimination and diversity, in which 64 Executives, 125 Managers, 128 Professionals, 17 Technicians, 15 Administrative Personnel and 10 Operators participated. In total, 359 people participated in these trainings with a total of 1,048.5 hours.

PROGRAM	Hours	N° of people
Equality Agents	156	6
Awareness talk "Stereotypes and Prejudice"	42	42
Talk about stereotypes and prejudice – Be OK Program	23	23
Course on diversity and inclusion	112	56
Labor Inclusion Manager	320	8
Workshop The Role of Men in Equality	241	121
Workshop Unconscious Biases	154.5	103
<b>Total</b>	<b>1,048.5</b>	<b>359</b>

## Human Rights

Between November 2021 and May 2022, Aguas Andinas along with, Centro Vincular of the Pontificia Universidad Católica de Valparaíso de Chile, has updated the Human Rights Due Diligence process carried out during 2018 to understand all those risks and impacts that the company may cause in Human Rights and understand how it can continue to improve, identifying progress and challenges in their management and implementation.

The main subjects were:

- ✓ Prejudices about human rights and the link with the political sphere
- ✓ Fear of talking about the concept in the business world
- ✓ Lack of common commitment
- ✓ Ignorance of human rights management
- ✓ Complexity of supply chains to address this issue

The project was developed in 3 stages; starting with the identification of progress in terms of human rights management since due diligence in 2018, updating of risks from this perspective; to then define action plans and indicators for the management of human rights. This diagnosis was based on international standards such as Guiding Principles on Business and Human Rights- UN and Business Tool on Human Rights- Global Compact, interviews, meetings, and internal management, as well as due diligence processes. The results were reported in our Annual Report and based on this, we evaluate these risks from the most critical to the least critical, on which we base our mitigation plans and corrective actions. Also, we also identified the issues in human rights in which we have a good management for compliance, our strengths.

Finally, 44 risks were identified during the 2022 process; of which 22 risks are identified as NEW, and the other 22 were risks related to the 2018 process.

## Human Resources

### Employee Development Programs

#### Program 1

**Name & Description of the program:** Smartworking is a comprehensive program for the evolution of work methodologies, which seeks to promote a series of changes that go hand in hand with a series of initiatives promoted for cultural change in the Avanza project.

**Description of program objective/business benefits:** The objective is to provide the participants with knowledge, tips and basic techniques to carry out their activities via new ways of working, promoting work by objectives,

organization and self-management of time, empowerment, communication and collaboration between teams, to quickly and effectively achieve their goals. Thus, the course, through its 3 modules, provides the tools to adapt and promote new ways of working.

**Quantitative impact of business benefits (monetary or non-monetary):** Increase productivity both individually and at the team level. Increases communication and provides clear ways of working, which gives greater agility and efficiency to the use of time and teamwork. In addition, it helps foster change in the context of cultural transformation.

% of FTEs participating in the program: 24%

### Program 2

**Name & Description of the program:** We have provided our workers with a “Master’s in Water Technology and Management”. This master's degree is a professional postgraduate course developed by the Adolfo Ibáñez University, in conjunction with the Escuela del Agua Chile and the Polytechnic University of Catalonia, which places it in a leading and vanguard position in Chile and Latin America in the study of water and the environment.

**Description of program objective/business benefits:** The main objective of this master’s degree is to train and develop skills at the highest level in this field of excellence regarding matters of Water Technology and Management.

This program covers technical knowledge, distribution, and wastewater treatment, among others, related to conventional and advanced water production. Likewise, it provides knowledge related to strategic business management such as: innovation, business development and strategic planning.

**Quantitative impact of business benefits (monetary or non-monetary):** It is a postgraduate specialization that allows us to achieve excellence in efficiency and quality of service through people, delivering high-level knowledge in the field of sanitary water. This program has undoubtedly had an impact on new ways of doing things, innovating and transferring knowledge within the organization. This is also part of our 2024 goal, which we have achieved by encouraging and promoting the development of workers with high potential.

**% of FTEs participating in the program:** We have selected workers in key areas, in which 20 people have participated, 45% women and 55% men, all qualified as having high potential and linked to succession plans, equivalent to 0.1% of our total workers.

## Talent Attraction & Retention

### Hiring

Percentage of vacancies filled by internal candidates:

	2018	2019	2020	2021	2022
Percentage of vacant positions filled by internal candidates	21.2	25	74	60	33.4

- Average hiring cost/FTE : 160. 285 CLP in 2022

### Type of performance evaluation

Our performance evaluation is on a yearly basis and the types that are carried out are:

- Management by objectives: (YES) Yes, in addition to the performance evaluation, we have the evaluation called DEO objectives, which includes professionals, managers and executives, the process consists of setting objectives to beginning of the year to be evaluated at the end of the year, which results in a variable bonus.

- Multidimensions (360°): (NO) No, our process is a 90° appraisal.
- Team-based performance appraisal: (NO) No, our process is a 90° appraisal.
- Agile conversations (YES) Yes, 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.

### Long-Term Incentives for Employees

At Aguas Andinas, we have 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 is for all workers in the group (currently 98%), regardless of position, and it has a period of 5 years.

Among the evaluated variables are items such as: Sustainability Index and Circular Economy (Carbon Footprint, Waste treatment, energy efficiency) Sustainability Indices (DJSI), Sustainability Indices (Water Footprint), and Climate Change Projects, on which we are evaluated as a company.

### Employee Support Programs

In addition to the programs that we already have published in our Annual Report, there is also one 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. We can also highlight that, since June, a well-equipped nursery room has been set up in the Company's Corporate Building for the exclusive use of breastfeeding.

### Employee turnover

	2018	2019	2020	2021	2022
Voluntary employee turnover	4.6%	5.8%	4.1%	6.8%	4.1%

### Employee Engagement

Employee engagement in 2022: 75%.

This survey is conducted every two years, and the last survey was conducted in 2021. Therefore, we have kept the previous score. This survey evaluates job satisfaction, purpose, happiness, and stress.

### HSE Programs

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 that we have programs to identify operational risks, and to report them if they find dangerous acts and conditions to their joint committees and headquarters. We also conduct training, especially in confined spaces, which was our main risk, and 1.535 employees were trained in occupational health and safety issues.

In addition, we state that there is a procedure to investigate work accidents within the ISO 45001 certification that we have 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.

### Customer Privacy Information

At Aguas Andinas, we state that we DO NOT use customer data for other secondary purposes. And also in case of not respecting these terms, we are governed by our internal Policy of Obligations, Prohibitions and Disciplinary Aspects in which we declare that if there is a breach of the information security policy, of the specific policies or

procedures defined and published by Grupo Andinas will give rise to the sanctions provided by Law, in work contracts and in Internal Regulation of Order, Hygiene and Safety of the company, which may range from reprimands to the termination of the work contract. In the case of non-compliance with the security guidelines by suppliers or other third parties, Aguas Andinas give rise to written reprimands communicated to the supplier's representative or to the immediate termination of the contract with the supplier in case of serious violations.

In 2022, a follow-up audit was carried out under the UNE-EN ISO/EC ISO 27001:2017 standard by AENOR, an external audit firm. In addition to carrying out internal audits and submitting corrective action plans where appropriate. This internal audit was conducted in June 2022, and it was based on the guidelines on the documents of the Internal Audit Procedure of Aguas Andinas. The final Report showed one major non-conformity, 2 minor non-conformities and 1 opportunity for improvement, on which a plan of corrective and preventive actions was made.

## Governance

### Board Type

Independent directors are non-executive directors who are independent by meeting at least 4 of the 9 criteria (of which at least 2 of the first 3 criteria).

In conclusion, 3 directors meet the independence according to the DJSI criteria\*.

Director	Felipe Larraín Aspillaga	Gustavo Migués	Fernando Samaniego Sangroniz	María Florencia Esquerre Riquelme	Giorgianna Cuneo Queirolo	Rodrigo Manubens Moltedo	Jaime Arellano Quintana
Condition 1	1	1	1	1	1	1	1
Condition 2	0	0	0	0	1	1	1
Condition 3	0	0	0	0	1	1	1
Condition 4	0	0	0	0	0	1	1
Condition 5	0	0	0	0	0	1	1
Condition 6	0	0	0	0	0	1	1
Condition 7	1	1	1	1	1	1	1
Condition 8	1	1	1	1	1	1	1
Condition 9	0	0	0	0	0	1	1
Total fulfilled	3	3	3	3	5	9	9
Fulfills 1 <sup>st</sup> 3	1	1	1	1	3	3	3

### Materiality

The materiality analysis gives the context of the organization which is then used by the integrated management system to establish its risks and opportunities.

All the strategic priorities identified in the materiality analysis are reflected in the Aguas Andinas risk map, which includes social, environmental, economic, people and corporate governance aspects. The business risk management system integrates significant risks to assess and prioritize based on their probability and potential economic, security or reputational impact for the company.



## Metrics

The Company's Management System by Objectives (DEO) is used to define variable remuneration based on agreed objectives set annually for the organization. It applies to numerous roles within the company, from the CEO to Executives to Business Unit Managers. The DEO is composed of three blocks of targets which are weighted in accordance with the impact that each level has on the Company's strategy: Global targets (35%), Sphere of influence targets (40%), and Individual targets (25%). Included in the Global targets are Sustainability and Circular Economy Indices (Carbon footprint, waste treatment, energy efficiency), with a 15% weighting, while the Sphere of influence targets include Sustainability strategy (30%) and Individual targets with other strategic, compliance and leadership objectives. Aguas Andinas has a science-based target for a 54% emissions reduction by 2030.

Type of goal	Goal description	Weight
Global	Roadmap related to material goals. Example Activities: Green bonds; Biodiversity policy; Carbon footprint measurement and mitigation projects; etc.	15%
Business	Hydric efficiency; reduce % of non-revenue water	30%

## Emerging Risks

### Risk 1: Reduction in the availability of water from glaciers

Glaciers undergo changes in response to variations in other components such as climate, volcanic activity, and human action. These modifications are mainly evident in their geometry, volume, thickness, mass balance and their contribution of liquid water to the ecosystem. Due to the more severe effects of climate change and the prolongation of the drought affecting the central zone, glaciers in the Metropolitan Region are losing volume at an accelerated rate, among other alarming changes.

In central Chile, 65.4% of the glacier surface is located below 4,000 meters above sea level. When the temperature in the valley reaches 30°C, at that altitude there is a positive temperature of about 10°C shortly after midday, enough to melt several meters of ice at the end of a warm summer. But glaciers are not only melting faster due to warming; they are also losing more ice by sublimation due to increasingly dry conditions, and the higher elevations fail to recharge with sufficient snow during the winter. Initially, as it melts at a faster rate, a glacier contributes more water to the basin, but only until it reaches a critical point: when it begins to decrease its water yield due to its smaller size. This puts the water supply for the city of Santiago at risk, especially in summer, when 70% comes from glaciers.

In order to establish mitigation measures, in-depth analyses have been carried out to evaluate the impact of the loss of glacier contribution:

- Study of glacier contribution to the Maipo River basin (CETAQUA, 2020): Complete research of glaciers in the Maipo River basin done by Cetaqua Chile commissioned by the company, the Maipo River Surveillance Board and the Maipo Canal Society. It included field campaigns and numerical modeling of future scenarios that show that by midcentury glacier inputs could decrease by up to 75% in the summer season (December-March).
- Update of the estimate of the impact of climate change on the Maipo and Mapocho river basins for the period 2021 to 2065 (Meteodata, 2021): Study under development that will update the calculations made in 2016 to estimate the future availability of both rivers, including the glacier component.
- Book "Glaciers and Andean Basins: Olivares-Maipo-Mapocho" (Aguas Andinas 2019).



Risk 2: Potential increase in the value of the green (carbon) tax that affects the emissions of sanitation companies and other industries.

The current green tax in Chile (USD 5/t CO<sub>2</sub>) is well below the value necessary to comply with the Paris Agreement (between USD 50 and 100 by 2030). Since Aguas Andinas' total Greenhouse Gas Emissions (GHG) in 2022 were 207,882 tCO<sub>2</sub>e; we are exposed to potential increases in this tax.

There are several reasons to assume that the green tax could increase. The Ministry of Social Development recently updated the price of CO<sub>2</sub> emissions used in the social evaluation of projects, raising it to around USD 32.5, which can be considered an indication that the green tax in Chile could eventually increase to such level, in addition to increasing the number of affected companies- including those belonging to the sanitation industry, such as Aguas Andinas. Other indicators that the green tax could increase are: the recently passed (June 2022) Chilean Climate Change Law which sets as a goal that the country be carbon neutral and climate resilient by 2050 at the latest; the Energy Efficiency Law whose purpose is to promote the rational and efficient use of energy resources; and the National Electromobility Strategy which indicated that by 2035 only electric vehicles will be sold in Chile. All these actions point to a steady regulatory effort that is very aware of climate change and actively taking measures to mitigate this, and a potential increase in the carbon tax is certainly a possibility.

An increase in the value of the green or carbon tax can have a direct impact on the emissions of sanitation companies.

- **Financial implications:** A higher green tax directly affects our expenses. It increases the cost of activities that generate carbon emissions, such as burning fossil fuels or using energy-intensive processes. This can lead to reduced profitability, especially for water and sanitation companies heavily reliant on carbon-intensive operations. Considering our current Scope 2 emissions, and the carbon price established by the Ministry of Social Development, we estimate that such an increase could have an estimated effect of around 5% of our profits, and it is unlikely that this would be easily transferred to consumers via higher rates.
- **Compliance and reporting:** A higher green tax may result in stricter compliance requirements. We may need to more accurately measure, report, and verify our emissions to meet regulatory obligations. This can involve implementing emission monitoring systems, conducting audits, and maintaining detailed records.
- **Government policies and regulations:** An increase in the green tax may be accompanied by other environmental policies and regulations. We will need to stay informed and adapt to these changes to ensure compliance and avoid penalties. This can involve adjusting production processes, supply chains, and resource usage to align with evolving environmental standards.

Despite the potential cost pressures and other impacts described above, in general, an increase in the green tax provides a stronger economic incentive for companies to adopt environmentally friendly practices and reduce their emissions. This could lead to a shift towards greener and more sustainable operations within the sanitation industry. Among other positive effects, a higher green tax could act as an incentive for emissions reductions across all our value chains, stimulate innovation and research and enable innovations.

We have found ways to reduce our carbon footprint. This includes adopting cleaner and more sustainable technologies, improving energy efficiency, investing in renewable energy sources, and implementing waste management strategies that minimize greenhouse gas emissions. There have been many improvements in water distribution infrastructure to reduce leaks and loss of network pressure for more efficient use and responsible for the resource and implementing energy conservation measures in aeration processes and other stages of water

treatment. This is guided by our roadmap, specifically the circular economy pillar. One objective is to reduce our GHG emissions by 27% for Scopes 1 and 2 with respect to the 2017-2018 average. Maintain or improve the reduction of Scope 3 emissions with respect to 2020. This was successful in 2022, Scope 1 and 2 emissions were reduced by 20%, and Scope 3 was reduced by 33%. Given the above, our company's overall emissions were reduced by 26%. In 2022, 70% of the energy consumed came from renewable sources, 2% more than last year. We also self-generate energy from our biofactories; 47 GWh of consumption in 2022 corresponded to renewable energy self-generation. This is produced from biogas, a by-product of wastewater treatment, a fuel composed of methane and carbon dioxide generated by the biodegradation reactions of organic matter. It is currently used to heat boilers at the plants and produce energy for self-supply, accounting for 63% of the total electricity consumed by the Mapocho Trebal biofactory. In addition, a sufficient volume is injected into the Metrogas network to supply nearly 40,000 homes in Santiago.

### Contributions and other spending

During the year 2022, Aguas Andinas allocated a total of CLP 572,000,000 to trade associations and think tanks, with the purpose of actively participating in public discussion.

### Largest Contributions and Expenditures

The two main topics which Aguas Andinas contributes to for a total of CLP 403,000,000 are:

Topic	Description
Planning water infrastructure with more conservative criteria	Many methodologies use historical averages to project future water demand and the works that will be required to sustain it. For the latter purpose, the average yield of rivers and aquifers over the last 50 years is used, which is not consistent with reality. It is necessary to plan infrastructure with more realistic criteria that consider current trends.
Implementation of progressive tariffs	Aguas Andinas believes that the possible modification of the industry's regulatory framework is an opportunity to adapt the current tariff structure to the reality imposed by climate change. For example, the incorporation of tariffs defined according to progressive and differentiated brackets according to the level of consumption would generate incentives to reduce water use and would give a signal of protection of the resource. This requires modifying the regulations and tariff decrees of the sanitation companies, changes that Aguas Andinas is promoting together with ANDESS. There is considerable consensus on their convenience and, in fact, worldwide, progressive tariffs are more common than flat ones: according to the Global Water Intelligence database, out of a sample of 600 cities, 63% have progressive tariffs. Although not all water utilities in Chile may need such a scheme, Aguas Andinas estimates that it should be considered for the Metropolitan, Valparaíso and Coquimbo regions

### Supplier

#### Supplier Screening

Our company has a systematic supplier screening approach to identify significant suppliers. Some of the aspects that we consider in our screening process for significant suppliers are environmental, social, governance, and business relevance.

#### Supplier Assessment and Development

The supplier evaluation process is carried out on an annual basis through the "Red Negocios" module evaluations platform. The contract administrator performs this management and is responsible for monitoring the action plan, if any.

The objective of monitoring is to mitigate risks associated with the operational continuity of our outsourced critical services, mainly and to account for compliance with the minimum management standards of their services. To close gaps and comply, based on an annual work plan, informing and promoting good practices in relevant areas at the Company level.

Scope: Aguas Group and Subsidiaries; Universe of 36 suppliers in the year 2022; Implements monitoring in the month of October of each year.

Impact: 9 certifiable management areas involved in the implementation and development of the work plan.

### IT Security/ Cybersecurity Governance

Within the Aguas Andinas team, the person in charge of supervising and managing cybersecurity within the company, and who reports directly to the executive management, is Juan Francisco Huechucura Gonzalez, whose position is Chief of Technological Risk.

#### *\*DJSI Board Independence Criteria:*

1. The director must not have been employed by the company in an executive capacity within the last year.
2. The director must not accept or have a “Family Member who accepts any payments from the company or any parent or subsidiary of the company in excess of \$60,000 during the current fiscal year”, other than those permitted by SEC Rule 4200 Definitions, including i) payments arising solely from investments in the company's securities; or ii) payments under non-discretionary charitable contribution matching programs. Payments that do not meet these two criteria are disallowed.
3. The director must not be a “Family Member of an individual who is [...] employed by the company or by any parent or subsidiary of the company as an executive officer.”
4. The director must not be (and must not be affiliated with a company that is) an adviser or consultant to the company or a member of the company's senior management.
5. The director must not be affiliated with a significant customer or supplier of the company.
6. The director must have no personal services contract(s) with the company or be a member of the company's senior management.
7. The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.
8. The director must not have been a partner or employee of the company's outside auditor during the past year.
9. The director must not have any other conflict of interest that the board itself determines to not be considered independent.