

AGUAS ANDINAS

2017 Sustainability Report

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102-1, 102-3, 102-53

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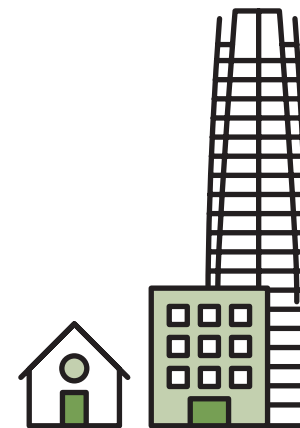
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COMPANY PROFILE

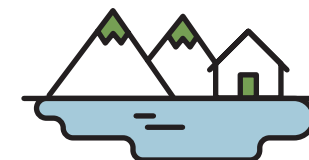
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Aguas Andinas S.A., is the largest water utility company in Chile and one of the most important in Latin America.



71 thousand hectares

of concession area in the Metropolitan Region.



13 thousand hectares

in the regions of Los Lagos and Los Ríos.



+ 2 million customers

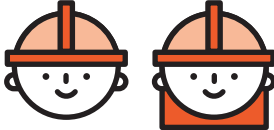
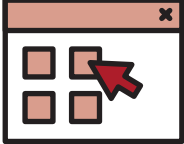
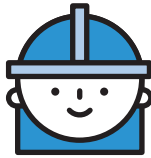
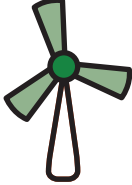
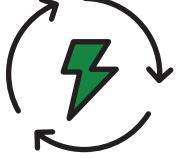
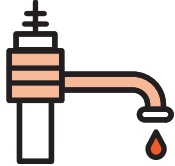
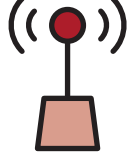
residential, commercial, and industrial.



8.5 million people supplied*

*Source: SISS 2016 Management Report; includes waste water treatment from SMAPA.

Achievements and Highlights of the Year

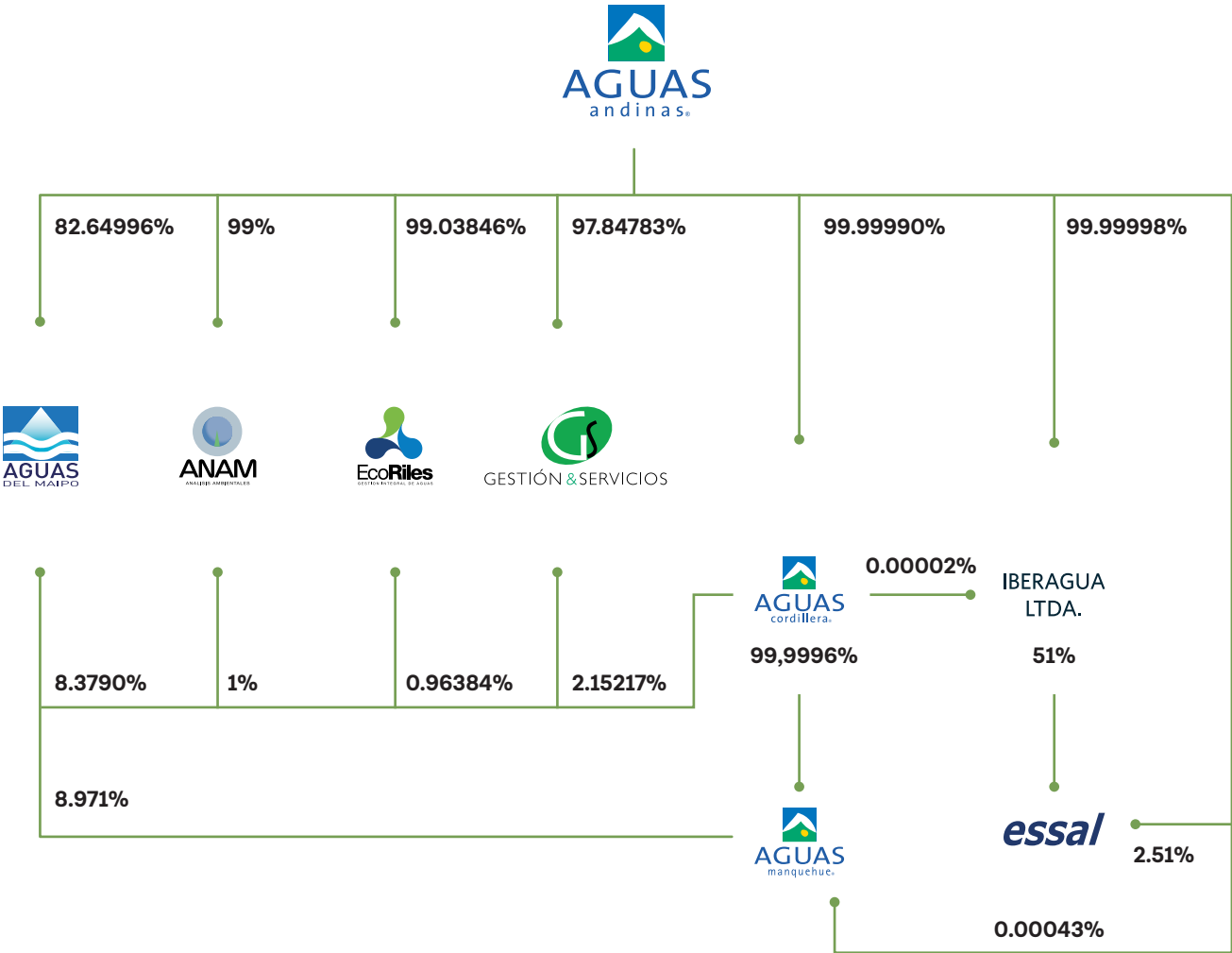
  TH\$ 509,540 was the total revenue for 2017.	  Construction of the Pirque Mega Tanks began.	  51% of payments conducted through Aguas Andinas' website.	  Obtaining the Gold category energy efficiency seal.	  85% of satisfactory solutions received for Customer Counsel customers at a consolidated level.	  2,103 Company employees.	  +1,250 Analyses to verify the quality of potable water.
 TH\$ 2,492,866 Market capitalization	 Construction of complementary emergency works.	 42% of feasibilities conducted through the new customer portal.	 18% of the energy used in installations comes from renewable sources.	 163,761 Subsidized customers.	 3.71 Aguas Andinas frequency rate at an individual level	 116,632 Families benefiting from the Rural Potable Water program in which the company collaborates.
 1st place Alas20 Leading Sustainability Company	 New early warning protocol.	 269,997 Twitter followers	 356,529 GJ Energy generated and destined for the manufacture of city gas.	 24,068 Social contracts.	 95,652 Hours of training for staff.	 Small catfish, Chilean silverside, and the mosquito fish return to the Mapocho River.
 Component of the Dow Jones Sustainability Index (DJSI) Emerging Markets and Chile. Component of the FTSE4Good Index.	 99.65% Service continuity index.	 45,000 Operation parameters in the OCC.	 137,649 Tons of biosolids reused as fertilizer.	 4,880 Students in educational programs	 14% Women in Executive positions.	 100 Tricahue parrots will be released from the Wildlife Rehabilitation Center in the Cajón del Maipo.

Our Subsidiaries



Aguas Andinas has both regulated and non-regulated subsidiaries. The former correspond to water utility companies that provide services production and distribution of potable water, as well as the collection, treatment and final disposal of wastewater. While non-regulated subsidiaries provide value-added services for the water utility industry, such as: industrial waste treatment services, marketing of water utility materials and products and non-conventional renewable energies, laboratory analysis and development of energy projects related to water utility companies.

REGULATED SUBSIDIARIES	NON REGULATED SUBSIDIARIES
Aguas Andinas S.A.	EcoRiles S.A.
Aguas Cordillera S.A.	Gestión y Servicios S.A.
Aguas Manquehue S.A.	Análisis Ambientales S.A. (Anam)
Empresa de Servicios Sanitarios de Los Lagos S.A. (ESSAL)	Aguas del Maipo S.A.

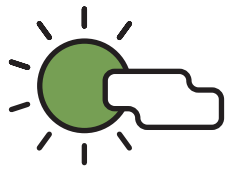


OUR VISION, MISSION, AND VALUES



102-16

Vision
Going beyond water,
managing resources in a
sustainable manner



Mission

- We are dedicated to our customers 24 / 7..
- We manage the underground city to guarantee the continuity of our services.
- We deliver quality water and convert waste into resources.
- We create shared value with our environment.
- We are committed to the quality of life of people and the development of the country.



Values

- Excellence
- Co-creation
- Shared value
- Commitment
- Talent
- Sustainability



102-14

Letter from our President

Active Agents of Nature

Guillermo Pickering

P R E S I D E N T

I am pleased to introduce this thirteenth sustainability report, in which each and every one of the data contained herein is verified by independent third parties.

This document is the record of a stimulating transformation journey that never ends; that is finding new barriers to be overcome, new challenges to be undertaken and integrated.

Our aim is to satisfy the water and sanitation needs of the present generations, but always ensuring the supply capacity and environmental services for the inhabitants of Chile who will build the country in the future.

This responsibility with those to come, including our own posterity, inspires us to make every action we take or every project we undertake today or tomorrow economically, environmentally and socially sustainable.

We see no other way but to join in with nature itself to achieve this end, contributing to the cycle of life in a tangible way.

We know that as a result of human action, the planet has responded by placing humanity itself at a point of no return that may threaten its long term existence.

Neither Chile nor any area of the planet has the capacity to escape the global rise in temperatures, its consequences for the environment and the way of life in human settlements. Research suggests that over the next 30 years, temperatures in Chile will rise by an average of 2 degrees Celsius.

This diagnosis is real. We see this every year when we see less rainfall in the valleys and in the Andes Mountains, and the worrying retreat of the glaciers.

That is why Aguas Andinas is a company that does not end in financial results, the numerous awards we receive each year, or in the international certifications that fill us with pride.

Our company integrates itself into nature and the development of society, to then be reborn as an active agent of life, as a real contributor to the resilience of ecosystems with a view towards the future.

Such a position of socio-environmental leadership can be seen summarized in this document by the country and the world.

Thanks to the transformation of complex processes, we are already obtaining encouraging results that will improve every year. Delivering valuable resources to ecosystems that did not exist before and doing so with full energy self-sufficiency are part of our new way of thinking and doing business.

It has been a cumulative process of decisions that Aguas Andinas has adopted for almost two decades.

Many thought it was Don Quixote's dream to decontaminate the sewage in Santiago, and we started on that road in the early 2000s with the conviction that we could do so. And we achieved this in 2012, placing the country's capital, and Chile as a whole, at the top of the list of nations that have achieved the goal of decontaminating all of the wastewater in their urban areas.

When Santiago had been used for centuries to turning its back on a polluted Mapocho river, we started the Clean Urban Mapocho project, which began operating in 2010. Today, people play sports on its urban banks and we have recently seen the rebirth of life downstream. The fish have returned to the river thanks to the continuous decontamination of all the wastewater from the modern treatment plants- La Farfana and Mapocho-Trebal - which are now bio-factories.

But for the more than 2,100 people who work in the Aguas Group companies, life and work without dreams or challenges is something empty.

It was then when we decided to take a new qualitative and unprecedented step in the world that we obtained by carefully observing the processes of our wastewater treatment plants.

This is how the bio-factories were born, the first of their kind, true environmental assets factories, which together with decontaminating the used water and discharging it to the Mapocho riverbed when suitable for irrigation, their processes allow converting the sewage sludge into a rich agricultural fertilizer.

The operation of these processes requires a large amount of energy, which is partly supplied by the bio-factory itself in an autonomous manner. In the near future, the production of clean energy will exceed internal requirements and the distribution lines will be relocated as non-conventional renewable energy.

Likewise, part of the natural gas currently generated in the bio-factories is of such quality that it is injected into the distribution network to supply this clean energy to an increasingly large population.

None of these achievements would have been possible without the strategic vision of the controlling shareholders of Aguas Andinas identified in this report, as well as without an adequate regulatory framework implemented by the Government to guarantee long-term and stable rules. Because the investments and challenges we undertake require it.

It is in this context that we once again ask ourselves a fundamental question: can we as a society guarantee the supply of drinking water to future generations of Chileans?

We know that there will be fewer water resources available, so the mission is to find other sources to make potable.

It is in this search that we can set our sights on a fact that is at hand: the decontamination processes carried out by the bio-factories of Santiago decontaminated the enormous amount of 593 million cubic meters of water, making it suitable for irrigation in 2017. This is equivalent to 78 percent of total potable water in the same period.

Some of the water being discharged into Mapocho can be returned to the potable water distribution networks. Such processes are carried out with total normalcy, safety and quality in developed countries.

We are aware that this is a strategic decision for the country as a whole. An open and honest debate is needed on the public agenda, in which we are ready to participate as part of our social responsibility.



102-14

Letter from our CEO

Towards Total Sustainability

Narcís Berberana

CEO

Population growth and urbanization have motivated us to implement an effective change process in the form and substance of our objectives, processes and management.

The way in which we address these social, environmental and economic challenges is through our “Santiago deserves a 7” strategy, which consists of seven strategic pillars: business model, resilience, digitalization, circular economy, social legitimacy, innovation and person, and water and quality of life.

These pillars, in turn, have a timeline of compliance objectives and targets, which we have named the 2018-2022 Sustainability Roadmap.

With these high-end, transparent and measurable management instruments, we want to go beyond water, managing resources in a sustainable way. In short, it is a guide to transforming the company towards sustainability as well as a tool for its control, in addition to our contribution to the fulfillment of the commitments of the COP21 climate change agreement proposed by the United Nations in 2015, and which establishes specific targets for 2030.

In social matters, more than 24,000 social agreements have been signed and more than 163,000 customers have subsidies for their potable water and sewerage consumption. When there is a lack of water in a house, the quality of life of the family group is seriously undermined. We want no one in Chile to run out of water because they can't afford to pay their bill.

Outside our concession limits there are Rural Potable Water Committees. In 2017, 466,528 people living in rural areas benefited from our technical advice, financial and accounting training to these community organizations.

For Aguas Andinas, the company's sustainability is also based on shared value. That is why, at the end of 2017, the Ministry of Economy awarded us the ProPyme Seal for demonstrating that our average payment period for SMEs' invoices did not exceed 28.5 consecutive days since the document was issued, which certainly makes us proud.

In environmental matters, four years after having cleaned up 100% of the wastewater in Santiago, we inaugurated the first bio-factories in Chile and in the world, transforming the operation of our plants in La Farfana and Mapocho-Trebal into centers that generate natural and energy resources. With this new way of carrying out our work, we have changed our business model from a linear economy to a circular economy, which consists of a production model that seeks to reduce the consumption of resources and the generation of waste, taking advantage of the latter to generate new resources necessary for the sustainability of the system.

In financial matters, the figures were stable and positive, which was verified by the external audit firm EY. Market confidence in the company's management can be seen in three important facts: Fitch Ratings and ICR ratified Aguas Andinas' AA+ risk rating; the

selection for the third consecutive year to be part of the Dow Jones Sustainability Emerging Markets Index and the Dow Jones Sustainability Index Chile; and being chosen to be a component of the FTSE4Good Emerging Index, which measures the performance of companies that demonstrate sound environmental, social and corporate governance practices.

As we can see, our development path is none other than that of total sustainability for the benefit of the environment and the well-being of Chile and its inhabitants.

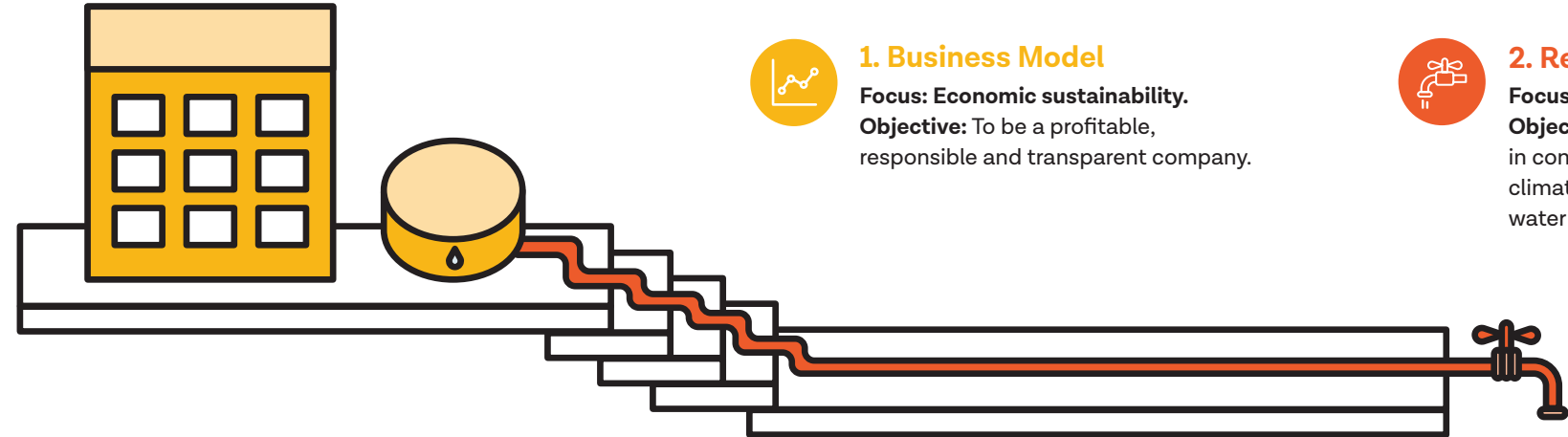


OUR STRATEGY

Santiago Deserves a 7 (SM7)

In accordance to Aguas Andinas's commitment to the sustainable development of the city, its rural sector, and its inhabitants, Aguas Andinas has defined and designed a long-term strategy, called Santiago Deserves a 7 (SM7).

SM7 consists of seven strategic pillars or axes, which identify the roadmap and the challenges of the company's management, gathering and integrating the commitments assumed into its sustainability policy and strategy.



1. Business Model
Focus: Economic sustainability.
Objective: To be a profitable, responsible and transparent company.



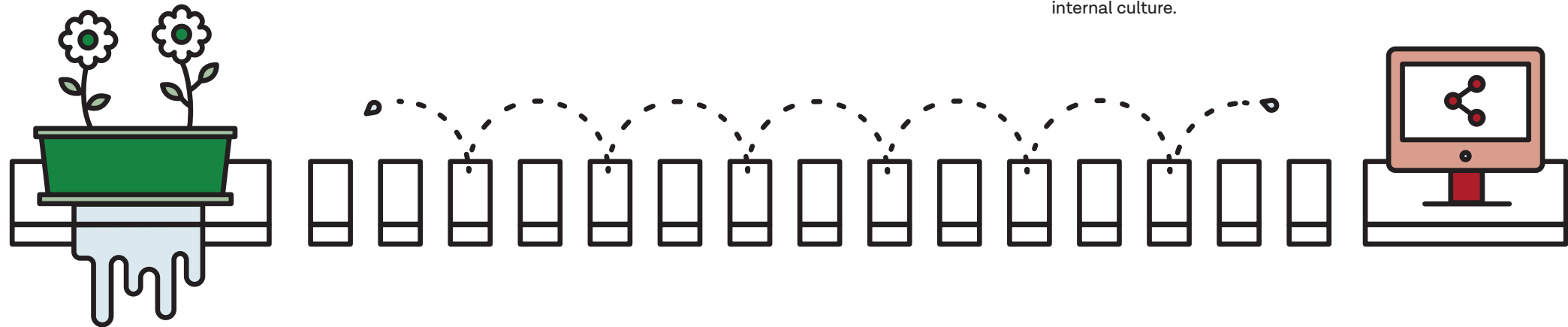
2. Resilience
Focus: 100% continuity.
Objective: Guarantee supply in conditions of drought and climate change, preserving water as a source of life.



4. Circular Economy
Focus: Zero impact.
Objective: Leading the fight against climate change, contributing to the global goal of limiting global temperature increase to 2°C.



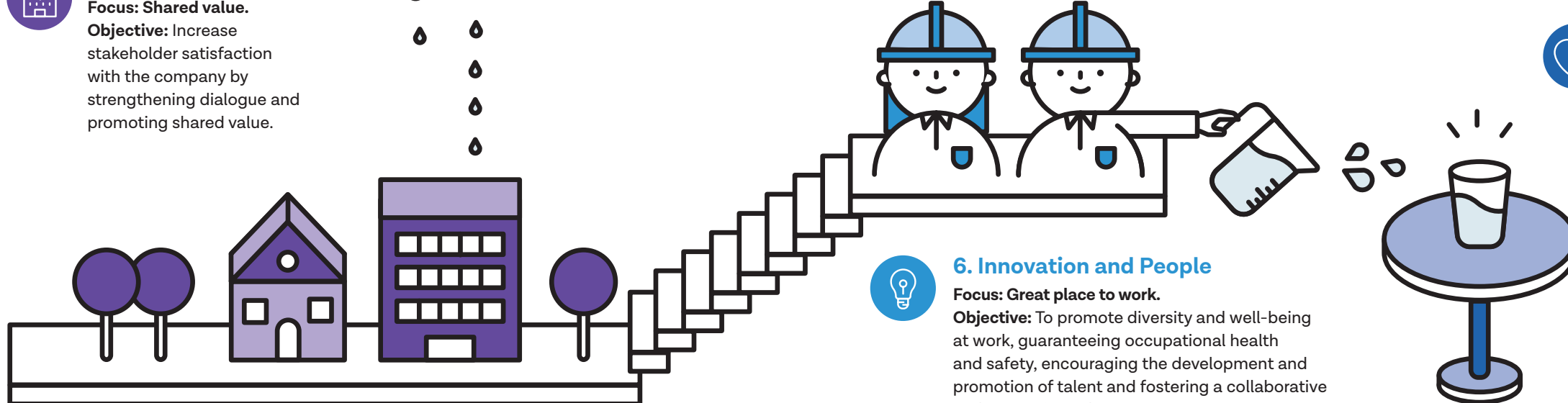
3. Digitalization
Focus: Agility.
Objective: Accelerating the digital revolution at the service of its citizens, operation and internal culture.



5. Social Legitimacy
Focus: Shared value.
Objective: Increase stakeholder satisfaction with the company by strengthening dialogue and promoting shared value.



7. Water and Quality of Life
Focus: Water benefits.
Objective: Encourage the improvement in the quality of life of citizens and promote the creation of healthy environments.



6. Innovation and People
Focus: Great place to work.
Objective: To promote diversity and well-being at work, guaranteeing occupational health and safety, encouraging the development and promotion of talent and fostering a collaborative and innovative culture.



2018–2022 SUSTAINABILITY ROADMAP

The Company's Roadmap has been defined in accordance with our vision of **going beyond water, managing resources in a sustainable manner.**

This roadmap which determines the key performance indicators and goals for each of our 7 strategic pillars has two purposes:

- To be a guide for the transformation of the company towards sustainability and a tool for its control.
- To contribute with the country and its citizens in the fulfillment of the commitments of the COP21 climate change agreement, proposed by the United Nations in 2015, which establishes specific goals for the year 2030.

The performance indicators will be published in the Sustainability Reports for the coming years, after being verified by an independent third party. They will also be the annual guideline for the dialogue with our stakeholders.

Business Model



FOCUS
Economic
Sustainability

COMMITMENT
To be a profitable,
responsible and
transparent
company.

OBJECTIVES

- Be an economically sustainable company.
- Lead in Corporate Governance best practices.
- Support the development of socially and environmentally responsible suppliers.
- Promote a business model that is responsible about the climate and has a positive social impact.

GOALS FOR 2022

- To be in the top 20% of sustainability indexes ranked by extra-financial rating agencies.
- To be in the top 20% of corporate governance indexes from extra-financial rating agencies.
- Work with less than 5% of suppliers who are vulnerable in sustainability risks.
- 100 % of contracts with internal carbon pricing (investments > 100,000 UF).
- 100 % of investments with social impact analysis (investments > 100,000 UF)
- 25% increase in the turnover in environmental services revenues in comparison to 2017.

Resilience



FOCUS
100%
Continuity

COMMITMENT
Guarantee supply in
conditions of drought
and climate change,
preserving water as a
source of life.

- Establish a climate change adaptation strategy increasing our operation's resilience.
- Protect and restore water-related ecosystems, including glaciers, mountains, wetlands, riverbank forests, rivers, aquifers and lakes.
- Promote the use of alternative water sources for uses that do not require potable water quality.
- Systematically propose climate change resilience plans to our customers.

- Limit network water losses to 20%.
- Increase the number of hours of autonomy of the service to 34 hours.
- Raise the Continuity of Supply Index to 99.90%.
- 3 protection projects on strategic resources.
- Promote 3 initiatives for the reuse of treated wastewater and/or grey water.
- 1 campaign per year of responsible use and loss mitigation.

Digitalization



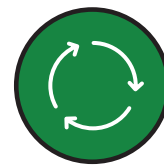
FOCUS
Agility

COMMITMENT
Accelerating the
digital revolution
in the service of
citizens, operations
and internal culture.

- To lead the digital connection with citizens.
- Automate operations.
- Implementing the WATER 4.0 internal culture

- 13,000 smart customers (remote reading technology).
- 75% of requirements solved digitally.
- 96% remote-controlled installations.
- Increase the organization's Digital Index (GDA) by 50%.
- Incorporate Artificial Intelligence into 10% of the support processes.
- Implementation of 20 initiatives with agile methodologies.

Circular Economy



FOCUS
Zero
Impact

COMMITMENT

Leading the fight against climate change, contributing to the global goal of limiting the rise in global temperature to 2°C.

OBJECTIVES

Achieve 0 climate impact by means of the reduction of greenhouse gas emissions and water footprint.

Achieve energy sustainability by reducing energy consumption in processes, self-generate renewable energy and maximize the renewable component in the energy matrix.

To achieve 0 waste, favoring the reuse and the valuation of the waste, as they are converted into secondary raw materials.

GOALS FOR 2022

- 10% annual reduction in emissions (multi-year target calculated with base year 2017).
- Mitigation of 23,000 TCO₂/year to citizens in the target period.
- Decrease in water footprint (Baseline calculation 2017. Goals will be set in 2018).

- Energy consumption per m³ billed of less than 0.50 kWh.
- 10% increase in the percentage of self-generated electrical energy in relation to the total consumed.
- 85% of electricity consumed from renewable sources.

- 0% bio-solids produced in the Metropolitan Region sent to landfills
- 50% of recovered waste.
- Decrease in the plastic footprint (baseline to be calculated in 2018).

Social Legitimacy



FOCUS
Shared
Value

COMMITMENT

Increase stakeholder satisfaction with the company by strengthening dialogue and promoting shared value.

To increase the Interest Groups' satisfaction in the company.

Strengthen the figure of the Customer Counsel.

Contribute to local development.

Ensuring Water for all Underprivileged People

Satisfaction index of the relationship with stakeholders (to be defined in 2018).

Get a 95% recommendation rate from people who come to Customer Counsel.

- Increase the number of contracts signed with local entrepreneurs and/or B companies.
- More than 30,000 people per year aware of sustainable water use.
- Five-year contribution to the community of more than \$2 billion.

100% social coverage of the potable water service.

Innovation and People



FOCUS
Great Place
to Work

COMMITMENT

Promote diversity and well-being at work, ensuring occupational health and safety, promoting development and promoting talent and fostering a collaborative and innovative culture.

OBJECTIVES

Promote well-being and equal opportunities by creating inclusive and diverse environments.

Attract and retain talent.

Ensure good health and safety at work, committing ourselves to the challenge of achieving 0 labor accidents.

Encourage collaborative and globalized ways of working.

Promote open innovation for the development of sustainable solutions.

GOALS FOR 2022

- Obtain an employee satisfaction index greater than 80%.
- Increase the rate of women in executive positions.
- Increase the rate of people with functional diversity.

- Achieve 100% of employees benefited from comprehensive performance analysis.
- Ensure that 80% of employees receive training.

- Aguas Group's frequency rate lower than 3.5.
- Supplier frequency rate lower than 10.

- Increase in the penetration rate of collaborative environments (Skype, Yammer, Microsoft OneDrive, etc).
- Number of people involved in corporate volunteering greater than 100.

- Work with 10 start-ups as suppliers of the Aguas Group.
- Increase in the number of shared governance structures (joint ventures, mixed economy companies, etc.).

Water and Quality of Life



FOCUS
Benefits
of Water

COMMITMENT

To promote an improvement in the quality of life of citizens and to promote the creation of healthy environments.

Fostering the Improvement of Citizens' Quality of Life

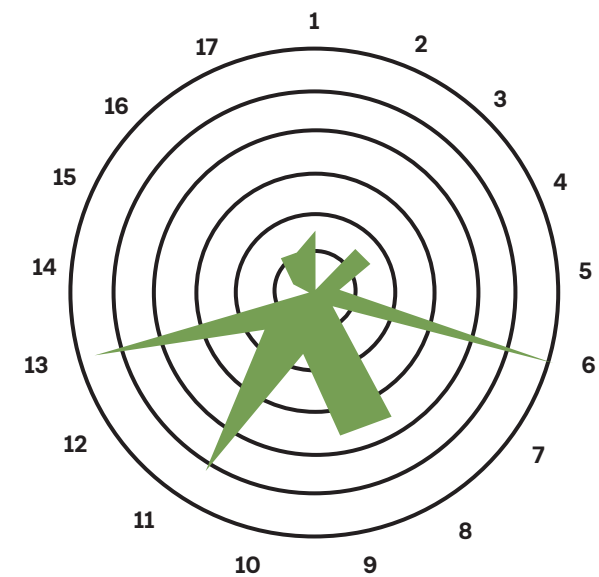
Preserve the biodiversity of ecosystems.

- 100% compliance with the Plan for the dissemination of the nutritional benefits of water.
- 100% compliance with the Plan for the dissemination of the benefits of wastewater treatment.
- Increase the number of water and health studies.

5 biodiversity preservation/recovery projects.

CONTRIBUTION TO THE UNITED NATIONS'S SUSTAINABLE DEVELOPMENT GOALS (SDGs)

In order to contribute to the achievement of the country's commitments to the 17 Sustainable Development Goals (SDGs) defined by the United Nations for the year 2030, Aguas Andinas identified 15 objectives aligned with its SM7 strategy.



SDG	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
N° of impacting objectives	3	0	3	3	1	12	1	7	7	3	10	3	11	0	1	2	2

AGUAS ANDINAS' CONTRIBUTION TO THE SDG

	1 NO POVERTY	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Objective 1: Increase water productivity	Water drop				Water drop		Water drop		Water drop	Water drop		Water drop		Water drop	
Objective 2: Improve water quality					Water drop			Water drop		Water drop	Water drop	Water drop			
Objective 3: Promote water security							Water drop	Water drop		Water drop		Water drop			Water drop
Objective 4: Increase water efficiency					Water drop	Water drop				Water drop	Water drop	Water drop			
Objective 5: Promote water conservation	Water drop	Water drop	Water drop		Water drop		Water drop	Water drop	Water drop	Water drop		Water drop		Water drop	Water drop
Objective 6: Promote water innovation		Water drop	Water drop	Water drop	Water drop		Water drop	Water drop		Water drop					
Objective 7: Promote water sustainability		Water drop			Water drop					Water drop	Water drop		Water drop		

Our Certifications

Aguas Andinas and its subsidiaries have international and national certifications that guarantee high standards in their quality systems and that support integrated management in their operations and processes. These certifications are managed through the Integrated Management System (SGI for its name in Spanish), which promotes continuous improvement and the pursuit of excellence.

These certifications are under permanent review and updating. It should be noted that during 2017, Aguas Andinas obtained the ISO 37,001 certification of Anti-Corruption, making it the first Chilean company to attain this international standard.



Aguas Andinas, Aguas Cordillera and Aguas Manquehue Management Systems

-  **ISO 9.001** Quality
-  **ISO 22.301** Business Continuity
-  **NCh 3262** Equality and Conciliation
-  **ISO 14.001** Environment
-  **OHSAS 18.001** Health and Safety
-  **ISO 50.001** Energy Efficiency
-  **ISO 37.001** Anticorruption

ESSAL Management Systems

-  **ISO 9.001** Quality
-  **ISO 14.001** Environment
-  **OHSAS 18.001** Health and Safety

Non-regulated subsidiaries Certifications














Awards and Recognitions



Selected to be a part of the FTSE4Good Emerging Index.



Selected to be a part of the Dow Jones Sustainability Indexes (DJSI) Emerging Markets and Chile for the third consecutive year.



Certified as a Family Friendly company.



Energy Efficiency Seal of the Ministry of Economy, Gold category.



ProPyme Seal, for the commitment to pay SME suppliers within 30 days.



Equal Reconciliation, an award granted by the National Women's Service for the incorporation of good labor practices with gender equality.



Compliance Certification ISO 37.001, anti-bribery management standard.



Selected as an ALAS20 Company, an award that recognizes only one company in the country that demonstrates leadership, consistency and excellence in the public disclosure of its products, information on its investor relations, sustainable development and corporate governance practices.



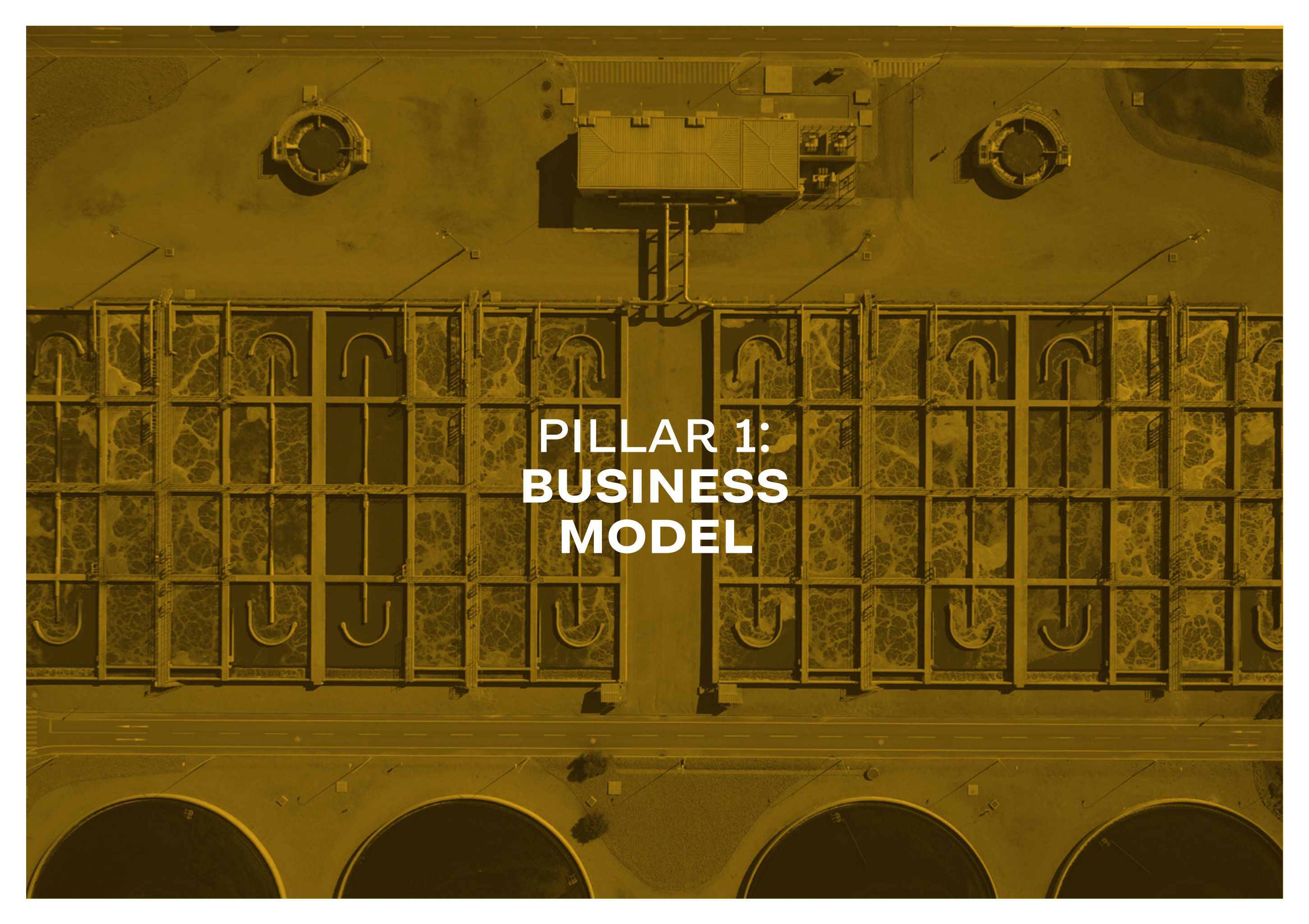
Winner of first place in the ALAS20 Sustainability Leader Company category



Second place in the categories of Leading Company in Corporate Governance and Leading Company in Investor Relations.



Honorable mention in the ProHumana 2017 ranking.

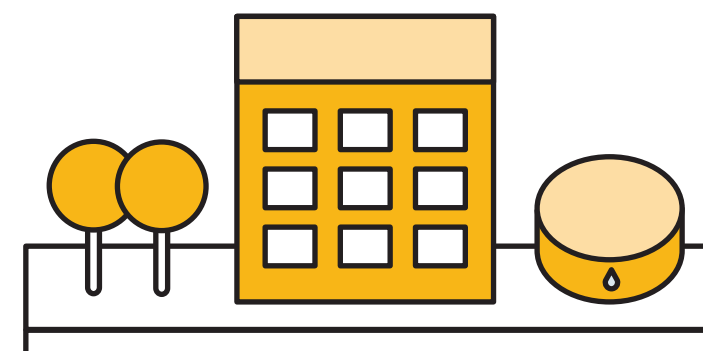
An aerial photograph of a wastewater treatment plant, featuring a large grid of rectangular aeration tanks in the center, surrounded by circular clarifiers and various pipes and walkways. The entire image has a monochromatic yellowish-brown tint.

PILLAR 1: BUSINESS MODEL

COMMITMENT

**To be a profitable,
responsible
and transparent
company.**

Profitability at the service of all.



Aguas Andinas has the firm intention is to be a strategic ally for the country, providing sustainable solutions to the challenges that citizens face.

In order to achieve this objective, it is necessary for the organization to be sustained by good economic performance and robust corporate governance, capable of providing clear guidelines to the organization and of proactively engaging with its stakeholders, generating shared value and stability for the market.



Objectives

Objectives	SDGs	2022 Goals
1. To be an economically sustainable company.	8 DECENT WORK AND ECONOMIC GROWTH	• To be in the top 20% of the sustainability indexes ranked by extra-financial rating agencies.
2. Lead Corporate Governance best practices.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• To be in the top 20% of the corporate governance indexes ranked by extra-financial rating agencies.
3. Support the development of socially and environmentally responsible suppliers.	1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	• Work with less than 5% of suppliers who are vulnerable in sustainability risks.
4. Promote a business model that is responsible to the climate and has a positive social impact.	6 CLEAN WATER AND SANITATION 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION	• 100% of contracts with internal carbon pricing (> 100,000 UF). • 100% of investments with social impact analysis (> 100,000 UF). • Environmental services businesses: +25% turnover in comparison to 2017.

2017 Highlights

OBJECTIVE 1 BE AN ECONOMICALLY SUSTAINABLE COMPANY



For the third consecutive year, Aguas Andinas was selected to be a part of the Dow Jones Sustainability Indexes (DJSI) Emerging Markets and Chile.



Winner of first place in the ALAS20 Sustainability Leader Company category.



Selected to be a part of the FTSE4Good Emerging Index.



Second place in the ALAS20 categories of Leading Company in Corporate Governance and Leading Company in Investor Relations.

OBJECTIVE 2 LEAD CORPORATE GOVERNANCE BEST PRACTICES



Risk Map Upgrade, identifying 280 risks and 4 macro opportunities.



Implementation of the Compliance Management System (CMS).



SGC certification under the anti-corruption standard ISO 37.001 (Anti-Bribery Management Systems).



Updating and communication of the Crime Prevention Model.



Development of a new organizational structure, organized into three areas of action: operational, support and strategic.

OBJECTIVE 3 SUPPORT THE DEVELOPMENT OF SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE SUPPLIERS



ProPyme Seal

Corporate Governance

Company Ownership and Control

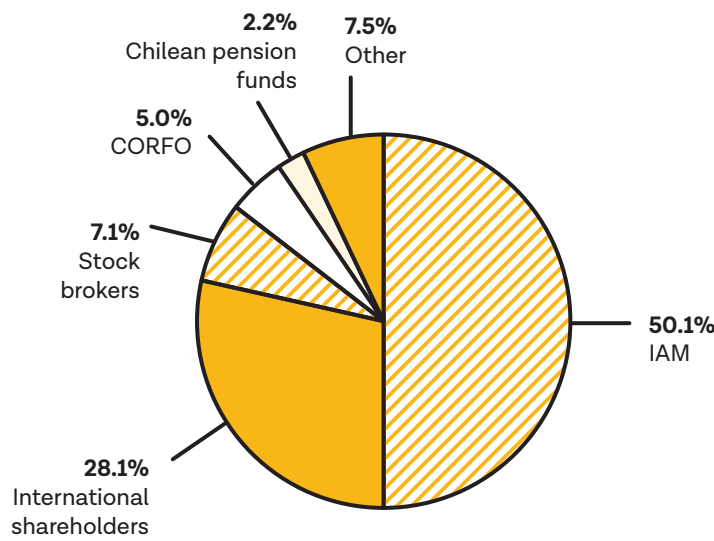
102-5



Aguas Andinas is a publically listed company and its main shareholder is Inversiones Aguas Metropolitanas S.A. (hereinafter IAM), which controls the company with 50.1% of the ownership¹. The main shareholder of IAM is Suez IAGSA (Inversiones Aguas del Gran Santiago), which is controlled by Sociedad General de Aguas de Barcelona (SGAB) and is 100% owned by the Suez Group.

Both the Suez Group and SGAB are leading companies in water and environmental management worldwide. SGAB, with 150 years of experience, offers services in Spain, Chile, United Kingdom, Mexico, Colombia, Algeria, Peru, Brazil, Turkey and the United States. The Suez Group, with more than 120 years of experience, has a presence in around 70 countries.

SHAREHOLDING STRUCTURE



1. For updated information on the shareholding structure, please visit the website: <https://www.aguasandinasinversionistas.cl/en/shareholders/ownership-structure>

Composition of the Board of Directors

102-18, 102-22, 102-23, 102-24



The Board of Directors is the highest governing body, in charge of directing Aguas Andinas in the best interests of its shareholders. The current Board of Directors, elected for a statutory period of three years at the 26th Ordinary Shareholders' Meeting held on April 27, 2016, currently consists of seven members: a chairman, a vice-chairman and five named directors, as well as four alternate directors, among which are two women².

The directors have extensive experience in the business world, several of them holding executive or managerial positions in other companies.

ESSAL has an independent Board of Directors.

2. For more information on the Board of Directors, please visit the website: <https://www.aguasandinasinversionistas.cl/en/corporate-governance/directors-executives/board-directors-composition>

NAME	POSITION	EDUCATION	CV	SENIORITY IN THE BOARD OF DIRECTORS	EXECUTIVE OF AGUAS ANDINAS	INDEPENDENT DIRECTOR
Guillermo Pickering De La Fuente	Chairman	Lawyer from the Universidad de Chile and expert on regulated markets.	He was president of the Asociación Gremial de Empresas de Servicios Sanitarios (ANDESS) (<i>Association of Water Utility Services Companies</i>), advisor to Aguas Andinas and director of ESSAL. Since April 2016, he has been Chairman of the Board of Directors of Aguas Andinas and Chairman of the Boards of Directors of Aguas Cordillera, Aguas Manquehue and ESSAL.	2 years	No	No
Herman Chadwick Piñera	Vice Chairman	Lawyer and Graduate in Law from the Pontificia Universidad Católica de Chile.	He freely practices as a senior partner of Chadwick & Reymond Law Firm. Chairman of Enel Chile S.A., Vice Chairman of Aguas Andinas, Vice Chairman of Intervial S.A., Vice Chairman of the Board of the Arbitration and Mediation Center of the Santiago Chamber of Commerce, Director of Viña Santa Carolina S.A., Director of Inversiones Aguas Metropolitanas S.A. Director of Aguas Andinas since 2011.	6 years	No	No
Ricardo Escobar Calderón	Named Director	Lawyer from the Universidad de Chile and Masters of Law (LL.M.) from the University of California in Berkeley, United States.	He was a member of the Foreign Investment Committee and then worked at Langton Clarke. He was a partner of the Carey y Cía. law firm. He was director of the Internal Revenue Service from 2006 to 2010, partner of EY Chile until 2013 and currently partner of Bofill Escobar Abogados. Director of Aguas Andinas since August 2013.	4 years	No	No
Laureano Cano Iniesta	Named Director	Graduate in Economic and Business Sciences from the Universidad Pompeu Fabra de Barcelona, Spain.	He has vast experience in the Agbar Group, where he has worked as Economic-Financial Manager and member of the board of directors of several water utility companies. General Manager of IAM since May 2016. Alternate Director of Aguas Andinas since April 2016. He became Named Director in May 2017.	2 years	No	No
Rodrigo Manubens Moltedo	Named Director	Commercial Engineer from the Universidad Federico Santa María and from the Universidad Adolfo Ibáñez, Master of Science from the London School of Economics and Political Science, London, United Kingdom.	Chairman of the Board of Directors of Banchile Seguros de Vida and SegChile Seguros Generales, Director of the Santiago Stock Exchange, Banco de Chile, Orión Seguros Generales and SM Chile. He has been a member of the Board of Directors of Banco de A. Edwards and Banco O’Higgins. He was also director and chairman of the board of Endesa Chile S.A. Director of Aguas Andinas since July 2011.	6 years	No	Yes
Fernando Samaniego Sangroniz	Named Director	Lawyer from the Pontificia Universidad Católica de Chile.	Partner of Prieto y Cía. Member of the list of Arbitrators of the Mediation and Arbitration Center of the Santiago Chamber of Commerce and the National Arbitration Center. Deputy Director of Aguas Andinas since August 2013. He became Chief Named Director in September 2016.	4 years	No	No
Pedro Sierra Bosch	Named Director	Commercial Engineer with a major in Economics from the Universidad de Chile, and postgraduate degree in Economic Development and Planning Techniques from ISVE, Italy.	Corporate Manager of CORFO. Director of the National Mining Company (Enami) representing CORFO. He has worked as a consultant for the Inter-American Development Bank (IDB) and the Ministry of Economy, in addition to a vast experience in the mining sector as an advisor to the Vice President of Development and Sustainability of Codelco, and as Manager of the Institute of Innovation in Mining and Metallurgy. Deputy Director of Aguas Andinas since April 2016. He became Named Director in August 2016.	2 years	No	Yes
Christophe Cros	Alternate Director	Master's Degree in Economics from the Université de Paris I.	Senior Executive Vice President of Finance and Procurement, and Chief Financial Officer of the Suez Group. He has worked for the Suez Group since 1991, taking on various executive roles at Crédisuez, SITA and Suez Environnement. Director of Aguas Andinas since August 2013. Alternate Director of the Chairman of the Board, Guillermo Pickering De La Fuente.	4 years	No	No
Loreto Silva Rojas	Alternate Director	Lawyer from the Universidad de Chile.	Partner of Bofill Escobar Abogados. She was Minister of Public Works from 2012 to 2014 and previously Vice Minister of Public Works. She was also a partner in the law firm Morales & Besa and a lawyer in the Chilean Chamber of Construction. Director of Aguas Andinas since April 2016. Alternate Director of the Named Director Ricardo Escobar Calderón.	2 years	No	No
Sonia Tschorne Berestesky	Alternate Director	Architect from the Universidad de Chile, Master's studies in Territorial Urban Development from the Universidad Católica de Chile.	Director of Neo-urbanism Management. Vast experience in the Chilean public sector, she was General Director of Public Works, Minister of National Assets, Minister and Undersecretary of Housing and Urban Development and National Director of Architecture. Director of Aguas Andinas since April 2016. Alternate Director of the Vice Chairman of the Board, Herman Chadwick Piñera.	2 years	No	No
Rodrigo Terré Fontbona	Alternate Director	Civil Industrial Engineer form the Universidad de Chile.	He has had an outstanding career in companies such as Lucchetti, Inversiones Consolidadas Ltda., Canal 13 S.A., among others. Director of Aguas Andinas since July 2011. Alternate Director to the Named Director Rodrigo Manubens Moltedo.	6 years	No	Yes

Corporate Governance Best Practices

102-21, 102-26, 102-27, 102-28,
102-31, 102-33, 102-34



Among the functions of the Board of Directors are the approval of policies, strategies and the company's stakeholder map. The implementation of these guidelines is delegated to the senior management or Directors' Committee (Codir) for its management. The Board of Directors follows up and monitors compliance with the goals associated with the strategy at the Board of Directors' meetings, where the Codir reports on its management of economic, social and environmental aspects and raises the main risks and possible relevant aspects arising from the relationship with stakeholders.

In addition, when contingencies or emergencies arise, the Board of Directors meets as many times as necessary to address such crises and find solutions through special sessions.

INDUCTION AND TRAINING OF DIRECTORS

In accordance with the NCG CMF 385, since their incorporation, the directors receive different types of internal and external training and advice. Upon joining the Board in 2016, the current Board of Directors received an induction that included the presentation of fundamental aspects of the business, its risks, main policies and procedures, as well as the most relevant legal framework applicable to the Company and to the Board itself; in addition to a series of presentations made directly by the Company's corporate managers.

During 2017, various training events were held, such as informative talks and the delivery of relevant material.

Thus, a set of books prepared by the Center for Corporate Governance of the Pontificia Universidad Católica de Chile dealing with different relevant subjects such as the latest trends

in sustainability and Corporate Governance, risk management in companies and national jurisprudence in the different related areas, was delivered to each director.

During the June session, Mr. Carlos Díaz, a prominent commercial engineer from the Pontificia Universidad Católica de Chile and Master's Degree in Economics from the University of California, United States, gave a presentation on the main risk control tools and the role that the Board of Directors plays in their management.

In November, Mr. Juan Ignacio Piña, a lawyer from the Pontificia Universidad Católica de Chile, and a Doctor in Law from the University of Navarra, Spain, conducted a lecture for the Board of Directors, focused mainly on the importance of establishing a preventive management system within companies in matters of integrity and compliance, which also follows the logic of continuous improvement of the Company's Compliance area.

FIELD VISITS

In order to learn more about the state and operation of the facilities, in 2017 the members of the Board of Directors made two visits to the La Farfana Biofactory and a visit to the El Rotal Biosolids Center, where they had the opportunity to listen to the concerns of the workers first-hand.

BOARD EVALUATION

The performance of the Board of Directors is evaluated every two years by an external company, which guides and accompanies them in a self-assessment process of with the aim of identifying opportunities to improve and enhance the strengths. The last evaluation was conducted in 2016, and the next one is planned for 2018.

102-11, 102-15, 102-29, 102-30

RISK MANAGEMENT

Aguas Andinas has a Risk Map that is updated every six months and submitted to the Board of Directors. Through this process, risks and opportunities are assessed in the following areas: legal and/or regulatory, reputational, financial, environmental, service and occupational and/or social security. For each of them, the impacts, probability of occurrence and the level of control existing in each process are systematically analyzed, so that each area generates mitigation plans and plans its investment projects.

The update carried out in the second half of 2017 resulted in the identification of 280 risks and 4 macro opportunities for the company. Among the risks identified, there are regulatory, investment, climate and financial risks.

Finally, the effectiveness of the risk management process is measured on the basis of process monitoring indicators.



Organizational Strategy



Starting in 2015, Aguas Andinas took on the challenge of becoming an environmental services company, transforming its business model into a circular economy, enabling the company to achieve its long-term objectives, which poses challenges and processes of change at an organizational and cultural level which will allow it to successfully carry out its daily management and promote the development of the corporate strategy Santiago deserves a 7 (SM7).

In this context, during August 2017, the development of a new organizational structure began, in which the General Manager’s title became CEO (Chief Executive Officer) and new units were created, organized in three areas of action:

- **Directions responsible for the Strategic Axes:** includes the areas responsible for carrying out the strategic axes of SM7, whose main function will be to: accelerate the search for new business models, promote digital transformation, sustainability and innovation, and manage infrastructure construction processes, risks, tariffs and social legitimacy.
- **Service Directions:** includes the areas responsible for Customer Service, Operations and Planning, Engineering and Systems, whose main function will be to ensure operational excellence and continuity of service, making compliance with the conditions established by the SISS compatible with the implementation of the actions derived from the strategy.
- **Directions responsible for the business facilitation and supervision functions:** this includes the areas responsible for managing all the support activities for the Service Direction and the strategic areas of SM7.



Pillar 1 Business Model

Direction Committee (CODIR)

102-19, 102-20

The Direction/ Steering Committee (CODIR) is led by the company's CEO and made up of its main executives.

The CODIR meets periodically with the purpose of getting acquainted with and evaluating the company's management in its economic, social and environmental performance, safeguarding compliance with the corporate strategy. CODIR's work is complemented by other committees: Regulation Committee, Investment Committee, Donations and Sponsorships Committee and Communications Committee.

MAIN EXECUTIVES



CEO

Narciso Berberana Sáenz



SUSTAINABILITY
AND DEVELOPMENT
DIRECTOR

Sandra Andreu Pezareix



RESILIENCE AND FINANCE
DIRECTOR

Iván Yarur Sairafi



SERVICE MANAGEMENT
DIRECTOR

Eugenio Rodríguez Mingo



LEGAL AFFAIRS
DIRECTOR

Camilo Larraín Sánchez



OPERATIONS AND
CIRCULAR ECONOMY
DIRECTOR

Manuel Baurier Trias



CUSTOMER SERVICE
DIRECTOR

José Sáez Albornoz



ENGINEERING
AND SYSTEMS
PLANNING DIRECTOR

Jorge Cabot Plé



ORGANIZATION, PEOPLE
AND WORKING ENVIRONMENT
DIRECTOR

Javier Irazábal Beltrán



COMMUNICATIONS, INSTITUTIONAL
RELATIONS AND SOCIAL
LEGITIMACY DIRECTOR

Gonzalo Valenzuela Medina



CONSTRUCTION
DIRECTOR

Alberto Julián Blanco Marengo

Regulatory Framework



The company’s first responsibility as a corporate citizen is related to unrestricted compliance with its legal and regulatory obligations. In this context, being a water utility company, it operates under the single regulatory framework established by the General Sanitation Services Act (DFL 382-88) and its regulations (DS 1199-04). In addition, Aguas Andinas is supervised by the Superintendence of Sanitation Services (SISS), which also acts as regulatory counterpart in the tariff setting process.

The tariffs are updated every five years, in a process in which the concessionaire and the regulatory body participate. The adjustment is carried out objectively, by means of a technical model that takes into account the total long-term cost of a model company, a minimum annual return on assets of 7% after taxes and adjustments allowed between updates linked to polynomials indexed to the CPI and the PPI.

The company is attentive to the bills that are in process in the National Congress and could affect its performance, with the aim of preparing ahead of time. Aguas Andinas is always available to participate in the debates on the bills, mainly through its active participation in the National Association of Water Utility Companies (ANDESS).

New laws and regulations that could affect the company:

- 1. Approved by the National Congress:**
 - a) Amendment of Law 19.496, on the protection of consumer rights. It provides for compensation to users for unjustified interruptions in water utility services.
 - b) Modification of the Water Code that increases the powers of supervision and sanctions by the Water General Directorate.

- 2. Bills pending in Congress:**
 - a) Modification of the regulatory framework for water utility services, in terms of non-regulated services, tariff setting and compliance with development plans by service providers. This bill is undergoing its second constitutional process. Bulletin 10.795-33.
 - b) Modification of the General Law of Sanitation Services, in the sense of privileging the disposal of treated wastewater for use in agricultural and mining activities. This project is undergoing its first constitutional process since December 2014 and without official movement since that month. Bulletin 9779-33.

Be an Economically Sustainable Company

SDG 8

Economic Performance



SDG 8
201-1

In economic terms, during the 2017 financial year Aguas Andinas performed well and consistently with the water utility industry. The economic stability of the company is one of the bases of the sustainability of the company, which allow it to generate and distribute economic value among its stakeholders.

ECONOMIC VALUE GENERATED AND DISTRIBUTED BY AGUAS ANDINAS AND ITS SUBSIDIARIES (IN TH\$)

	2015	2016	2017	Var. 2017 vs 2016
CREATED ECONOMIC VALUE	479,936,594	513,321,130	518,201,829	1.0%
1. Revenue from ordinary activities	473,396,705	492,249,645	509,540,577	3.5%
2. Other earnings	-42,658	14,597,521	2,608,255	-82.1%
3. Financial revenue	6,582,547	6,473,964	6,052,997	-6.5%
DISTRIBUTED ECONOMIC VALUE	411,428,934	427,530,579	443,685,595	3.8%
1. Operational cost	140,045,675	147,114,360	155,387,320	5.6%
1.1 Raw and secondary materials consumption	37,353,766	33,442,760	34,924,849	4.4%
1.2 Other expenses by source	102,691,909	113,671,600	120,462,471	6.0%
2. Employee's social benefits and wages	50,688,949	53,621,906	55,548,304	3.6%
3. Payment to capital suppliers	179,186,008	181,921,324	184,520,348	1.4%
3.1 Financial cost	27,905,133	27,117,541	31,112,258	14.7%
3.2 Dividend payments	124,757,206	134,644,071	141,462,187	5.1%
3.3 Results by readjustment units	26,523,669	20,159,712	11,945,903	-40.7%
4. Payments to governments	40,216,083	43,991,170	47,034,794	6.9%
5. Community investments (donations) ³	1,292,219	881,819	1,194,829	35.5%
RETAINED ECONOMIC VALUE	68,507,660	85,790,551	74,516,234	-13.1%

³ Includes expenses and investments associated with community relations, awareness raising and donations.

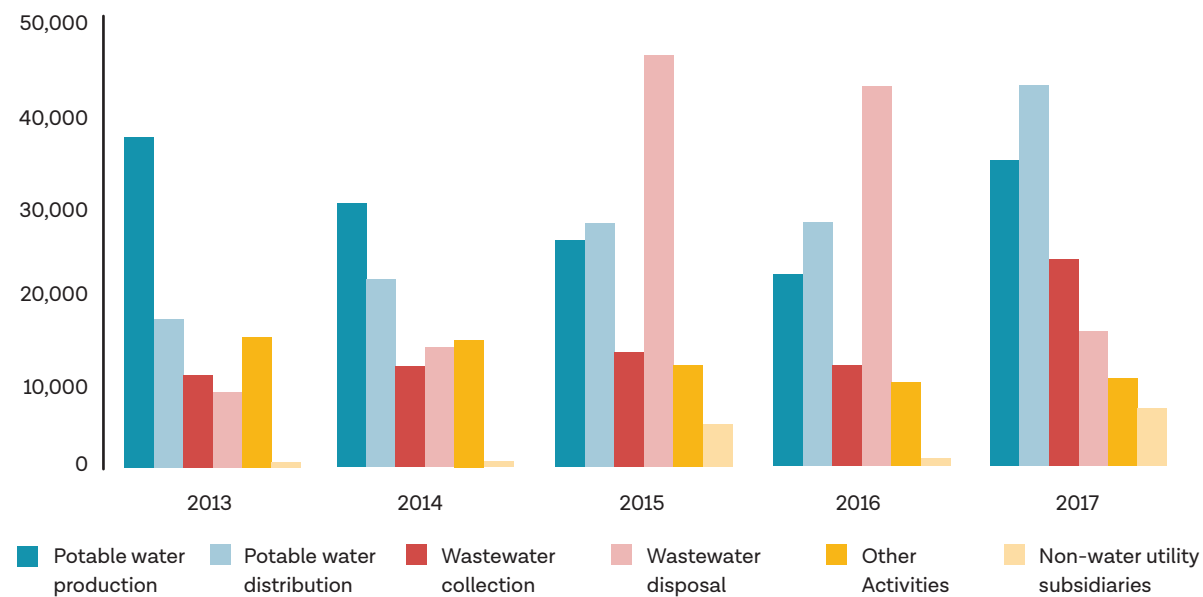


Investments



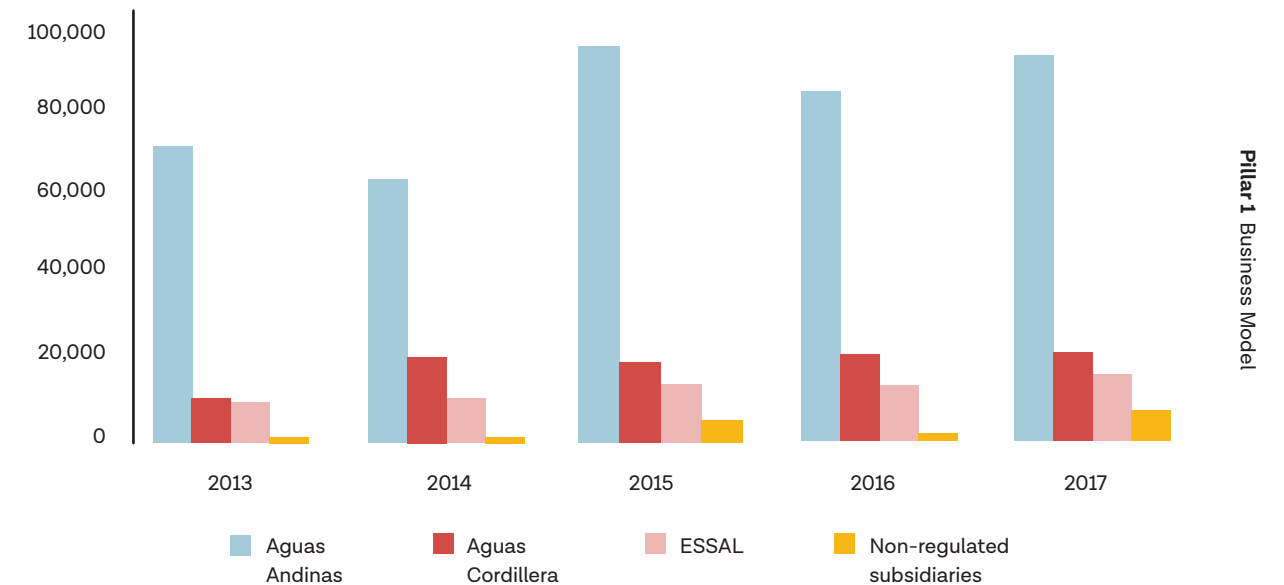
Consolidated investment in 2017 amounted to Ch\$131,503 million, 59% of which was allocated to potable water production and distribution infrastructures.

INVESTMENTS BY ACTIVITY IN MILLIONS OF PESOS (2013-2017)



Investment stage in millions of Pesos	2013	2014	2015	2016	2017
Potable water production	36,834	29,202	25,285	21,454	34,323
Potable distribution	16,239	20,900	26,938	27,687	42,750
Wastewater collection	10,289	10,938	12,658	11,304	23,167
Wastewater disposal	8,129	13,194	46,142	42,682	15,018
Other activities	14,411	14,101	11,388	9,361	9,604
Non-water utility subsidiaries	98	509	4,447	490	6,640
Total	86,000	88,844	126,858	112,978	131,503

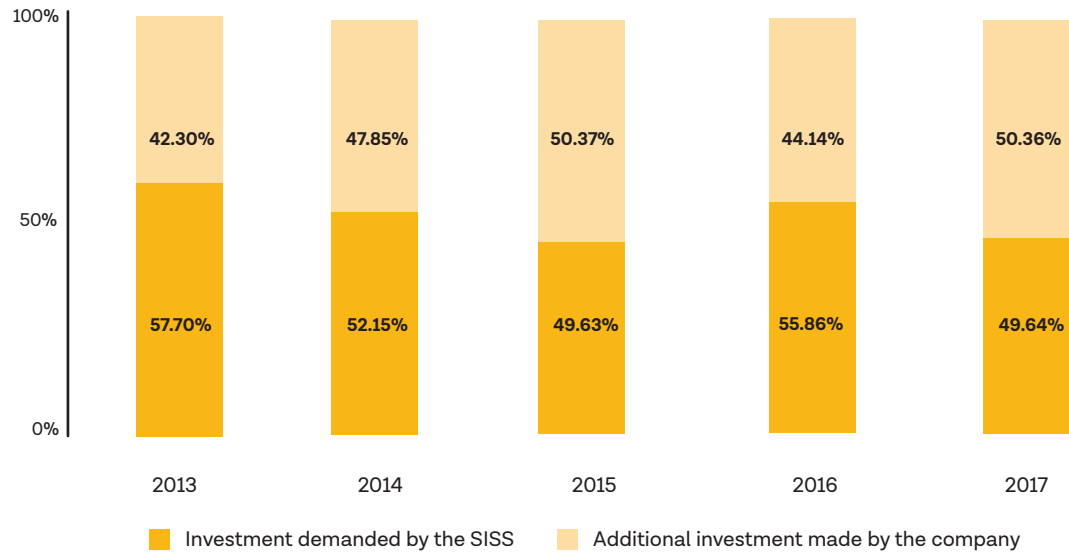
INVESTMENTS BY SUBSIDIARY IN MILLIONS OF PESOS (2013-2017)



Subsidiary	2013	2014	2015	2016	2017
Aguas Andinas	68,196	60,091	91,212	80,507	89,337
Aguas Cordillera	9,200	19,200	17,934	19,710	20,159
ESSAL	8,506	9,044	13,265	12,271	15,367
Non-regulated subsidiaries	98	509	4,447	490	6,640
Total	86,000	88,844	126,858	112,978	131,503

Of the total investments made by Aguas Andinas, some are required by SISS through the development plans of the regulated companies and the rest are additional investments made by the company to ensure the quality and assurance of its service.

INVESTMENTS DEMANDED BY THE SISS VS ADDITIONAL INVESTMENTS



INVESTMENTS IN MILLIONS OF PESOS (2013-2017)

Year	Investment demanded by the SISS	Additional investment made by the company	Total Investment (Millions of Pesos)
2013	49,619	36,381	86,000
2014	46,330	42,514	88,844
2015	62,958	63,900	126,858
2016	63,109	49,869	112,978
2017	65,272	66,231	131,503

Sustainable business development endorsed by rating agencies



Over the last few years, Aguas Andinas’ good performance in corporate, environmental and social governance has been endorsed by extra-financial rating agencies, and the company has maintained its position in the most prestigious indexes. These ratings, in addition to endorsing the management for its stakeholders, are internal management tools that the company uses to address its continuous improvement plans.

Classifier	Index	Rating		
		2015	2016	2017
RobecoSAM	DJSI 	67	67	65
FTSE4Good	FTSE4Good Emerging Index 	N/A	68	84
VigeoEiris	VigeoEiris Best EM Performers 	39	N/A	53
MSCI	MSCI EM ESG Index 	A	A	A

Lead Corporate Governance Best Practices

SDG 16

Corporate Compliance

SDG 16
102-25



In October 2016, the Compliance Area was created with the purpose of promoting best practices for the workers of the Aguas Andinas Group, including Aguas Andinas, Aguas Cordillera, Aguas Manquehue, Aguas del Maipo, ANAM, EcoRiles, Gestión y Servicios and ESSAL.

The area was created in the context of fulfilling the commitments of the “Business Model” pillar of the Santiago deserves a 7 strategy, and under the parameters and guidelines of Senior Management, reporting directly to the Chairman of the Board of Directors. Its main objective is to be a form of organization that reflects the contents of the processes, policies and procedures that form the Compliance Policy at the structural and operational level, being applied as a practical and mandatory guide.

In 2017 the area worked on establishing the Compliance Management System, approving the following policies and procedures that make up the Management System:

- Compliance Policy
- Anti-corruption Policy
- Donations and Sponsorship Policy

- Conflict of Interest Management Procedure
- Procedure for Interaction with Public Officials and Lobbyists
- Gifts, Invitations and Travel Procedure
- Complaints, Investigations and Sanctions Procedure
- Donations and Sponsorship Procedure
- Updating of the Crime Prevention Model and Code of Ethics, all disseminated through a training and communication plan.

One of the major milestones of the year was the certification of the Aguas Andinas’, Aguas Cordillera and Aguas Manquehue Anti-Corruption Management System, with the ISO 37.001 standard (Anti-Bribery Management Systems), after being audited by AENOR Spain. This process meant a great step in the forming and maintenance of the culture of integrity within the company, by involving the work of the entire organization.

Another important milestone was the creation of the Anti-Corruption Management System, and the Integrity and Compliance Committees, which meet at least twice a year to review the main tasks developed regarding their objectives and indicators..

In addition, a comprehensive training program was developed, training 502 employees in the Compliance Management System, explaining the system, its policies and procedures, as well as the dissemination of the complaints channel. The training program also included talks on the challenges of 2017 in terms of compliance, gathering a total of 83 employees, in addition to 60 corporate inductions between May and November.

In addition, training sessions were held for directors and executives of the company, who signed written commitments regarding the policies and procedures that make up the Compliance Management System.

In 2017 Aguas Andinas, Aguas Cordillera and Aguas Manquehue were the first companies in Chile to certify their Anti-Corruption Management System under ISO 37.001

In terms of communications, it should be noted that the training process included the delivery of the Integrity and Compliance Practical Guide, a document that summarizes Policies and Procedures already mentioned in a simple and didactic manner and the creation of the Compliance mini site on Aquanet (the Group's intranet), where system documents, news of the internal and external activities of the area and direct access to the Complaints Channel are available for downloading.

During 2018, progress will continue to be made in the implementation of the Compliance Management System, including training and communication plans. In addition, work will be performed to create new consumer compliance and free competition models, together with the creation of a Human Rights Policy adapted to the needs of the organization.

Under the framework of the update of the company's Risk Map, all those associated with the Crime Prevention and Anti-Corruption Policy Model were identified in a risk matrix, a matrix that has different controls applied to risky operations. In addition, risky operations are randomly audited.

During 2017, no cases of corruption have been identified or confirmed, neither in the organization nor among its employees.

SDG 16
205-1, 205-2, 205-3



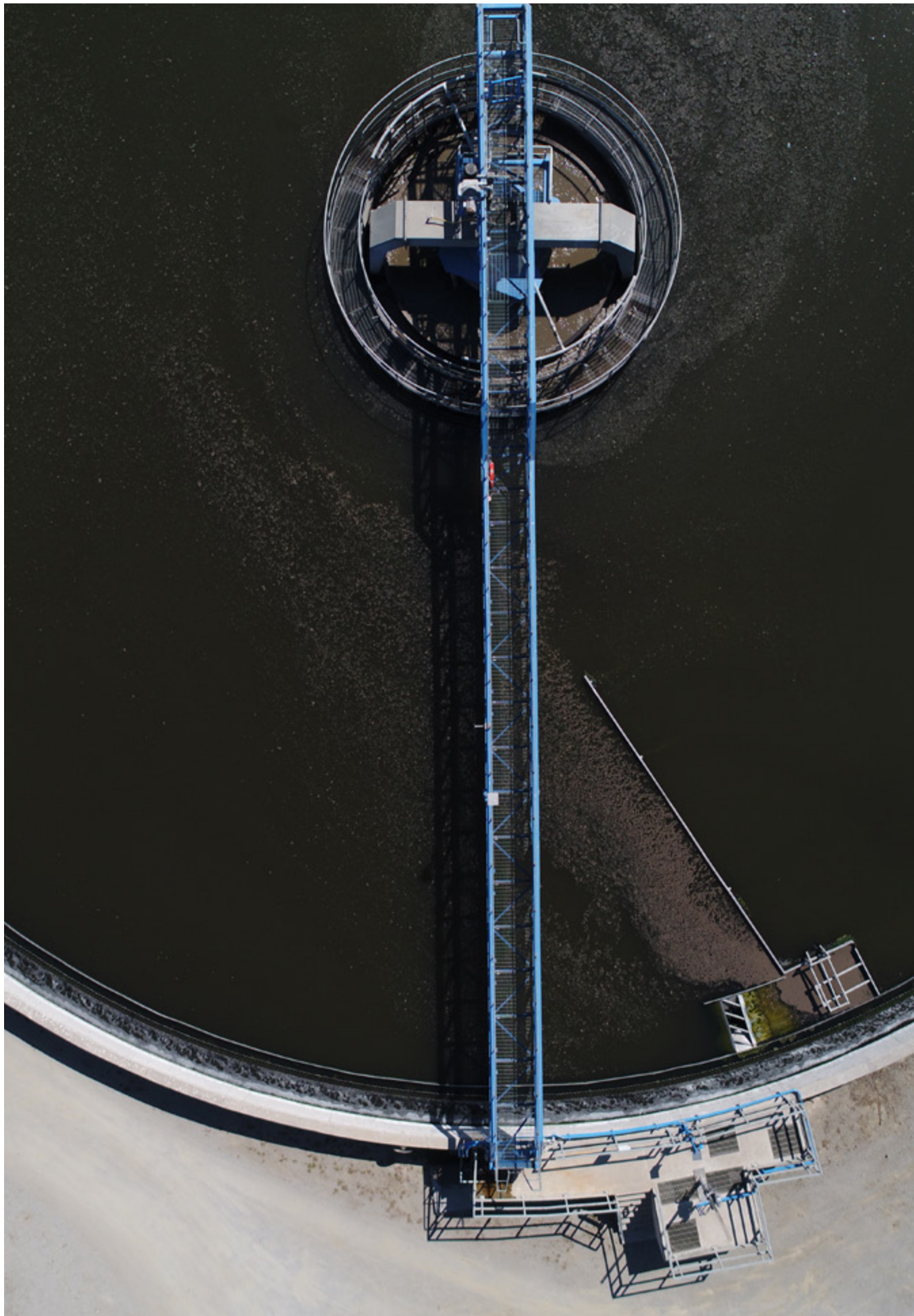
CRIME PREVENTION MODEL

The Crime Prevention Model is certified by an external company, which, using a permanent audit process, oversees the various processes and carries out continuous improvement, according to the advantages and shortcomings raised. In addition to this supervision, during 2017 an internal review was carried out by the internal audit area.

During 2017, the Crime Prevention Model was updated and disseminated to all directors, employees, suppliers and contractors, being part of the training and communication plans developed in connection with the implementation of the Compliance Management System, in which all directors and 32% of the staff were trained.

Our Values

EXCELLENCE
CO-CREATION
SHARED VALUE
COMMITMENT
TALENT
SUSTAINABILITY



SDG 16
102-16, 102-17

CODE OF CONDUCT AND COMPLAINTS CHANNEL

Aguas Andinas has a Code of Ethics which is available on its website and communicates the fundamental principles that should guide the behavior of all workers of the company. It also has a Complaints Channel available on the intranet in the mini Compliance website and in the website, managed by an external body, which can be accessed by all employees of the organization, as well as suppliers and customers, to confidentially report irregular situations or activities that may involve an infringement of the law, the company's ethical principles or its employees' rights. as well as to consult on such situations.

During 2017, the company conducted four investigations in response to complaints. Due to the result of these investigations, there were no sanctions.

⁴. The complaints channel is available at <https://grupoaguas.ines.cl/grupoaguas/form/>. These complaints and enquiries can also be made via e-mail to compliance@aguasandinas.cl or in person to the Compliance Officer.

Support the Development of Socially and Environmentally Responsible Suppliers

SDG 1, SDG 8, and SDG 10

Relationship with Suppliers

SDG 1, SDG 8, and SDG 10
102-9, 414-1, 412-3, 407-1



Aguas Andinas works with its suppliers to establish fair, responsible and mutually beneficial relationships, generating bridges towards sustainability and shared value.

The main suppliers are classified into:

- Contractors who carry network out maintenance and civil works.
- Customer service, which considers meter reading, bill distribution and Call Center.
- Support service.
- Supply of network products and chemical consumables

The relationship with suppliers is developed in the context generated by the **Responsible Supplier Relationship Policy** and the **Supplier Decalogue**. The first one sets out the company’s commitments in its relations with its suppliers, and promotes the adoption of sustainability practices among them, establishing the criteria that regulate the purchasing processes. Meanwhile, the Suppliers Decalogue establishes the expected behavior for suppliers and contractors.

Both documents must be signed when signing a contract with the company and are complemented by the “Special Regulations on the Environment, Health and Safety at Work for Contractors and Subcontractors of the Aguas Group and Related Companies”, the “Documentary Requirements regarding the Special Regulations on the Environment, Health and Safety at Work” and the “Code of Ethics of the Aguas Group”.

Additionally, a **Comprehensive Supplier Plan** exists, whose objective is to make communication and resources spaces more efficient. This plan involves a joint work between the different areas of the company, and is aimed at 4 lines of work: suppliers, technology, processes and internal activities.

Categorization of Suppliers



In the Comprehensive Supplier Plan, the supplier master’s information was updated, categorizing them according to the following criteria: frequency of purchase, origin, criticality for the business, purchasing family, type of accreditation required to operate with the company and size of the company.

This organization of suppliers allows the development of specific relationship and control strategies, mitigating risks and making the processes associated with the supply chain more efficient, allowing the development of programs of specific interest for the different types of suppliers (for example, with those who have direct contact with customers) and has made it possible to target the search for new and potential suppliers, increasing their offer.

In 2016, the company implemented a new procedure to define and monitor critical suppliers, classifying the main outsourced services in each area under a risk matrix, which covers a large part of the business variables: financial, environmental and operational.

The company currently has 18 outsourced critical services provided by 33 suppliers.

SDG 1, SDG 8 and SDG 10
204-1

By the end of 2017, Aguas Andinas had 1,699 suppliers, of which 96% were national suppliers and 99% of the expenditure was allocated to the latter.

Aguas Andinas Suppliers	N° of suppliers			Expenditure (in Millions of Pesos)			% of expenditure		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
National	1,538	1,536	1,632	212,047	222,522	235,121	99.5%	99.4%	99.5%
Foreign	35	39	67	1,019	1,326	1,230	0.5%	0.6%	0.5%
TOTAL	1,573	1,575	1,699	213,067	223,848	236,351	100%	100%	100%

Critical Suppliers' Meeting



In September 2017, the first meeting of critical suppliers was held, in which 33 suppliers from different industries participated, including contractors, customer service, technology and chemical consumables, among others, who were trained in sustainability, compliance, risk management, billing and supplier relations.

On this occasion, the results of the evaluation to which they were subjected in June of the same year were also jointly reviewed, which considered aspects such as service quality, communication, image, materials, personnel, risk management, deadlines, labor compliance, environment and operational continuity, among other aspects. With the results in hand, solutions were sought to close the gaps and propose improvement plans.

In addition, active listening programs were carried out with customer service providers, including the distribution of bills and meter reading, with more than 170 external collaborators with whom improvement plans were drawn up in the areas of client relations, relations with the contractor company and with the client.

New Suppliers' Portal



In July 2017, the new supplier portal was launched to facilitate the management of the company's tenders. The platform has new functionalities that allow suppliers to register, apply for bids, review invoices and access information and communication channels with Aguas Andinas.

The portal receives more than 2,500 visits per month and has begun the first sales of tenders through the web. For more details, see the Digitalization pillar.



Suppliers' Training



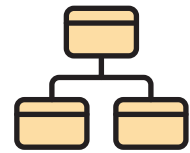
Under the Comprehensive Supplier Plan, various training activities were carried out for suppliers and contractors of Aguas Andinas, Aguas Manquehue and Aguas Cordillera, with emphasis on critical service providers.

Among the activities carried out, there are training courses in the purchasing process for suppliers of security services in the premises and maintenance of green areas, with the aim of promoting and encouraging the participation of new suppliers, with the participation of more than 40 of them. Also, a mailing to more than 1,000 suppliers with e-learning on e-invoicing was sent.

Along with the foregoing, the company took part in activities with companies in the industry, such as Prohumana's round table entitled "Sustainable management of suppliers based on the principles of economic development" in which the sustainable variables that need to be worked on in terms of suppliers were raised. On the other hand, the company also took part in the Human Rights and Business Workshop organized by Acción Empresas, which focused on how to bridge the gaps in human rights vulnerability and to put into practice how to reduce the risks of human rights vulnerability.

Supplier Evaluation Model

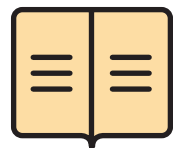
SDG 1, SDG 8 and SDG 10
308-1, 414-1 y 414-2



In 2017 the company established a new supplier evaluation model that considers 10 areas of evaluation: with the purpose of improving supplier management, service quality, communication, image, materials, personnel, risk management, deadlines, labor compliance, environment and operational continuity. During the year, more than 270 evaluations were performed by contract administrators on new suppliers entering the company.

In addition, in December 2017 a sustainability questionnaire was established, with the aim of measuring the company's suppliers' sustainability risk, evaluating issues related to the supplier's performance principles, contingency plans, human rights, corporate social responsibility (CSR), inclusion, accessibility, subcontracting, environmental management, risk management and ethics, among other variables, all of which allow Aguas Andinas to safeguard and transfer sustainability to its supply chain. The goal for 2018 is to apply the questionnaire to 250 suppliers.

Supplier Companies Comprehensive Management Model



It consists of a supplier company audit plan that aims to identify breaches of the 10 rules that save lives and identify whether the work performed involves the performance of critical tasks.

On-site audits are random and conducted by a team of 5 risk management professionals and a coordinator, who verifies compliance with procedures, work permits, use of personal protective equipment and workplace conditions. A Balanced Scorecard is generated every month and it identifies the number of audits carried out and the observations made, its geographical location, as well as an analysis of administrative elements (people, equipment, materials and environment (G.E.M.A). During 2017, 4,327 audit reports were filed.

In 2017, the company established a new supplier evaluation model that considers 10 areas of evaluation: service quality, communication, image, materials, personnel, risk management, deadlines, labor compliance, environment and operational continuity.

ProPyme Seal



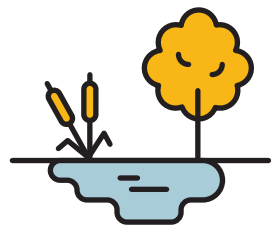
As part of its policy of responsible relations with suppliers, in 2017 Aguas Andinas joined the Ministry of Economy's ProPyme Seal, which establishes a 30-day payment commitment to micro, small and medium-sized suppliers.

This timely payment allows small and medium-size companies to improve their financing conditions, have cash flows available to pay their obligations and carry out their projects, thus contributing to the financial sustainability of this type of supplier.



Promote a Business Model that is Responsible with the Climate and has a Positive Social Impact

SDG 6, SDG 10, SDG 11, and SDG 13



Aguas Andinas strives to be the best ally for Chile in achieving its Sustainable Development Goals, being responsible for the climate and creating positive social impacts in the areas in which it operates.

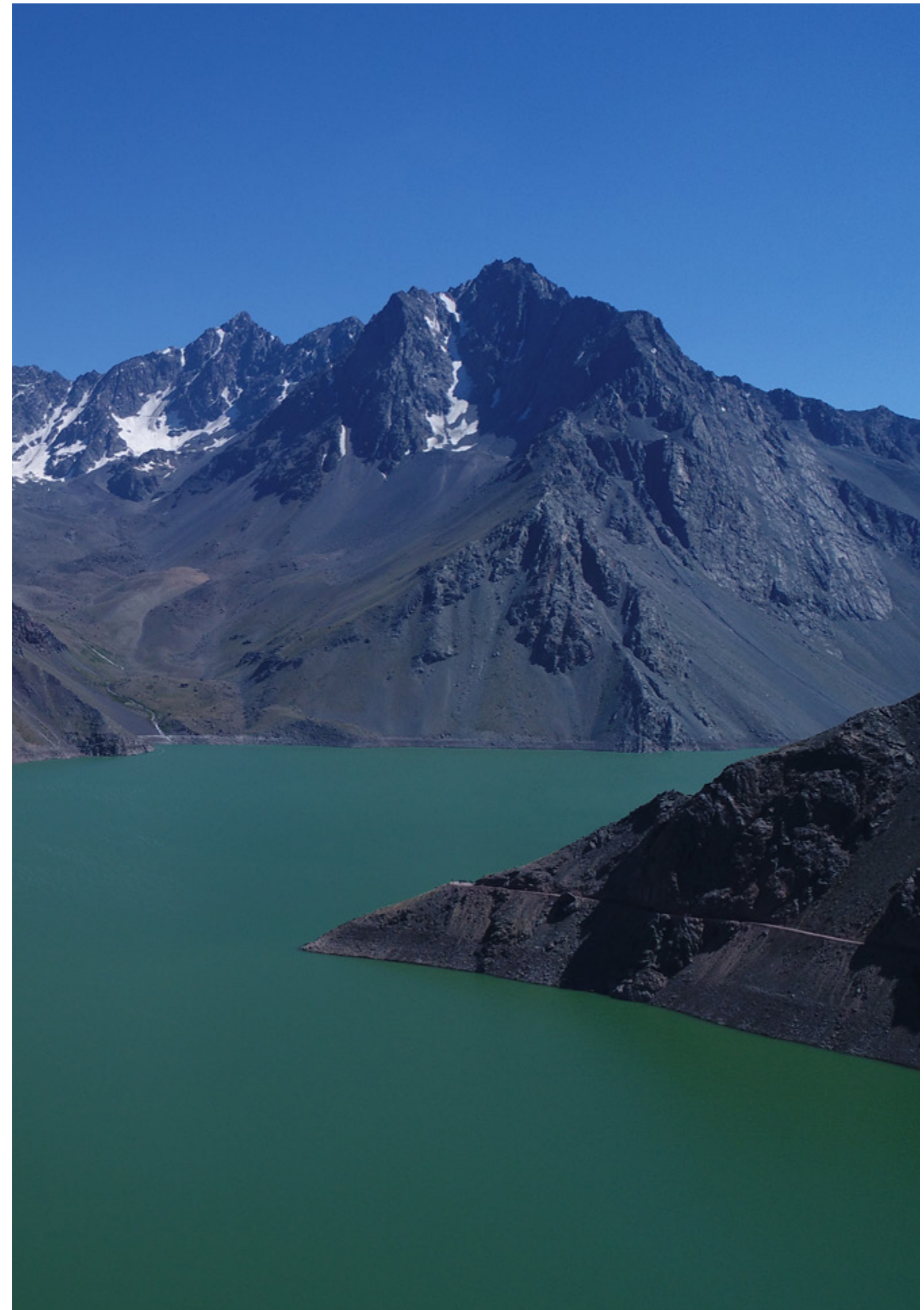
As a first step towards this, the Company worked to measure the results and impacts of its actions.

The company has measured its carbon footprint for more than ten years and has decided to include the implementation of a carbon price for relevant projects by 2022; this calculation will be included into the investment decision process.

The Company's commitment to carbon management is also supported by our report to the Carbon Disclosure Project (CDP) since 2015.

In addition, during 2017, projects began to be carried out to establish metrics and quantitative targets for the different areas of involvement within the company's strategy. This helps measuring the impact of projects carried out with a clear vision by 2022 in line with the company's strategy.

During the financial year, the company also began to evaluate green financing options for 2018, financing through which we seek to continue promoting climate responsible business with positive social impact.



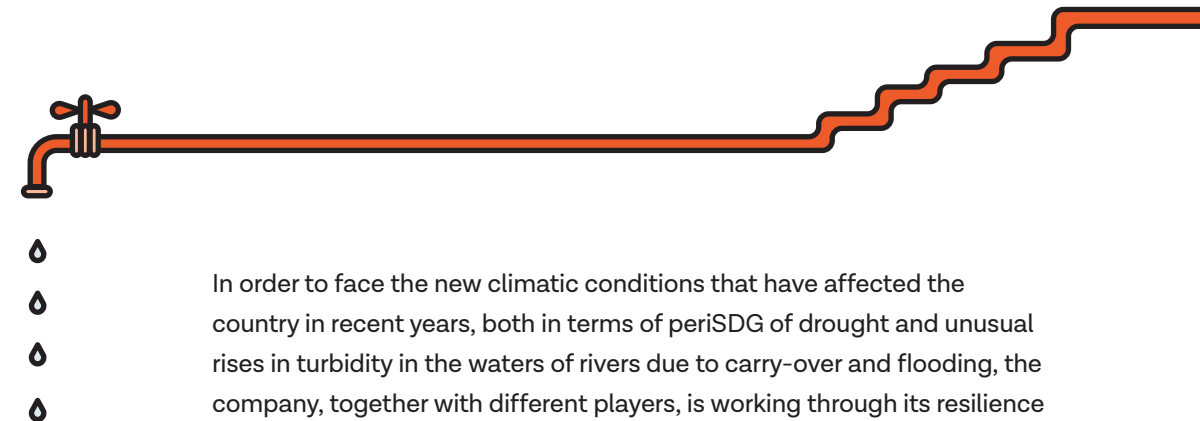
A photograph of an industrial facility, possibly a water treatment plant, with a warm, orange-toned lighting. A worker in a hard hat and safety gear is standing on a ladder, working on a large, curved pipe. The background shows more industrial structures, including pipes and a large window with horizontal blinds. The text "PILLAR 2: RESILIENCE" is overlaid in white, bold, sans-serif font in the center of the image.

PILLAR 2: RESILIENCE

COMMITMENT

To guarantee the water supply in conditions of drought and climate change, preserving water as a source of life.

We are working on the generation of solutions that will allow us to raise the resilience level of the company and provide a high quality service.



In order to face the new climatic conditions that have affected the country in recent years, both in terms of periSDG of drought and unusual rises in turbidity in the waters of rivers due to carry-over and flooding, the company, together with different players, is working through its resilience pillar in the generation of solutions to the problem to continue to provide a high quality service.

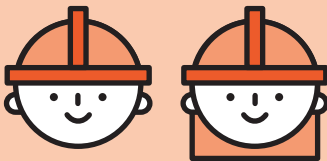


Objectives

Objectives	SDGs	2022 Goals
1. Establish a climate change adaptation strategy by strengthening the resilience of the operation.	6 CLEAN WATER AND SANITATION 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	• Limit water losses in the network to 20%. • Increase the autonomy of the supply service to 34 hours. • Achieve a continuity of supply rate of 99.90%.
2. Protect and restore water-related ecosystems, including glaciers, mountains, wetlands, waterside forests, rivers, aquifers, and lakes.	6 CLEAN WATER AND SANITATION 13 CLIMATE ACTION	• 3 strategic resources protection projects.
3. Promote the use of alternative sources of water for uses that do not require potable water quality.	6 CLEAN WATER AND SANITATION 13 CLIMATE ACTION	• Promote 3 initiatives for the reuse of treated wastewater and/or grey water.
4. Systematically propose climate change effect resilience plans to our customers.	6 CLEAN WATER AND SANITATION 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION	• Carry out an annual responsible use and loss mitigation campaign.

2017 Highlights

OBJECTIVE 1 ESTABLISHING A STRATEGY TO ADAPT TO CLIMATE CHANGE



Beginning of the construction of the Pirque Mega Tanks.



Construction of complementary emergency works.



New Incidents and Emergencies Management Plan.



New early warning protocol matching that of the National Civil Protection System.



Signing of an Emergency Management Protocol with the City of Santiago and 28 Municipalities.



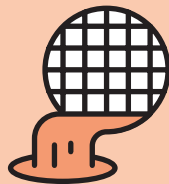
Hydraulic efficiency plan. Sectorization works in 1,265 km.



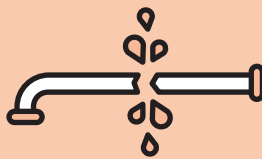
Start searching for leaks in the distribution system using helium.



71.5% hydraulic efficiency.



35% increase in sewage sludge removal rate due to advanced network management strategy.



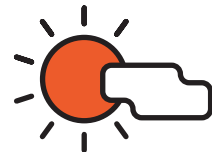
Breakage indicator: 9.3 breakages/100 km network, national average v/s of 25 breakages/100 km.

Establish a Climate Change Adaptation Strategy by Strengthening Operational Resilience

SDG 6, SDG 9, SDG 11, SDG 12, and SDG 13

Resilience to Climate Change

SDG 6, SDG 11 and SDG 13
201-2



With the purpose of reacting efficiently to the alteration of the natural factors that cause climate change, the company, through an internal analysis, determined that the main risk it faces is the impossibility of treating raw water as a result of a natural event that generates excessive turbidity; the second risk is the lack of resources due to drought.

Both scenarios have the potential to undermine customer confidence and damage the company's reputation in the event of service interruptions, which also lead to economic losses. In order to face these risks and ensure the availability of services, Aguas Andinas is working on different measures that will allow it to deliver a quality service in accordance with the expectations of its customers and society.

2016 - 2030 DROUGHT AND CLIMATE CHANGE PLAN

The Drought and Climate Change Plan was developed based on a study that sought to determine the causes of and solutions to water shortages generated by different possible scenarios resulting from climate change.

Through the plan, the company seeks to guarantee Santiago's potable water supply by 2030, by means of 4 main lines of action:

1. **Synergy:** coordination works or actions with other users of the Maipo River Basin that allow for more water resources.
2. **New production infrastructure:** works aimed at increasing future production capacity due to the growth in demand by 2030.
3. **New sources:** works aimed at addressing the projected decrease in supply in the Maipo basin as a result of climate change.
4. **Resources reserves:** storage works (reservoirs) designed to deal with extreme periods of scarcity or drought, in order to achieve 100% supply assurance.

The main risk Aguas Andinas' faces as a result of climate change is the impossibility of treating raw water as a result of natural events that generate extreme turbidity in the Maipo and Mapocho Rivers; the second is the lack of resource due to drought.

Mass service interruptions



In recent years, there has been an increase in the frequency of convective rains in the foothills of the Andes, precipitation that is characterized by its high intensity and short duration, causing mudslides in the tributaries of the Maipo River, excessively increasing the levels of turbidity of the water.

Under these extreme circumstances, the company has to halt the operation of the production plants at the Las Vizcachas and La Florida Complexes, since the level of design of the facilities is exceeded. Depending on the duration of the production shutdown, supply interruptions may occur.

During 2017, two incidents were recorded that caused massive interruptions in the Aguas Andinas concession areas.

Mass interruption on January 25, 2017

Chronology:

- ✓ **20:00 hours:** Pre-Andean internal monitoring detected a sudden change in turbidity in the San Gabriel sector, with 9,000 turbidity units (NTU). However, despite this high turbidity, the measurement in the independent uptake remained at low levels.
- ✓ **21:00 hours:** The Operations Committee changed Aguas Andinas status to a State of Alert.
- ✓ **3:00 hours:** The first high turbidity measurement was recorded in the independent uptake. It was of 70,000 NTU.
- ✓ **23:30 hours:** The company's status was changed to pre-emergency, alerting the Metropolitan Region Government and the Superintendence of Sanitation Services to the complications of this event. During this period, the emergency supply resource enabling measures were taken.

- ✓ **00:00 hours:** Turbidity displayed an extreme level, reaching levels of 232,000 NTU.
- ✓ **00:36 hours:** The Company changed its status to crisis. The number of people affected was expected to reach nearly one and a half million customers as of 08:00 hours on Sunday, February 26th.

Mass interruption on April 20 and 21

Chronology:

Thursday April 20

- ✓ **20:00 hours:** Aguas Andinas began to disseminate messages alerting its customers, advising them to store water.

Friday April 21:

- ✓ **02:00 hours:** A supply interruption was made that affected more than 884 thousand customers.
- ✓ **22:30 hours:** Restoration of 100% of the service, after the river conditions improved.

The average turbidity of the event was 25,320 unt/hr, reaching a peak of 63,500 unt/hr, which caused an interruption that lasted for 26 hours.

The first extreme turbidity event since the privatization of the company was in January 2008, and since then two new events occurred in 2013, one in 2016 and two in 2017.

Investments to Increase Resilience

SDG6, SDG9 and SDG11



Concerned about situations that alter the continuity of supply, the company is working to strengthen the resilience of its operation, in a process to adapt to the effects of climate change. This work focuses on construction of new infrastructure, as well as on the implementation of new emergency management models.

SAFETY AND EMERGENCY WORK PLAN

In order to cope with the increase in turbidity events, avoiding potable water supply interruptions caused by mudslides in the tributaries of the Maipo River, the company has made major investments, which to date show the following results.

- SAFETY WORKS PHASE I:

They have been in operation since 2014 achieving 9 hours of autonomy.

- Storage tanks (225,000 m³)
- Wells (300 l/s)
- Duct which allows for the connection of the El Yeso Reservoir with the Laguna Negra Aqueduct (3.5 m³/s)

- WORKS TO INCREASE AUTONOMY WHEN FACING EXTREME EVENTS:

These works will be in operation from 2018 and it is expected to provide an autonomy of 11 hours.

- Storage tanks (54,000 m³)
- Reserve wells (1,000 l/s)

- SAFETY WORKS PHASE II:

These works are expected to come into operation in 2019, providing an autonomy of 34 hours.

- Pirque mega raw water tanks (1,482,000 m³).

The Pirque Mega Water Tanks seek to strengthen potable water reserves of the city of Santiago by building six tanks for the storage of raw water. These tanks will enable the potable water treatment plants in the Las Vizcachas sector to remain in operation when facing high turbidity events in the Maipo River. An estimated investment of US\$ 121 million is expected. On October 3, the Environmental Qualification Resolution for this project was approved.

- SAFETY WORKS PHASE III:

Four options have been proposed and are under feasibility study. Once the SISS approves one of these options, it is expected that these investments will provide an autonomy of more than 48 hours.

In addition to the investments in safety works described in the previous section, the company is constantly investing to maintain and improve its infrastructure in order to ensure the continuity of the service.

NEW CHAMISERO PLANT

The new potable water production plant in Chamisero responds to the demand of the growing population in the Chicureo and Chamisero areas.

It is in the final phase of construction, with the start of operation scheduled for May 2018. The investment made by the company amounts to Ch\$14.9 billion.

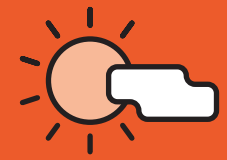
LAS VIZCACHAS COMPLEX UPGRADE

In 2015 the company began the Vizcachas Complex Upgrade, with the aim of expanding, improving and rehabilitating the facilities, which include the Vizcachas, Vizcachitas and Antonio Tagle Plants.

During 2017 work was carried out on the renovation of the Las Vizcachas filters, an action whose aim is to minimize the microbiological risk associated with the quality of the water produced due to turbidity. Currently, the first refurbished filter (Pilot Filter) is running, delivered and in operation, while the second filter refurbishing is in execution. The expected duration of the works is 3 years.

EXPANSION OF THE PADRE HURTADO PLANT

The Padre Hurtado Potable Water Treatment Plant is currently in the design stage. The project, which aims to increase the capacity of the plant by 1 m³/sec. Work will begin during 2018.



RESEARCH TO ADDRESS CLIMATE CHANGE

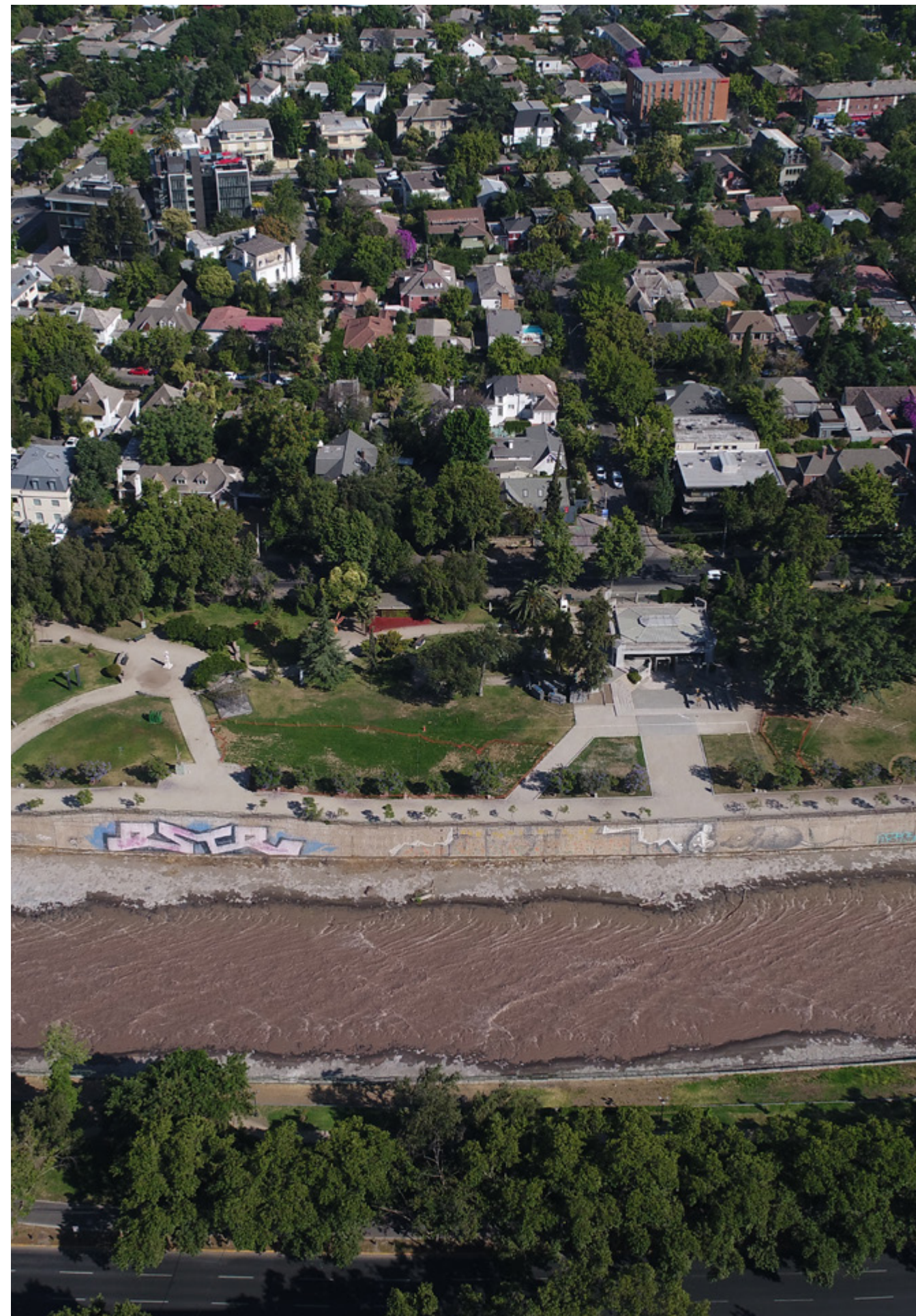
- **Study “Glacier Contribution to the Maipo River Basin”:** Its goal is to quantify the contribution of the different types of glaciers to the runoff of the rivers of the upper Maipo River Basin, including inter-annual variability analysis, development of hydrological models and studies of spatial and temporal transferability of parameters.
- **Study “Predictability Study of Extreme hydro meteorological events and mass carryover in the Maipo River”:** seeks to generate a forecast model of storms, floods and mass carryover in the upper part of the Maipo River basin, as a tool to contribute to a warning system in case of extreme turbidity events.
- **Hydrological Forecasting Model:** Its purpose is to implement an hourly forecast system of the Maipo River flow, based on the development of a distributed hydrological model for the basin fed by the available meteorological forecast, for its later use as an alert indicator for high turbidity episodes.



EARLY WARNING PROTOCOL

Tank volumes
normalized

“Normality”	Green Alert “Supervision”	Early Preventive Alert	Yellow Alert “Pre Emergency”	Red Alert “Emergency / Crisis”	Yellow Alert “Recovery”	“Normality”
	Continuous supervision to warn of any risk situation. <i>Unfavorable forecast with 48 Hrs. Anticipation.</i>		Threat grows in extent and severity, preparation of the necessary resources to intervene. <i>* Detection of high turbidity >30.000 UNT or >20,000 UNT maintained for 2 hours, in San Gabriel. * 20.000 UNT peak and 15,000 UNT sustained in Independent uptake.</i>		1. Same or higher production to the demand and modeling of single tank volume to 48 hours. 2. Start of Recovery.	



Incident and Emergency Management Plan



As of 2016, Aguas Andinas has an incident and emergency management plan for unexpected service interruptions, which provides guidelines to coordinate the operational plans that come into operation in the different areas in the event of high turbidity events.

Based on the definition of the status of the situation, the protocol defines the roles and responsibilities of each area, on the key decisions and steps to be taken.

SeCRO

As one of its founders, since 2015 Aguas Andinas has been part of the Crisis Management and Organizations Resilience Service (SeCRO), run by a group of companies who are leaders in sustainability.

During 2017, SeCRO developed the post-crisis analysis of the communication treatment for mass interruption and a crisis management system, which includes an app for emergency and continuity plans.



Coordination with Municipalities



In December 2017, Aguas Andinas, together with the Municipality of Santiago, signed the “Emergency Management Protocol”, which seeks to provide the population with an alternative supply of potable water, in the event of forced interruptions due to climatic contingencies or natural disasters.

The protocol, which includes a set of actions with shared responsibilities, was signed by the company, the National Office of Emergencies (ONEMI), the Superintendence of Sanitation Services (SISS) and 28 municipalities of the Metropolitan Region

Emergency supply

470 critical customers (their supply cannot be interrupted)

Updating critical customers’ cadastral data.

30 storage trucks.

380 tanks provided by Aguas Andinas.

App for tracking supply manageme.

Coordination with municipalities

28 meetings with mayors.

22 meetings with emergency heads of municipalities.

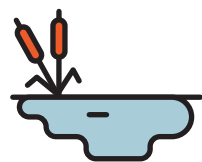
631 emergency supply points.

251 municipal tanks.

28 public-private protocols signed with the municipalities of the Metropolitan Region.

Hydrological Reserves

SDG6, SDG9, SDG11 and SDG13
203-1



Aguas Andinas has invested heavily in both the maintenance and construction of new water reserves, seeking to address climate change and increase the system’s autonomy, providing greater assurance of supply in the event of an emergency.

The company has three relevant water reserves for this purpose:

Reserve source	Operational capacity (millions of m³)
El Yeso Reservoir	220
Laguna Negra Lake	600
Laguna Lo Encañado Lake	50

To supplement these reserves, and as indicated in the section on assurance works, the company is building the Pirque raw water reserve, which will add 1.48 billion m³ more to the system.

These raw water reserves are supplemented by treated water tanks, including the Las Vizcachas assurance tanks, with a capacity of 160,000 m³ of potable water.

These, along with other facilities, can provide to this day up to 9 hours of supply in case of turbidity of the Maipo River.

In the same line, to ensure the supply of potable water, the construction of 9 distribution tanks began in during 2017, increasing storage capacity by 54,000 m³. In addition, 16 wells were drilled to extract groundwater. These works will allow in excess of 9 to 11 hours of autonomy during emergencies in 2018.



Hydraulic Efficiency

SDG 6, SDG 9, SDG 11,
SDG 12 and SDG 13
203-1



HYDRAULIC EFFICIENCY PLAN

The Hydraulic Efficiency Plan seeks to reduce the company's unaccounted water, in order not to exceed 20% loss per year by 2022. This means the recovery of 70 Hm³ per year of water (as a comparison, the El Yeso reservoir has a capacity of 220 Hm³). The general program includes improvements to the operating model, overflow of ponds and aqueducts, search and repair of leaks in pipes, pressure regulation, search and repair of leaks in the distribution network, renewal of networks and customer connections and reduction of commercial loss.

During 2017, work was carried out on the construction of pressure subsectors and micro sectors in 1,265 km of the network, reaching a hydraulic efficiency of 71.5% in December.

In addition, technological tests were carried out to search for leaks in pipes using helium.

The breakage indicator for Aguas Andinas (including all regulated companies) is 18 breakages/100 Km with and without customer supply interruption, while that considering only breakages with service interruptions, the rate is 9.3 breakages/100 km of network, which represents a good performance in comparison with the 20 breakages/100 km of network at an international level⁵.

⁵ Data from the ADERASA 2012 report.

AQUEDUCT MANAGEMENT IMPROVEMENT PLAN

This plan addresses three areas: improvements to the operational model, repairs of poorly maintained sections and the drawing up of a six year inspection plan.

During 2017, a prioritized program of improvements and inspections was established and a partial repair of the Puente Alto aqueduct was carried out. In addition, a test was carried out with a robot to inspect aqueducts without shutting off the supply, although it did not provide results, due to the hydraulic conditions in the pipeline.

During 2018 it is expected to consolidate the overall program for the coming years.

ANNUAL PREVENTIVE MAINTENANCE PROGRAM FOR THE SEWERAGE NETWORK

During 2017, a new Advanced Sewerage Collection Management (GAR) strategy was implemented for the cleaning of sewerage networks, optimizing the resources allocated to the maintenance of the networks by means of remote inspection.

The new methodology made the extraction of sludge from the sewer more efficient, removing 3,492 tons of sludge, 35% more than the previous year, which meant going from 1,188 clean km to 2,655 km, thus contributing to reducing the rate of obstructions due to lack of maintenance, as well as allowing the detection of obstructions before they generate complaints from the customers, and better knowledge of the sewerage system.

COMPREHENSIVE NETWORK MANAGEMENT

Aguas Andinas and its subsidiaries have implemented a comprehensive management model for potable water networks to minimize the risk of failures in the distribution stage. This management is visible through the indicator of number of breaks per kilometer of the distribution network, this indicator reached 0.18 breakages/km in 2017 in the Metropolitan Region with and without water cuts keeping the company at levels below the industry average of 0.194.⁶

Yearly number of breakages	2015	2016	2017
Aguas Andinas + Aguas Manquehue + Aguas Cordillera	1,604	1,100	1,216
ESSAL	688	755	758
Total	2,292	1,855	1,974

Concerned about the disruption of service continuity, we are working to strengthen the resilience of our operation.

⁶ Source SISS, 2016 Water Utility Industry Performance Report.

Protect and Restore Water-Related Ecosystems

SDG 6 and SDG 13

Agreement with the National Council of Innovation for Development (NCID)

In 2016, Aguas Andinas and the NCID signed an agreement whereby the company participated in the R+D+i Commission for the Sustainability of Water Resources.

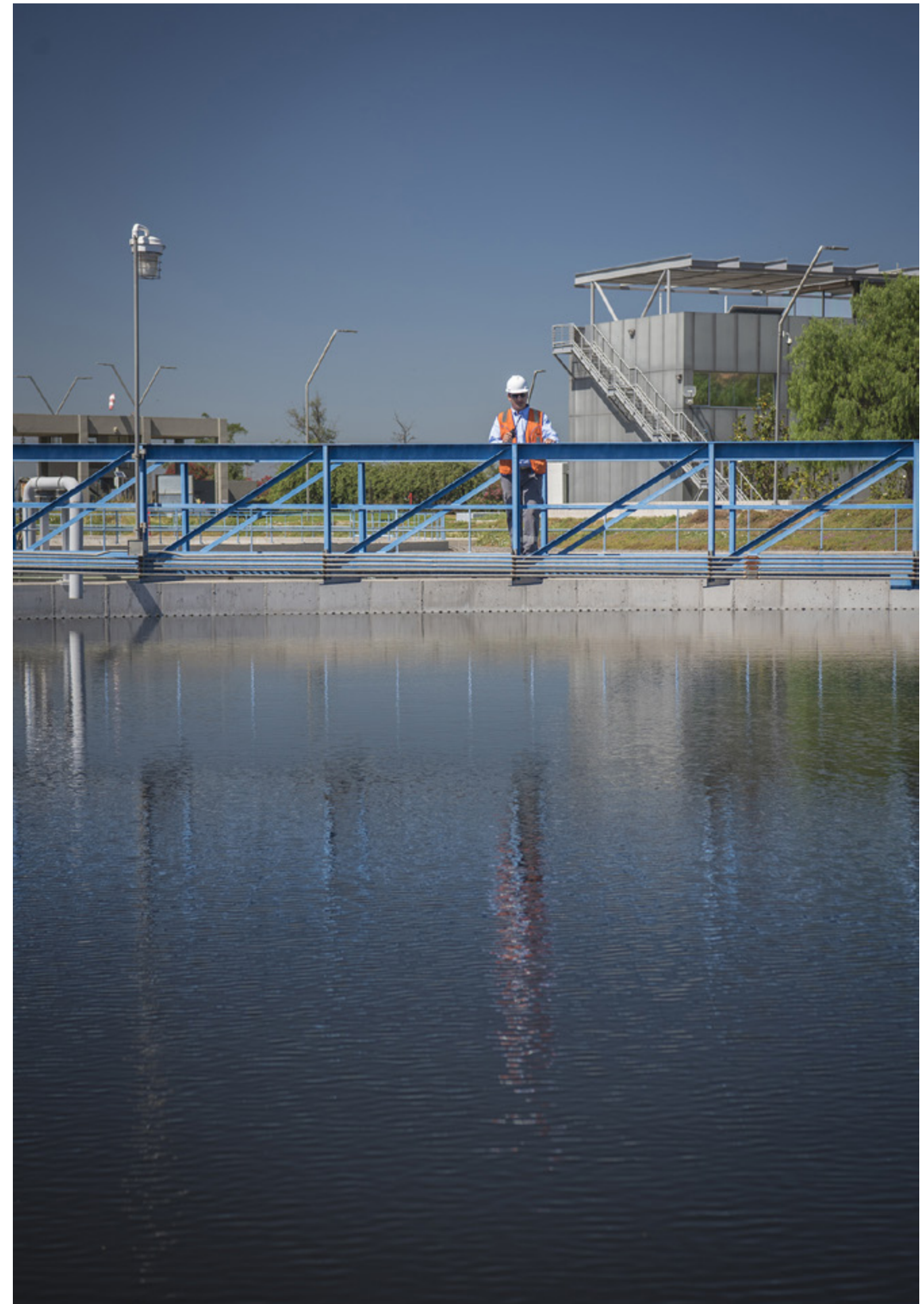
This commission agreed to remain as a follow-up body to the proposals made in the report submitted to the President of the Republic with the goal of ensuring that future generations live in a country where water is protected and used responsibly.

In the context of this agreement, Aguas Andinas contacted NCID and Cetaqua Chile, enabling the latter to join the “Network of NCID Water Resource Centers”, an organization that in 2017 worked on the analysis of alliances for research on topics of common interest.

Creation of a Water Fund for the Metropolitan Region

During 2017, Aguas Andinas worked as a promoter for the signing of the Memorandum of Understanding to establish a Water Fund for the Metropolitan Region, together with other players from the public and private sectors and civil society.

The Fund’s role will be the long-term conservation of water resources, with the signing and establishment of the Fund scheduled for 2018.



A person is seen from behind, sitting at a large desk in a control room. The desk is filled with several computer monitors displaying various technical diagrams, including circuit boards and flowcharts. The person's hands are on a mouse and keyboard. The entire image has a red tint.

PILLAR 3: DIGITALIZATION

COMMITMENTS

Accelerating the digital revolution in the service of citizens, operations and internal culture.

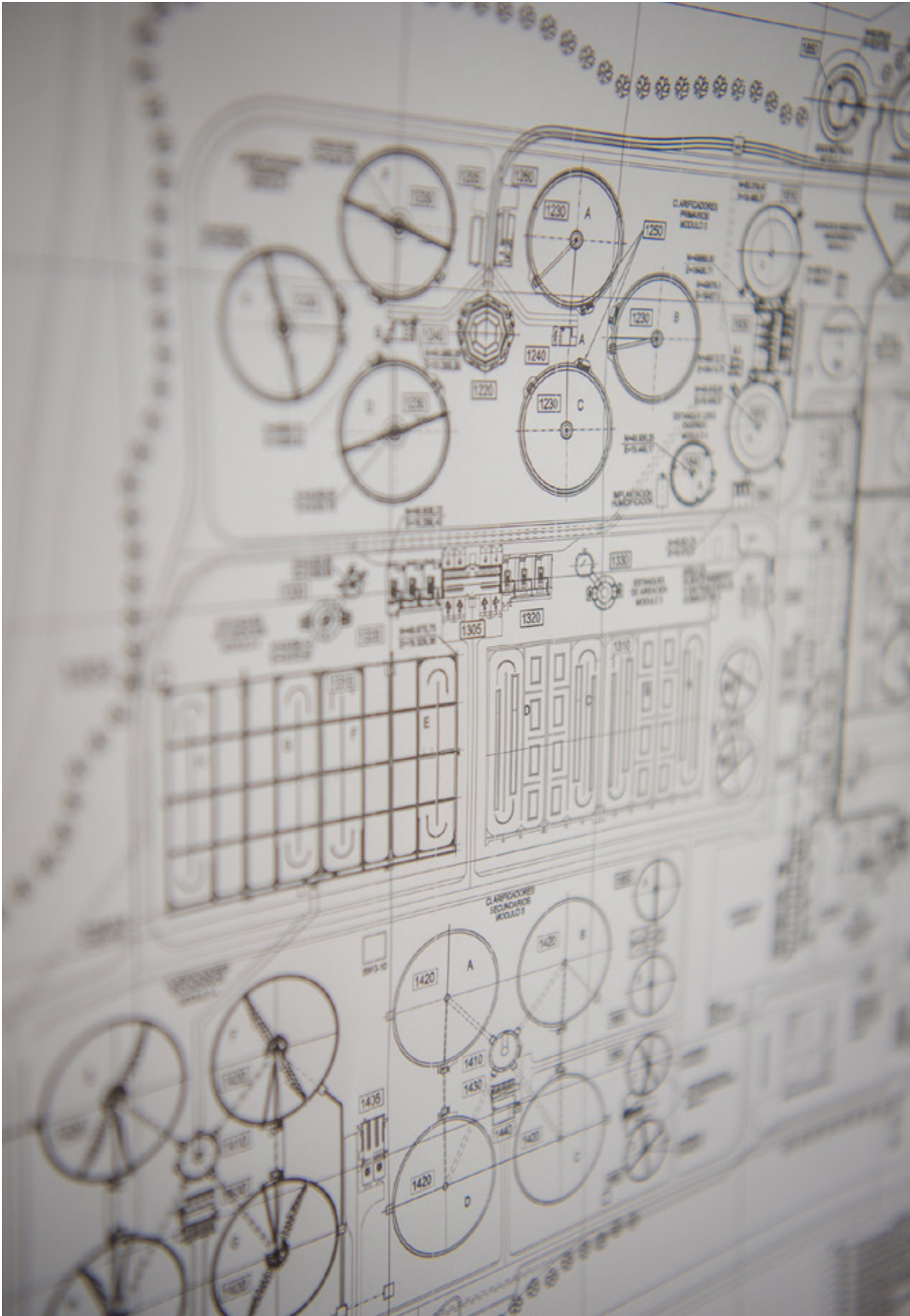
We believe that digital transformation is not an option. Artificial intelligence and the Internet of things (IoT) are a challenging reality that the company has taken on with enthusiasm.



Aguas Andinas and its subsidiaries have taken on the challenge of improving the satisfaction and experience of their customers, who should be given the option of deciding how and when to contact the company. To this end, a range of communication channels is opened and the servicing processes are simplified, making the experience of our customers faster and more pleasant.

On the other hand, digitalization at work makes it possible to improve productivity and control of production processes, while also generating a cultural change process within the organization that makes it possible to attract and retain talent, particularly the new generations of millennials who are highly sensitive to technology and prone to change.

These three elements make up the strategy of the Digitalization pillar.



Objectives

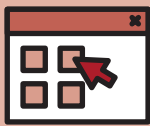
Objectives	SDGs	2022 Goals
1. Leading the digital connection with citizens.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS	• 13,000 Smart customers (remote meter reading technology). • 75% of requests solved digitally.
2. Automate the operation.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES	• 96% of remote-controlled installations.
3. Implementing the WATER 4.0 internal culture	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION	• Increase the General Digital Ability (GDA) of the Organization by 50%. • Incorporate AI (Artificial Intelligence) into 10% of the support processes. • Implementation of 20 initiatives with agile methodologies.

2017 Highlights

OBJECTIVE 1 LEADING THE DIGITAL CONNECTION WITH CITIZENS



205,000
users created in the Virtual Office (launched on October 20, 2017).



20,863
requests entered through the virtual office.



42 %
feasibility studies managed through the New Customer Portal.



499
supplier companies in the Suppliers Portal.



51%
of payments made through the website.



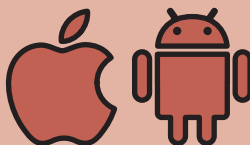
93,000
customers registered to the electronic billing system (4.8%).



269,997
Followers in Twitter.



Study for incorporation of the Company's works and interventions in Waze.



Development of Customer apps for iOS y Android.

OBJECTIVE 2 AUTOMATE THE OPERATION



45,000
signals managed in the OCC.



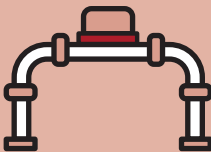
700
remote control stations distributed in the city.



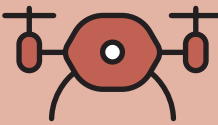
88%
remote-controlled installations.



150
i-meter devices and pulse generators acquired and installed for fixed network remote reading pilot.



4,961
meters equipped with remote reading technology.



16
GIS drones in ESSAL.



139
enclosures with electronic security systems.

OBJECTIVE 3 IMPLEMENTING THE WATER 4.0 INTERNAL CULTURE

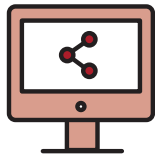


80 people were trained during the launch of the Digital Transformation 4.0 project.

Leading the Digital Connection with Citizens

SDG 9, SDG 11, SDG 13, and SDG 17

Virtual Office



The work has focused on strengthening and value digital contact with customers, allowing the substitution of face-to-face service by a virtual one with easy access and a high response level, maintaining face-to-face service for the most complex cases and/or those requiring advice, support or containment.

In 2016, the design and planning of the virtual agency platform started, which began operating in October 2017, allowing customers to provide the same services as in a face to face agency, such as payments, management of payment agreements, requests, complaints and viewing advance statuses.

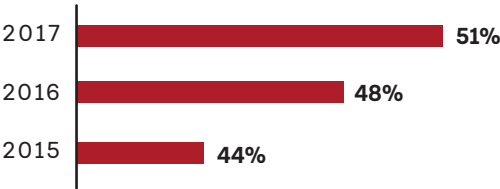
The platform has been designed to facilitate browsing, with a simple language and minimalist design, allowing the customer to have an easy, pleasant and decisive interaction experience, since the requests are answered online, providing a 24/7 response at the time of service.

The virtual office has a responsive design, automatically adapting to the size of PC, mobile or tablet screens, allowing users to connect with whichever device they wish to, and to facilitate registration, the customer can select a social media network to link it to his username, facilitating password management.

In December 2017 (2 months after being launched) there are more than 205.000 users created in the virtual office, which has allowed, 21% of all requests entered as of December 2017, correspond to online digital services, without the intervention of support people or back office, achieving an 85% online service rate, which means, the request serviced and closed at the same time.

Thanks to the efforts made by the company, in 2017 51% of the payments were made through the website, setting a goal of 55% by 2019 and 65% by 2022.

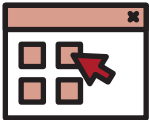
PERCENTAGE OF PAYMENTS MADE THROUGH THE WEBSITE



SOME FEATURES AVAILABLE IN THE VIRTUAL OFFICE

- Service Chat: option of service by chat from mobile phone or PC.
- Request commercial information with consumption history.
- Invoicing, display of bills or invoices, display of letters or notifications.
- Commercial assistance, advice to the customer with billing problems.
- Follow-up of requests entered by any channel.
- Enter online payment agreements, generate payment vouchers, payments, email billing subscription.
- Graphic search of maps with payment and service locations, indicating travel times.
- Search and GPS location of hydrants to facilitate the work of Firefighters.
- Information on works on the network, repairs or emergencies service.
- Information on works that have an impact on the city.

New Customer Portal



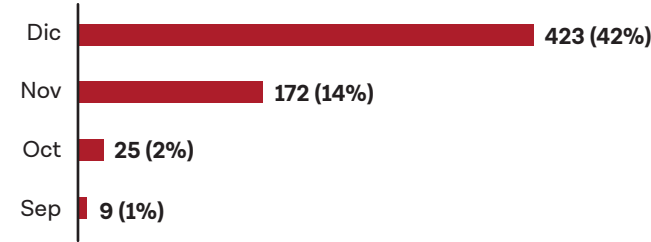
In 2017, the Aguas Andinas New Customers Portal was also launched, a web platform that aims to facilitate the work of real estate agents, builders, planners, installers and customers in general who require the authorization of the connection to the potable water and wastewater collection network.

This portal has the ability to remotely manage all the procedures related to the new connections and their follow-up, including the possibility of uploading the plans in digital format.

In addition, the sixth floor of the Corporate Building was remodeled and assigned for New Services providing it with special equipment so that engineers can review the plans in giant mobile screens, avoiding the use of paper.

During 2017, the module that allows the management of the Feasibility Application process was launched, achieving managing 42% of the requests online in 3 months.

CUSTOMER PORTAL FEASIBILITY REQUESTS IN 2017



During 2018, three new modules will be launched: Project Review, Request for Quotation and Certifications, modules on which work is in progress with a pilot group of designers.

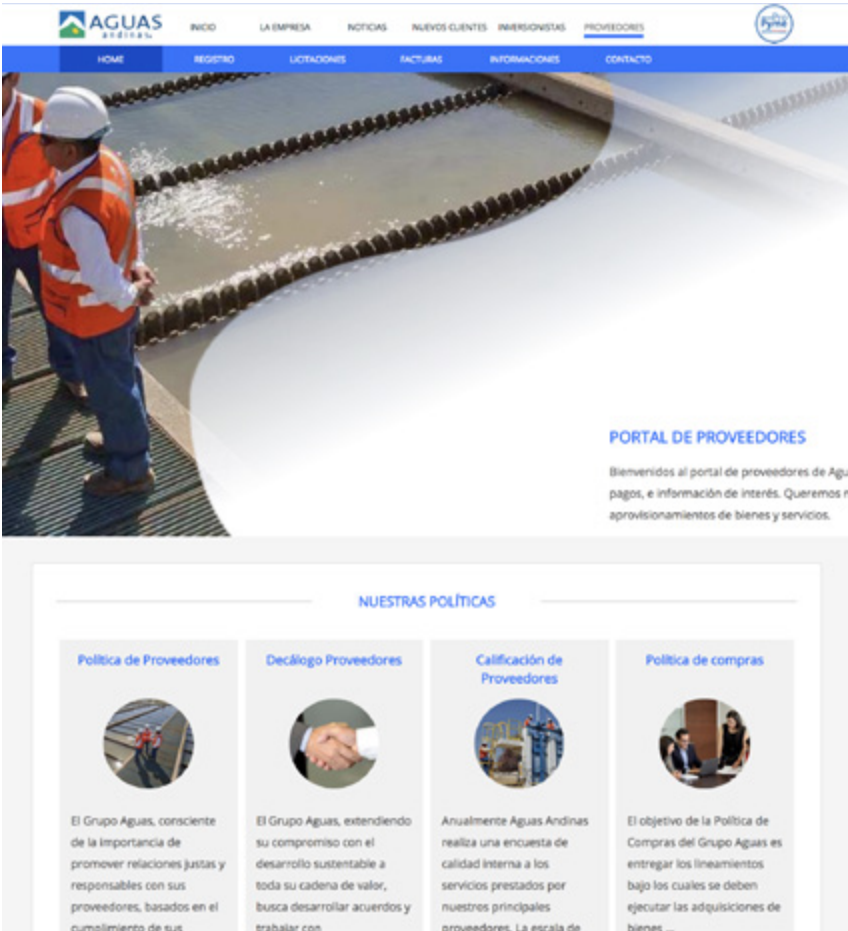
Suppliers' Portal



In July 2017, a new supplier portal for Aguas Andinas was launched, which includes new functions for the sale of tender rules, information and documentation of interest to suppliers.

The Supplier Portal is a digital tool that allows the company to manage suppliers more efficiently, through which it is possible for suppliers to register, access tender information, view payments and access information of interest, such as company policies.

By December 2017, 499 companies had already registered with the Portal. The goal for 2022 is to get the 600 concurrent suppliers of the company to be registered.





Electronic Billing

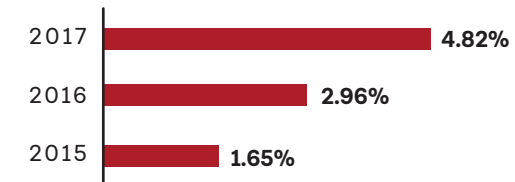


In 2017, Aguas Andinas continued to successfully promote the migration of customers to the electronic billing system, which generates benefits for the user, the company and the environment.

Electronic bill or invoice delivery increased by 69% in one year, reaching 93,000 registered customers. This strong and sustained growth can be explained by the company's dissemination campaigns and the ease with which it is possible to register and activate or deactivate this service through the new virtual office, which achieved nearly 7,000 subscriptions in 3 months. The goal for 2019 is to have 5% of the customers of Aguas Andinas, Aguas Cordillera and Aguas Manquehue subscribed to electronic billing, increasing the subscription to 10% by 2022.

By 2018, ESSAL, which also has electronic billing (3,409 subscribed at the end of 2017), has decided to join the challenge of increasing the number of customers using this service, setting a target of 5% of its customers by 2018 and 15% by 2022.

PERCENTAGE OF CUSTOMERS SUBSCRIBED TO ELECTRONIC BILLING



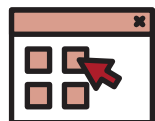
Mobile applications



In 2017, work has been done to prepare the basic information in order that, as of 2018, through the Waze application, users may identify the works and interventions that the company is carrying out in the urban area, so drivers can take alternative routes, mitigating the impact on traffic generated by our works.

In addition, it is expected that by 2018 an application will be published for iOS and Android where customers subscribed under this format or the virtual office will be able to access all the commercial information of the accounts or properties linked to their user accounts, make agreements, enter meter readings by uploading photos of the meter and searching for payment locations using GPS location, providing the customer with directions on how to get to the selected payment location and providing all the information to make payments quickly and easily, without paperwork.

Self-Service Devices in Municipalities



During 2017, a new project was started to be developed to expand the range of customer interaction channels. These are modern self-consulting terminals that will be installed in some municipalities of the city of Santiago, bringing the service of Aguas Andinas closer to sectors of high public traffic.

These terminals allow customers to access, through their ID number, bill number or address, the same services that are provided in commercial agencies, such as printing duplicate bills, making payment agreements, consulting their accounts, making payments via web-pay or calling the Contact Center, among other features. The terminals are designed to be accessible to people of all ages and educational levels, with simple instructions and large buttons.

The Superintendence of Sanitation Services (SISS) approved this project, and the installation of these devices in municipalities of the Metropolitan Region will begin in the first quarter of 2018.



Social Media and Digital Communication

AGUAS ANDINAS' SOCIAL MEDIA

Twitter, Facebook, Youtube,
Linkedin and Instagram

Aguas Andinas has strengthened its digital communication strategy in social media, which aims to build a horizontal story between the company and its customers, by means of close messages and with a citizen focus, the company generates content associated with corporate information, early warnings, works in the street, community actions, water education and care, among other topics of interest, generating an average of two publications per day with specialized information in each platform.

In addition, and with the aim of communicating to the customers in a fast and timely manner, emergency situations such as massive service interruptions, commercial problems or increases in consumption. In 2016, Aguas Andinas added text messaging to its customer communication tools. Given the success of this communication mechanism, in 2017 it began to be used for information on re-invoicing or billing corrections, sustainable consumption, rate changes, failed automatic payment, alarms for interruptions due to emergency or scheduled work, among other things.

In addition, ESSAL uses telephone messages and social media (Facebook and Twitter) to inform about scheduled service interruption, network cleaning, smoke testing and collection, as well as providing information on alerts and campaigns, information about the ESSAL network of payment locations, service channels and campaigns such as “Let’s Take Care of Water”. By 2018, it is expected that the messaging service will be improved to include the massive sending of SMS in case of emergency service interruptions.



67,228
direct
mentions
on Twitter.



269,997
followers on
Twitter.



59,974
friends on
Facebook.



7,411
followers on
Linkedin.



Automate the Operation

SDG 9 and SDG 11

Upgrading the Operational Control Center (OCC) 2.0 and the radio communication system



The second focus of action of the digitalization pillar corresponds to the implementation of digital solutions for the control of the processes of uptake, production, meter reading, treatment, distribution and transport of water, as well as for the reliability of the facilities.

The Operational Control Center (OCC) integrates the data managing more than 45,000 variables and more than 700 remote control stations distributed throughout the city, 24 hours a day, 365 days a year. Currently, 88% of the installations are remotely controlled.

Given its strategic importance, in April 2017 a process of upgrading the Aguas Andinas Operational Control Center (OCC 2.0) was begun, which has a 4-year timeframe and a budget of 8.4 billion pesos.

This project seeks to strengthen the levels of automation where the data of the production, transport, distribution, collection and purification processes are integrated. The objective is to cover new operational needs and include resilience elements into control systems, allowing them to operate under contingencies, and to develop predictive models.

The OCC 2.0 addresses 4 levels of technology integration considered in the automation pyramid.

Level 1, control: the detailed engineering of all the electrical, control and instrumentation works of the standard facilities were updated⁷, together with the design and development of the remote control programs.

⁷. Typical installations correspond to Potable Water (PW) and Sewage (WW) (Pumps and Wells); Pressure Regulating Valves; Packaged Pumping Plants (PPP's); Chlorine (hypochlorite) and Fluorine Dosing Systems; Tank inlet/outlet control valves; AP Production (PWTP) and AS Treatment (WWTP) Plants; AS and Nitrate Treatment Plants.

Level 2, supervision: the SCADA (Supervision, Control and Data Acquisition) platform is upgraded and the rear projection system is renewed.

Level 3 updating of information systems: In 2017, the diagnosis and design of the technical systems was carried out, where a computer application integrated with SCADA will be developed to centralize and provide added value to the relevant technical data of the company's operating processes.

Level 4 information: The knowledge management systems are incorporated, for which the Advanced network management software has been activated, which is an expert system for decision-making in advanced network management and leakage prevention, a program that will support the implementation of the Hydraulic Efficiency Plan⁸ and allow progress towards predictive management. thanks to the operational experience of the system, increasing the resilience of the network.

In addition, cyber security is incorporated at all these levels to manage and minimize the risks to the assets of the OCC's Information Technology (IT) and Operation (TO) environments.

Parallel to the OCC 2.0 project, the new Radio Communication System consists of a network that integrates the remote tele control stations with the Operational Control Center, allowing relevant data to be obtained to remotely control the company's facilities.

In order to modernize the existing infrastructure, and the one that will be added in the coming years, the technical requirements for tendering the new system and the services associated with the modernization of the control system were developed in 2017.

The project has a timeframe of 5 years and a budget estimated at 6.4 billion pesos.

⁸. For more information on the Hydraulic Efficiency Plan, see page 52 (in the Resilience pillar).

PROJECT OCC2.0 OBJECTIVES

- Evolve towards a resource management OCC.
- Ensure responsible and sustainable management.
- Ensure continuous service, with high standards of safety, quality and reliability.
- To have timely and quality information.
- Minimize operational and technological vulnerabilities.
- Facilitate decision making and minimize operational risks and costs.

Remote Meter Reading Technology



In order to increase the effectiveness and availability of real consumption data for customers who have difficulty accessing the meter or who are exposed to vandalism, a remote reading pilot program with a mobile and fixed network was developed in 2017.

For the project, radiofrequency devices were acquired and installed, integrating them with the Temera software. Also, for the fixed network meter reading pilot, i-meter devices and pulse emitters were acquired, and 150 devices were installed and configured.

This technology has made it possible to increase the effectiveness of reading in the green areas segment of the mobile network, from 75% in June 2016 to 90% in December 2017. While for the fixed network, where it operates with its own infrastructure and that of third parties, the effectiveness is 93% as of December 2017. The project meant an investment of \$242 million pesos.

Among other benefits of remote meter reading, it has provided incentives for customer self-service and has reduced claims, as it is integrated into the commercial system and the virtual office, allowing the generation of online alerts for leaks or increased consumption.

As of December 2017, there were 4,961 meters equipped with remote reading technology.

Electronic Security Plan

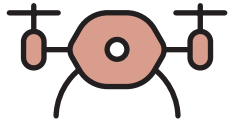


Aguas Andinas has a 2015-2019 Security Master Plan that seeks to make surveillance and control more efficient by incorporating new technologies, remote supervision and monitoring based on cameras, alarms, video intercoms and drones, among others.

In this context, the company has already installed and/or updated the electronic security systems (ESS) in more than 139 of its facilities, equipping them with closed-circuit television (CCTV), alarms, perimeter security devices and centralized unlocking devices (video intercoms), among other solutions.

The challenge for 2018 is to process and analyze the vast amount of information that cameras and sensors produce. To this end, the use of big-data and image pattern detection technologies is being studied.

GIS Drones in ESSAL



16 DRONES STARTED OPERATIONG DURING 2017

- APR drone - rural potable water
- APR counseling and assistance drone
- Meter re-reading drone
- Technical requests drone (geomaps project)
- Sewage survey drone
- General infrastructure drone
- Firefighter drone
- Rainwater drone
- Bio-solids drone
- Quality sampling drone
- Leakage management drone
- Pressure control drone
- Industrial wastewater drone
- On site inspection drone (customers)
- Meter change drone
- Market control drone

Since 2015, ESSAL has had a Geographic Information System (GIS), whose purpose is to geo-reference the entire operational infrastructure of the company, generating layers of information that make its management more efficient, given the high geographic dispersion in which it operates (Los Ríos and Los Lagos region).

In this context, an initiative has been developed that has had a high impact on field work, called “GIS Drones”, which consists of facilitating the collection of information in the field from workers, who, through the use of an easily accessible mobile application, can immediately record and geo locate information on tasks relevant to ESSAL in the field (leak detection, water quality sampling, management of wastewater and bio-solids discharges, etc.).

This initiative, together with the GIS tool to visualize all interactions in the field on a map, has generated savings in travel, support staff and man hours (MH), among other benefits, generating savings estimated at 178 million pesos as of 2017.

The challenge for 2022 of the ESSAL GIS Area is the GEOMAPS project, which is the servicing, management and solution of technical demands using a GIS App in the field.

ESSAL Mobile Telemetry Project



The mobile telemetry project was developed under the context of ESSAL's Telemetry Master Plan, which aims to decentralize the visualization and flow of key information for the operation of the business, which, through an application for smartphones, allows remote visualization of critical information for the operation, which was previously only available in the Operations Control Center. (OCC).

Among the now remotely available information is that associated with the control of Wastewater Treatment Plants (WWTP), the levels of Wastewater Elevation Plants (WEP), the level and output flow rate in some Potable Water Treatment Plants (PWTP), among other critical indicators.

With the foregoing, the company has been able to foresee critical situations such as low tank levels, non-standard parameters in some WWTP, critical outlet flows, oxygen, among other indicators. The challenge is to increase the critical process signals at ESSAL's WEP by at least 10%.



Establishing the WATER 4.0 Internal Culture

SDG 8, SDG 9, SDG 11, and SDG 13



In December 2017, the official launch of the **Digital Transformation “WATER 4.0”** plan, with the slogan **“The Transformation begins with you”**, a program that was conceived with the aim of reflecting on how the digital disruption is impacting companies and how it should be dealt with in Aguas Andinas.

WATER 4.0 has three main lines of action, the first of which is **Digital Governance**, which has four objectives:

- Defining a Digital Strategy and Vision
- Establishing Digital Governance
- Defining Roles and Responsibilities in the Digital Environment
- Define data governance.

The second is **Digital Talent**, which has three objectives:

- Promote Digital Profiles
- Establishing the 2018-2019 Digital Training Program
- Defining and promoting the Digital Awareness/Communication Plan

The third is **Digilab**, which was created with the purpose of generating processes and methodologies within the organization to facilitate innovation and exploration of initiatives that use new disruptive technologies to validate concepts, conduct pilots minimizing risk and cost and streamlining technology adoption and responding to business needs.

The following is planned:

- Happy Force, App to identify the work climate online.
- Chatbot, pilot a virtual assistant for our customers.
- RPA, robotization of financial processes.
- Smart Meter, to promote telemetry with smart meters, increasing the frequency of data capture, in order to offer our future customers additional services.
- Predictive Maintenance, pilot test a new maintenance model.

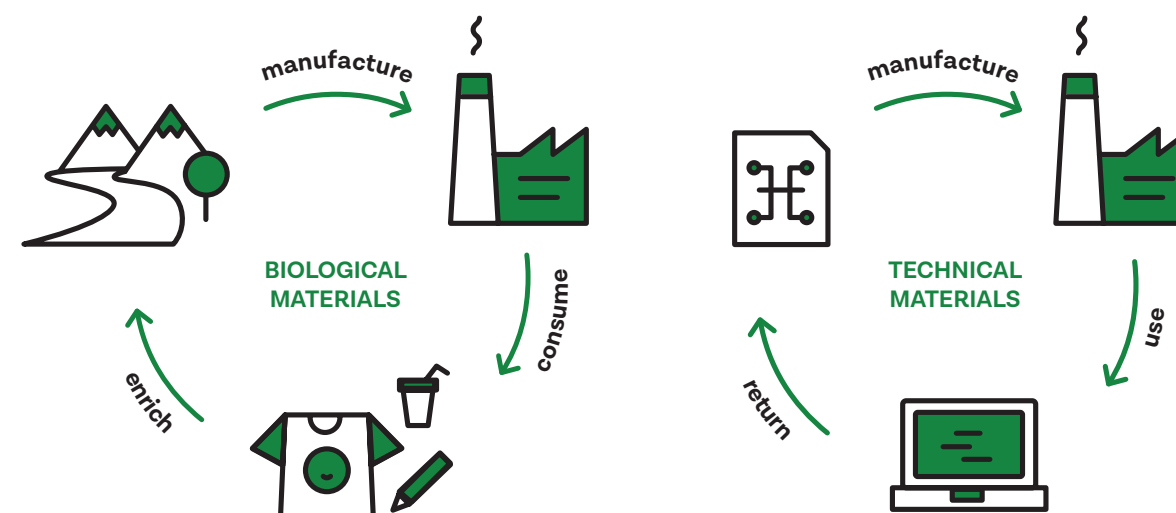
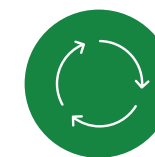
At the launch of the program, 80 people were first trained and 100 more are expected to be trained in 2018, with a target of 800 people trained by 2022.

**PILLAR 4:
CIRCULAR
ECONOMY**

COMMITMENT

**Leading the fight
against climate
change, contributing
to the worldwide
goal of limiting
global temperature
increase to 2°C**

**Aguas Andinas
has an Environmental
Management System
that is certified under
the ISO 14.001 standard.**



In 2017, Aguas Andinas changed its approach from a linear to a circular economy, which consists of a production model that seeks to reduce resource consumption and waste generation, taking advantage of the latter to generate new resources necessary for the sustainability of the system, assimilating production processes to those that occur in nature, where all waste becomes a resource



Objectives

Objectives	SDGs	2022 Goals
1. Achieve 0 climate impact through the reduction of greenhouse gas emissions and water footprint.	6 CLEAN WATER AND SANITATION 13 CLIMATE ACTION	• 10% annual reduction in emissions (multi-year target calculated with 2017 as base year). • Mitigation of 23,000 TCO₂/year to citizens in the target period. • Reduction of water footprint (2017 baseline. Goals will be established during 2018).
2. Achieve energy sustainability by reducing energy consumption in processes, self-generate renewable energy and maximize the renewable component in the energy matrix.	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	• Energy consumption per m³ billed, lower than 0.50 kWh. • 10% increase in 5 years in the percentage of self-generated electrical energy when compared to the total consumed. • 85% of electricity consumed from renewable sources.
3. To obtain 0 waste, favoring the reuse and the valuation of residues, when it becomes secondary raw materials.	6 CLEAN WATER AND SANITATION 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	• 0% bio-solids produced in the Metropolitan Region to be sent to landfills. • 50% valued residues. • Decrease in the plastic footprint (baseline in 2018).

2017 Highlights

OBJECTIVE 1

ACHIEVE 0 CLIMATE IMPACT THROUGH THE REDUCTION OF GREENHOUSE GAS EMISSIONS AND THE WATER FOOTPRINT



224,132
Tons of CO₂ emitted.



55,371
Tons of CO₂ avoided.



273,644,871
m eq. is the water footprint.

OBJECTIVE 2

ACHIEVE ENERGY SUSTAINABILITY BY REDUCING ENERGY CONSUMPTION IN PROCESSES, SELF-GENERATING RENEWABLE ENERGY AND MAXIMIZING THE RENEWABLE COMPONENT IN THE ENERGY MATRIX



Obtaining the Gold Energy Efficiency Seal from the Ministry of Energy.



Savings of **6%** and **2%** in the energy consumption of the La Farfana and Mapocho-Trebal Biofactories of the Greater Santiago area, respectively.



76.41% of the energy demand of the Mapocho-Trebal plant supplied by biogas.

18% of energy consumed from renewable sources.

OBJECTIVE 3

TO OBTAIN 0 WASTE, FAVORING THE REUSE AND THE VALUATION OF RESIDUES, WHICH BECOMES SECONDARY RAW MATERIALS



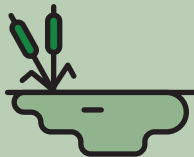
311,542
Tons of sludge generated in the Farfana, Mapocho-Trebal and Localities.



36%
Of sludge used in agriculture.



New hazardous waste management plan.



Rainwater management in Lake Llanquihue

Biofactories

SDG 6, SDG 7, SDG 11,
SDG 12 and SDG 13



During 2017, one of the great dreams of Aguas Andinas came true, which is to transform the Wastewater Treatment Plants of La Farfana and Mapocho-Trebal into Biofactories, resource producing centers that generate their own energy to operate, thus advancing at a determined pace along the path of the circular economy.

Biofactories are centers that produce valuable resources, do not generate waste or environmental impact and do not consume fossil fuels because they produce their own energy to operate.

In line with the principles of circular economy, biofactories aim to achieve zero environmental impact, zero waste, zero energy consumption (energy self-sufficiency), achieve a positive social impact and preserve biodiversity.

In October 2017, the new contract for the operation of the La Farfana plant began, incorporating the concept of a Biofactory, with the major paradigm shift from a waste management contract to a resource management contract. In addition, the contract included the management of projects to carry out investments in order to convert the facility into a biofactory. The roadmap for this conversion includes 16 projects, of which 3 were approved in 2017, and the others are in the preliminary project stage.

Of those approved, two are associated with the water resource management, specifically nitrogen treatment at both La Farfana and Mapocho-Trebal, and are expected to be operational by 2019. The third project consists of the installation of new engines to increase the cogeneration capacity in the Mapocho-Trebal Biofactory, which aims to achieve 100% energy autonomy. All of them are in the process of detailed engineering.

PROJECT FOR THE DISSEMINATION OF THE BIOFACTORY OF THE GREATER SANTIAGO

The project, which began in May 2017, has had the purpose of communicating and disseminating the technological aspects and expertise that make up the biofactory formed by La Farfana, Mapocho-Trebal and El Rital, in a familiar and friendly way for everyone.

Thanks to a multidisciplinary team, led by the Water School, the complex processes have been translated into a major leap from more traditional water management to a new, more sustainable management model, demonstrating that this natural evolution of wastewater plants to factories capable of generating life and new resources is possible.

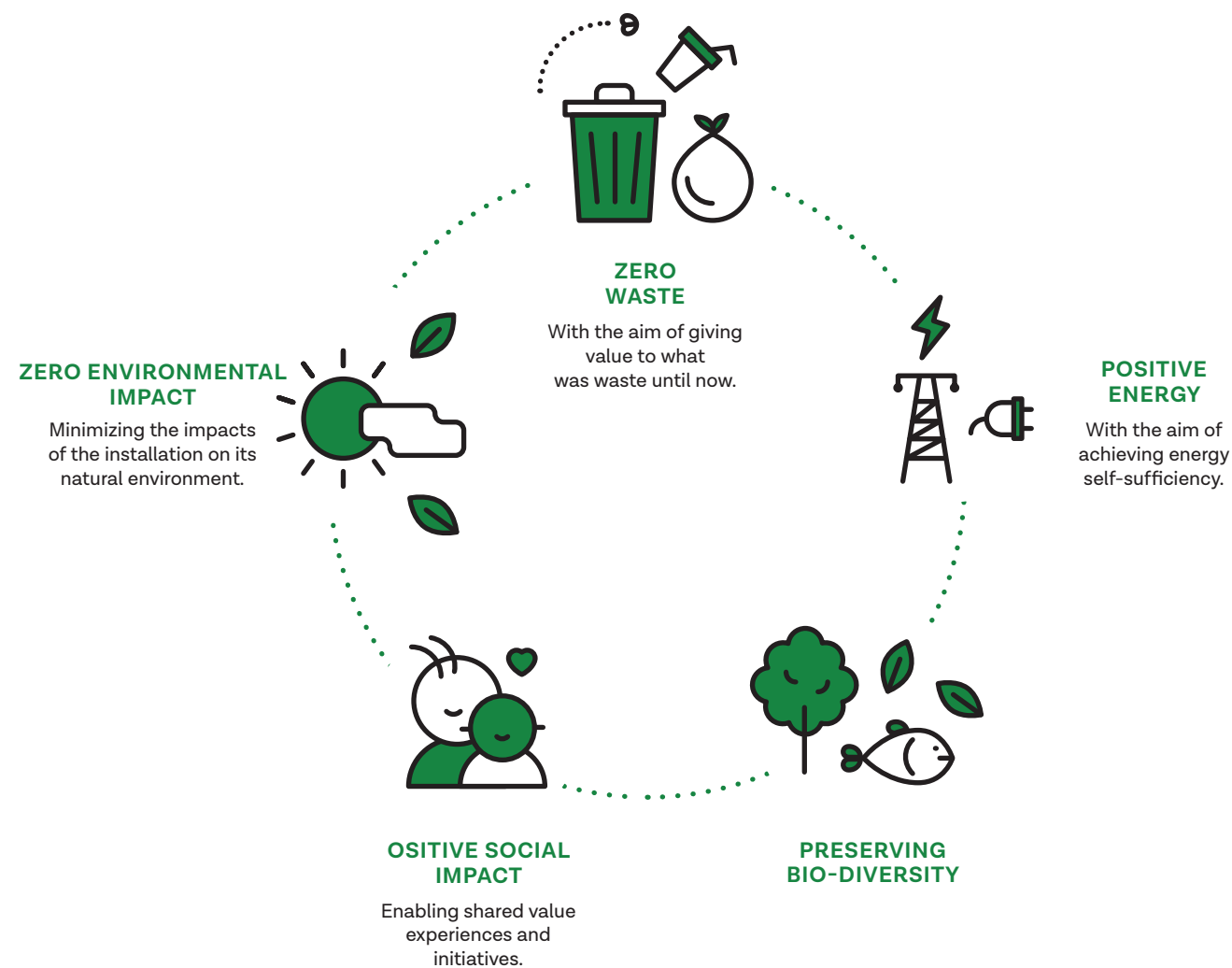
In the context of this project, part of the administrative spaces of the three biofactories were intervened in order to turn them into reception and areas to hold meetings with the community, installing video players, panels and experiential resources such as virtual reality, augmented reality and interactive mapping, where the visitor can interact and understand what the biofactories are and how they work.

¿What is a Biofactory?

We transform your residues into resources

WHAT WILL BE THE RESULTS WHEN THEY ARE 100% OPERATIONAL?

The Biofactories will achieve the following goals:



“We created the Biofactories to develop and apply the paradigm shift, evolving from treatment to resource management. Biofactories are centers that produce valuable resources, do not generate waste or environmental impact and do not consume fossil fuels because they produce their own energy to operate.”

Narcís Berberana
Aguas Andinas' CEO

Achieve 0 Climate Impact through the Reduction of GHG Emissions and Water Footprint

SDG 6 and SDG 13

Aguas Andinas and its subsidiaries are firmly committed to reducing greenhouse gas (GHG) emissions as allies of the country to achieve the goal of limiting global warming. The company has measured its carbon footprint since 2009 under the international GHG protocol-IPCC methodology and since 2015 has been participating in the Carbon Disclosure Project (CDP), reporting its performance annually under questionnaire.

Classifier	Index	2015	2016	2017
CDP		D91	B	C

The 2018-2022 Sustainability Roadmap establishes a limitation of emissions at the total level as well as of the emissions avoided. This first year, 2018, a goal is established according to the available data, taking into account that the expansion of the Mapocho-Trebal Biofactory became fully operational in September 2017. That is why the company decided to establish a partial goal and during 2018 will work on the company’s medium and long term goals that are expected to be published during 2019.

It is also a goal for 2018 to sign a commitment to determine the science-based GHG reduction targets (SBTs), which means that they are aligned with the level of de-carbonization required to limit the global temperature increase to less than 2 degrees Celsius compared to pre-industrial era temperatures.

GHG Emissions

SDG 13
305-1, 305-2, 305-3, 305-4, 305-5



In 2017, a total of 210,809 T CO₂ equivalent were emitted, 2.6% less than the previous year.

GHG EMISSIONS BY SCOPE

	2015 tCO ₂ /year	2016 tCO ₂ /year	2017 tCO ₂ /year	2017 v/s 2016 increase tCO ₂ /year
Direct emissions (Scope 1)	29,253	26,387	27,316	4%
Indirect emissions related to power consumption (Scope 2)	85,790	83,391	74,977	-10%
Other indirect emissions (Scope 3)	104,508	106,635	108,516	2%
TOTAL	219,551	216,413	210,809	-2.6%

GREENHOUSE GAS EMISSIONS

SOURCE OF EMISSION	Unit of measure	Direct emissions (Scope 1)			Indirect emissions (Scope 2)			Other indirect emissions (Scope 3)		
		2015	2016	2017	2015	2016	2017	2015	2016	2017
 Potable water production	Ton CO ₂ e	732	377	518	20,122	18,036	17,191	4,307	5,193	4,802
 Water Transport and distribution	Ton CO ₂ e	6,100	4,461	4,720	24,507	24,583	22,746	1,506	1,270	1,695
 Non productive buildings	Ton CO ₂ e	494	591	871	1,744	1,552	1,323	54	51	37
 Sewerage	Ton CO ₂ e	1,798	1,887	1,982	495	523	656	11	11	11
 Wastewater Treatment	Ton CO ₂ e	20,130	19,071	19,225	38,921	38,698	33,060	98,629	100,110	101,972
Total	Ton CO₂e	29,253	26,387	27,316	85,790	83,391	74,977	104,508	106,635	108,516

REASONS FOR THE DECREASE IN THE CARBON FOOTPRINT IN 2017

The Carbon Footprint decreased by 2.6% compared to 2016, by 5,604 Ton CO₂. The decrease in the footprint is mainly due to the following reasons:

- 1) The main variation is due to an 8,275 Ton CO₂eq. decrease in the energy sector in comparison to 2016 which is mainly explained by the emission factor of the SIC (Central Interconnected System, of the Ministry of Energy) decreasing by 15% due to an increase in the use of renewable energy in the country.

However, it is important to note that the Company had higher energy consumption during 2017. This increase in electricity consumption is explained firstly by the high turbidity events in the Maipo River that caused two service interruption events during the year. Due to these events, the Company had to use more groundwater sources (pumps) which have a higher electricity consumption. Secondly, this increase was due to the kerosene spillage from La Parva in the Mapocho River

event, which caused the PWTP to shut down and caused a water cut for the east part of Santiago, generating higher consumption in both underground wells and elevation plants.

- 2) On the other hand, there was an increase in the amount of reagents used in 2017 when compared to 2016, increasing by almost 1,500 Ton CO₂. This increase occurred in particular at the Mapocho-Trebal biofactory where the fourth module became operational.
- 3) An increase in the Water Line of approximately 2000 Ton CO₂ was also observed. This was due to the increase in the amount of nitrogen, both at the inlet and outlet of the WWTPs.
- 4) There is also a decrease in the Footprint of the Sludge line of about 1,800 Ton CO₂, which is explained by the lower amount of valuation of bio-solids in agriculture.

- 5) In the transport sector, there was an increase of nearly 1.000 tons of CO₂, which is mainly due to an increase in the transport of waste due to the greater amount of bio-solids and waste generated in 2017, in addition to a slight increase in transport in each stage.

- 6) The other activities have not generated a very significant variation in the total value of the Footprint.

GHG EMISSIONS BY INDUSTRY

	INDUSTRIES	2015 tCO ₂ /year	2016 tCO ₂ /year	2017 tCO ₂ /year	2017 v/s 2016 increase tCO ₂ /year
	Energy	89,283	85,417	77,142	-10%
	Transport	12,516	11,495	12,549	9%
	Reactants and consumables	15,348	14,225	15,664	10%
	Water line	60,192	66,913	68,883	3%
	Sludge line	42,212	38,364	36,571	-5%
	Total	219,551	216,413	210,809	-3%

SDG 13
305-5

The reduced and avoided emissions in the company are due to the use of cogenerated energy, which this year decreased due, to the use of biogas, both in internal and external operations.

Internally, they are used to heat the sludge and take advantage of the cogenerated energy. This energy decreased in 2017, explaining the decrease in reduced emissions. Externally it is used for the sale of biogas and electricity, which in this period generated an increase in avoided emissions, due to the resumption of the sale of biogas to Metrogas.

	2015 tCO ₂ /year	2016 tCO ₂ /year	2017 tCO ₂ /year
Avoided	7,676	1,132	20,560
Reduced	34,277	42,279	32,435

The target for 2022 is 23,000 tons CO₂/year of avoided and reduced, hoping that by 2018 some of these savings can be captured when the new supply contracts with 100% energy from renewable sources come into force.

SDG 13
305-4

GHG EMISSIONS BY INDUSTRY

The wastewater treatment process is where the greatest amount of emissions are generated, which is why the calculation of the intensity of emissions is made based on this phase of the water management cycle carried out by Aguas Andinas, considering the Mapocho-Trebal and La Farfana biofactories.

INTENSITY OF GHG EMISSIONS FROM THE WASTEWATER TREATMENT PROCESS (TON/ML)

	2015	2016	2017
Ton/ML (millions of liters)	0.325	0.320	0.289

Other Emissions



In 2017 there was an increase in SOx and particulate matter (PM) values, mainly at La Farfana, due to the increase in the operating hours of one of the boilers, which practically doubled.

SOx and NOx emissions at Mapocho-Trebal fell significantly, thanks to the efficiency of the abatement system due to the renewal of the catalytic converters.

REAL DATA, HOURS OF OPERATION

SOURCE	Ton NOx			Ton SOx			Ton COV			Ton MP		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Farfana	3.97	4.37	4.85	3.67	3.88	4.91	0.05	0.06	0.01	0.39	0.23	0.64
Trebal-Mapocho	0.43	5.38	3.16	0.16	0.61	0.29	---	---	---	---	0.42	0.54
Total	4.40	9.75	8.01	3.83	4.49	5.20	0.05	0.06	0.01	---	0.65	1.18

DATA 24H/365 DAYS

SOURCE	Ton NOx			Ton SOx			Ton COV			Ton MP		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Farfana	10.39	11.11	10.6	9.07	9.7	10.95	0.12	0.16	0.11	0.96	0.57	1.23
Trebal-Mapocho	2.33	6.43	6.31	1.88	5.96	5.5	-	-	-	-	1.04	0.95
Total	12.72	17.54	16.91	10.95	15.66	16.45	0.12	0.16	0.11	0.96	1.61	2.18

Refrigerant Gases

SDG 13
305-6



During 2017, six R-22 (common refrigerant) cylinders were used in the Aguas Andinas Corporate Building (2) and the operating areas (4). Considering that each pump weighs approximately 13.5 kg, using a conversion factor of 0.05 SDG potential units per unit of R-22, a total of 4.05 CFC-11 equivalent is obtained.

The decrease in the use of this refrigerant when compared to the previous year (9.89 kg CFC-11 equivalent) is due to the Air Conditioning Equipment Renewal Program implemented in 2017 in Grupo Aguas facilities, which uses R-410⁹ refrigerant.

Water Footprint

SDG 6



Aguas Andinas has decided to measure its water footprint with the objective of identifying the volume of water that is used in the processes that generate a more intensive use of this resource, allowing to focus the management measures and the definition of reduction goals to 2022, to include in the strategy of the company Santiago deserves a 7.

The measurement was made according to the guidelines of ISO 14.046, methodology based on the Life Cycle Analysis (LCA), which through various indicators related to water availability / scarcity, among others, assesses the environmental impact of its different uses on the water resource (eutrophication, acidification, ecotoxicity), human health, natural resources and ecosystems. In this first exercise, the calculation perimeter covered five facilities: the drinking water production plants of Las Vizcachas, La Florida and Padre Hurtado and the biofactories of La Farfana and Mapocho-Trebal.

Considering the proposed facilities, **the company's water footprint in 2017 was 273,644,871 m³ equivalent**, of which 97.3% corresponded to direct footprint and 2.7% to indirect footprint.

The footprint corresponding to the purification of water is 966,878,199 m³ equivalents, of which 99.6% correspond to direct footprint and 0.4% to indirect footprint. **Producing 1 liter of drinking water resulted in a water footprint of 1.96 liters.**

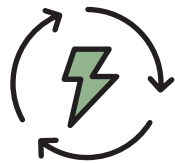
The footprint corresponding to the purification of wastewater is **-693,233,328 m³ equivalent**. The biofactories discharge into the river with treated effluents that help increase the availability of water in the basin, and because of this they have a **negative water shortage**. It has a direct footprint of -700,187,940 m³ equivalent and an indirect equivalent of 6,954,612 m³, product of the nutrient loads that cause water eutrophication. **The treatment of a 1 liter of residual water accounted for -1.39 liters.**

If there were no biofactories, the water footprint associated with the wastewater would have been **1.27 times greater** (considering the facilities evaluated) **and would increase the footprint of the company by 189,663,361 m³ equivalent**.

⁹. The conversion of 1 kg of R-22 corresponds to 0,05 kg CFC-11eq and the R410 does not generate CFC-11eq.

Achieving Energy Sustainability

SDG 7 and SDG 13



In order to manage energy consumption efficiently, increasing the consumption of renewable energy and advancing towards sustainability and energy self-sufficiency, Aguas Andinas has an Energy Efficiency Policy and Plan, which includes measures to control the consumption of its facilities and optimize their performance.

With the Energy Management System (EMS), the execution of tasks and procedures to optimize the energy performance of the facilities is standardized, and energy diagnostics are also performed to determine their performance and identify possibilities for improvement.

During 2017, the scope of the Energy Management System (EMS) was extended to the operating and maintenance processes carried out in the San Antonio and Padre Hurtado potable water facilities, the Corporate Building and the Talagante Wastewater Treatment Plant (WWTP).

With this, the company will have 6 facilities and about 140 GWh/year of electricity with an Energy Management System implemented and certified under the strict standards of ISO 50.001.

Dissemination activities are being carried out within the company regarding energy and its proper use. In addition, and associated with the cultural change process that the organization is undergoing, dissemination activities are being carried out within the company.





ENERGY TRAINING OR AWARENESS-RAISING ACTIVITIES CARRIED OUT IN 2017

1. Efficiency Seal Award Gold Energy category in Biofactories, received by the Aguas Group's Senior Management.
2. 2nd version of the Energy and Sustainability Trade Show in the Corporate Building, PWTP La Florida and WWTP Talagante.
3. Training and awareness raising of the Energy Management System for operators of the Talagante WWTP and operators in the potable water distribution area.
4. Training for Energy Management area personnel.

SDG 7 and SDG 13

ENERGY EFFICIENCY SEAL

In 2017, Aguas Andinas received the Energy Efficiency Seal from the Ministry of Energy, in its highest Gold category, in recognition of the company's achievements in its quest for improvements in the energy performance of its processes.

The awarding of the Seal took into consideration the development of two initiatives at each plant:

1. Automatic aeration control system (SICA) and replacement of diesel vehicles with electric cars, in the La Farfana Biofactory.
2. Replacement of vehicles with electric cars and replacement of diffusers in biological reactors at the Gran Santiago Mapocho Trebal Biofactory.

Additionally, an Energy Performance Monitoring Plan was applied to the San Antonio and Padre Hurtado PWTPs and the Corporate Building, which will allow for the periodic and permanent evaluation of the electric energy variables, in order to generate real-time information aimed at performance optimization and to apply new, more efficient operating configurations.

In 2016, an energy diagnosis was carried out on 50 facilities, the following management measures were developed from it in 2017

1. Changes of air diffusers in biological systems, optimization of the intelligent aeration control system and change from conventional to high-efficiency lights in biofactories.
2. Implementing a control and monitoring table of energy performance indicators and their relationship with the operation of the facilities, at a company level.
3. Change of relevant equipment, such as submersible pumps, at WWTP in Talagante and Padre Hurtado.
4. Feasibility Study Development for the implementation of a plant of Cogeneration at the WWTP in Talagante.
5. Development of a Feasibility Study to install turbine in the potable water network, VRP of the Terminal System - La Reina - Príncipe de Gales.
6. Evaluation for the installation of Photovoltaic Solar Panels in various sites.

For 2018 the following is planned:

1. Establish an intelligent aeration control system in the remaining modules in Biofactories, which would result in expected savings of 4% for the Mapocho-Trebal Biofactory.
2. Increase the generation of electricity by cogeneration.
3. Implement an Efficiency Plan in the most significant underground uptakes.
4. Optimization of drinking water lifting plants, by means of on-line monitoring of their electrical variables and programming of their most efficient operation.
5. Changing lights at La Farfana and Mapocho-Trebal biofactories.

SDG 7
302-1

ENERGY CONSUMPTION

During 2017, internal energy consumption in ESSAL remained practically constant, while in Aguas Andinas and its regulated subsidiaries in the Metropolitan Region, increased by 18% when compared to 2016.

On the other hand, energy sales grew exponentially, from 10,665 GJ to 347,560 GJ, due to the fact that, after 2016 the sale of biogas reactivated during 2017, reaching 337.805 GJ.

INTERNAL ENERGY CONSUMPTION

TYPE	Consumption unit	Aguas Andinas			ESSAL		
		2015	2016	2017	2015	2016	2017
Non-renewable fuels	gigajoules (GJ)	56,074	48,127	60,168	20,2	23,5	26
Bio-fuels (biogas)	gigajoules (GJ)	1,172,084	1,181,349	1,302,872	7,245	7,413	5,481
Electricity	gigajoules (GJ)	929,419	762,957	983,863	217,299	228,758	231,131
Total energy consumption	gigajoules (GJ)	2,157,577	1,992,433	2,346,903	224,564	236,195	236,638
Energy sales	gigajoules (GJ)	138,064	10,655	347,560	0	0	0

The main type of energy used by the company is bio fuels, which accounts for 51% of the total energy consumption of regulated companies, followed by electricity, which accounts for 47%.

Both energy consumptions represent 98% of the total, showing the efforts the company is making to have a clean energy matrix.



ELECTRIC CONSUMPTION

TYPE OF ACTIVITY		Unit of consumption ¹⁰	Aguas Andinas			ESSAL		
			2015	2016	2017	2015	2016	2017
Potable water production		kWh/year	56,782,282	46,532,798	52,741,056	24,706,304	26,396,304	26,212,426
		GJ/year	204,416	167,517	189,866	88,943	95,026	94,364
Transport and distribution		kWh/year	51,290,529	61,921,548	67,475,520	9,608,007	10,265,229	10,193,721
		GJ/year	184,646	222,916	242,910	34,589	36,954	36,697
Buildings		kWh/year	4,554,322	3,909,268	3,984,188	394,326	373,990	322,423
		GJ/year	16,396	14,073	14,343	1,419	1,346	1,160
Sewerage		kWh/year	3,483,059	1,318,196	1,946,907	13,479,431	13,407,222	14,600,659
		GJ/year	12,539	4,745	7,009	48,526	48,266	52,562
Wastewater treatment		kWh/year	142,061,659	143,462,892 ¹¹	147,149,673	12,172,908	13,101,691	12,874,644
		GJ/year	511,422	516,462	529,735	43,822	47,166	46,348
Total		kWh/year	258,171,851	257,144,702	273,297,344	60,360,976	63,544,436	64,203,873
		GJ/year	929,419	925,714	983,863	217,299	228,758	231,131

FUEL CONSUMPTION

TYPE OF FUEL		Unit of measurement	Aguas Andinas			ESSAL		
			2015	2016	2017	2015	2016	2017
Non-renewable	Diesel (power generation)	Gigajoules (GJ)	14,276	6,050	9,701	6.1	7.2	9
	Diesel (mobile sources)	Gigajoules (GJ)	35,989	37,903	46,359	12.2	14.2	16
	Gasoline (mobile sources)	Gigajoules (GJ)	5,809	4,174	4,108	1.9	2.2	1
	Total non-renewable fuel consumption	Gigajoules (GJ)	56,074	48,127	60,168	20.2	23.5	26
Renewable	Bio-fuels (bio-gas)	Gigajoules (GJ)	1,172,084	1,181,349	1,302,872	7,245	7,413	5,481
	Total renewable fuel consumption	Gigajoules (GJ)	1,172,084	1,181,349	1,302,872	7,245	7,413	5,481
Total fuel consumptions		Gigajoules (GJ)	1,228,158	1,229,476	1,363,040	7,265	7,437	5,507

¹⁰ The following conversion rate factor is used kWh/GJ : 277,78.

¹¹ Due to a recalculation, the electricity consumption of wastewater treatment in 2016 was reduced by 3.7%.

SDG 7
302-3, 302-5

As for the intensity of the electric energy consumption of Aguas Andinas, considering all regulated and unregulated companies (measured as the energy consumption (kWh) as a ratio of cubic meters of treated water), during 2017 the energy requirement for water treatment increased when compared to 2016, growing from 0,266 kWh/m³ to 0,270 kWh/m³, which is explained by the increased energy requirements of the Mapocho-Trebal plant.

ARIATION IN ENERGY REQUIREMENTS FOR WATER TREATMENT	
Mapocho-Trebal	3.1%
La Farfana	-0.4%
Total	1.4%

Considering 2015 as the baseline year, according to the Energy Management System, The La Farfana Biofactory achieved energy savings of 6% and Mapocho-Trebal did so by 2%.

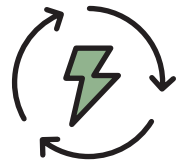
SDG 7 and SDG 13
302-4

INITIATIVES TO REDUCE ENERGY CONSUMPTION ¹²					
NAME OF THE INITIATIVE	Description	Unit of measurement	2015	2016	2017
Aguas Andinas; Stage 2	Wastewater Elevation Plants	Gigajoules		416	4,500
Cogeneration	The Electric Co-generation System in Mapocho-Trebal Biofactory. Produces part of the energy consumed using the biogas generated in the anaerobic digestion process.	Gigajoules	147,052	176,207	186,310
Aguas Andinas Suppliers	La Farfana Biofactory - Modification of the aeration logic through the implementation of the SICA program (Intelligent Aeration Control System)	Gigajoules	20,746	14,319	30,775
Total		Gigajoules	167,797	190,942	221,585

Aguas Andinas uses a proven international methodology (IPMVP) for estimating and measuring savings as part of the Energy Management System. With this, when taking the normal operation of the plant as a base line, without changes in efficiency, it is possible to correctly estimate the savings generated by each measure. In addition, an explanatory model of electrical energy consumption based on the independent variables that directly influence it is also included in this consumption, through statistical and modeling tools. With this methodology, the savings are in the vicinity of 2% per year for the La Farfana biofactory and 4% the Mapocho-Trebal biofactory, in the last year.

¹². Savings are calculated on the basis of a base year. In the case of the figures in “Aguas Andinas, Stage 2”, the baseline year considered was 2015. In the case of “Aguas Andinas’ Suppliers”, the baseline year considered was 2012. Thus, the volume of energy saved is the numerical difference generated by subtracting the respective energy performance indicators (base year - reporting year) multiplied by the amount they represent in the reporting year of their independent savings variable (water volume of the process reported).

Renewable Energy



SDG 7 and SDG 13
302-5

In order to meet the company's energy objectives, Aguas Andinas has developed energy self-generation initiatives and the use of energy from renewable sources.

In this context, the signing of the commercial agreement with AES Gener, which comes into force in April 2018 and will supply 65 GWh from renewable energy, was a milestone in 2017 which will allow for an increase in renewable energy consumption from 18% to 44%, a figure that will grow as new contracts with electricity suppliers consider the renewable energy variable.

Self-generation with renewable energy

Aguas Andinas has developed two types of self-generation initiatives to advance towards the goal of achieving energy sustainability, these are: cogeneration and the installation of turbines.

Cogeneration at Aguas Andinas consists of using the biogas generated by the Mapocho-Trebal WWTP to be used for used as fuel in the production of electrical energy. In addition, both the heat from the cogeneration engines and their exhaust gases are used as a source of heat energy for the anaerobic digestion and thermal hydrolysis processes.

The electricity obtained is transformed to be distributed in the plant's main grid and/or exported to the main power grid feeders of the central interconnected system (SIC).

In 2017, Aguas Andinas' cogeneration engines produced 51,792,240 kWh, The Mapocho-Trebal plant exceeded its cogeneration target by 4% co-generating 47,000 MWh. Due to this 76.4% of the plant's energy demand was supplied by biogas.

The biogas generated in the La Farfana and Talagante wastewater treatment plants is used in the boilers to heat the bio digesters and the unused biogas is burned in torches.



INTERNALLY PRODUCED ELECTRICITY (MWH) OF THE TREBAL-MAPOCHO PLANT, ANNUAL



SDG 7 and SDG 13
102-48

DESTINATION OF ENERGY PRODUCTION FROM BIOFACTORIES

DESTINATION	Unit	2015	2016	2017
Internal consumption ¹³	Gigajoules	561,965	670,312	695,262
Manufacturing of city gas	Gigajoules	135,263	0	356,529
Others (to be burnt in torches)	Gigajoules	501,287	648,603	295,594

The lower internal consumption in 2016 is due to the fact that the biogas methanization plant was stopped, while in 2017 it was in continuous and regular operation since April, which explains the difference in consumption and the decrease in the gas burned in the torch (La Farfana Biofactory) due to the greater availability of biogas towards the methanization plant.

After the construction of the first micro-turbine within the potable water network in 2016, which makes it possible to take advantage of the gravitational drop towards the water distribution ponds to generate electricity, the feasibility study for the installation of a

¹³. In the item "Internal consumption", until 2016 only the consumption of Mapocho-Trebal was reported. The figure for 2017 includes internal consumption at La Farfana, which corresponds to the digester heating boilers (127,829 Gigajoules). For 2016 and 2015, the data was corrected so that comparisons can be shown.

second generation turbine in the potable water network was carried out this year, it is planned for 2018 and will have a generation potential of 1 GWh/year.

In addition, in 2018 a turbine will begin operating at the San Antonio potable water plant (Vitacura), which will allow 30% of the electricity consumption of this facility to be self-generated.

Added to this is the fact that the second largest potable water production plant in Aguas Andinas, the La Florida plant, is already powered by 100% renewable electricity from turbines run by the water uptake from the La Florida canal.

The installation of photovoltaic plants in some facilities is being evaluated, one of the most attractive being the La Farfana Biofactory, due to its generation potential.

Electric cars and dual-fuel trucks

In January 2018, a pilot project will be implemented with a truck that carries out sewerage cleaning services in the Metropolitan Region converting it from diesel to dual fuel injection technology (diesel - CNG).

With this project, the expected result is: to reduce pollutant emissions generated by the fuel burning and sustainable use of resources from the wastewater treatment process, specifically Biogas, since this fuel would be used to generate the CNG used by the truck.

This initiative is in line with the electric car project implemented since 2014 and which to date has 4 cars distributed among the biofactories, 2 cars in the PWTP (Las Vizcachas and La Florida) and 4 service cars to concession areas. In the case of the latter, its implementation has meant a 50% saving in fuel costs and the avoidance of emissions from 4 diesel vehicles in the Greater Santiago area.

Achieve 0 Waste by Favoring the Reuse and Recovery of Residues, Converting them into Secondary Raw Materials

SDG 6, SDG 11, SDG 12 and SDG 13

One of the main axes within the Circular Economy is to move from waste management to resource management.

In this regard, Aguas Andinas has taken a significant step forward by creating the La Farfana Biofactory in the Greater Santiago area with the goal of transforming all the company’s treatment plants into biofactories by 2022.

One of the objectives behind the biofactories is the concept of “Zero Sludge”, seeking to stop taking sludge to landfills, reusing 100% of the waste, transforming it into resources and energy to achieve energy self-sufficiency.

Bio-Solids Management

SDG 11, SDG 12 and SDG 13



Through a process of biological stabilization with bio digesters, Biofactories generate sludge or bio-solids that with a high content of organic matter and nutrients demanded by the agricultural sector. This process also produces water that is returned to the environment and biogas, which is used as fuel.

ANNUAL PRODUCTION OF BIO-SOLIDS FROM AGUAS ANDINAS AND ITS REGULATED SUBSIDIARIES OF THE METROPOLITAN REGION (TONS)

PLANTS	2015	2016	2017	%
La Farfana	184,382	170,478	172,624	55%
El Trebal	136,046	106,483	111,540	36%
Other localities	27,324	26,252	27,379	9%
Total	347,752	303,214	311,542	100%

Bio-solids management allows the definition of the correct distribution of the destination of the company’s daily, monthly and annual bio-solids production. This management is based on a distribution matrix in which the first priority is agricultural reuse, followed by the El Rutal Biofactory (self owned drying platform), and lastly, the landfill.

In the case of agricultural valorization, Supreme Decree No. 4, which regulates the application of bio-solids to the soil, establishes the limits that the soil (receiving site) and the bio-solid (quality) must have in order to be able to valorize it as a contribution of organic matter and nutrients. In 2017, there were agreements with about 50 farmers with almost 100 destinations, adding up to about 2,000 hectares for sludge disposal.

In addition to generating environmental benefits, also allows the Company to save approximately 60% of the disposition costs.

DESTINATION OF BIO-SOLIDS FROM AGUAS ANDINAS AND ITS REGULATED SUBSIDIARIES OF THE METROPOLITAN REGION (TONS)

DESTINATION	2013	2014	2015	2016	2017	%
Landfills	156,915	121,449	94,201	67,383	89,495	29%
CGIB El Rutal	101,189	105,387	104,822	103,079	108,545	35%
Agricultural reuse	122,440	141,104	148,729	132,980	113,502	36%
Total	380,544	367,940	347,752	303,441	311,542	100%

Beginning on 2018 stabilized sludge from WWTPs from locations outside of Greater Santiago will be taken to the Gran Santiago Mapocho - Trebal Biofactory, in order to subject them to bio digestion and to valorize them as fertilizers.

In particular for 2017, agricultural reuse fell with when compared to previous years, due to the fact that the quality of the sludge produced by the Mapocho-Trebal Biofactory for the period May-December 2017, reduced the reuse targets, because the copper content exceeded the regulated limit, due to uncontrolled discharges at the plant inlet; In addition to the fact that the winter of 2017 was characterized by rainfall higher in intensity and quantity, which limited the entry of trucks to agricultural land.

From 2018 onwards, the stabilized sludge from the WWTPs of the towns outside of Greater Santiago will be taken to the Gran Santiago Mapocho - Trebal Biofactory to be bio digested and used as fertilizer.

In EcoRiles operations, bio-solids are generated during the treatment process of liquid industrial waste, and can be originated from a treatment process that is only physical-chemical, biological or both. Sixty-five percent of the bio-solids, equivalent to 41,022 tons generated in the Metropolitan Region in 2017 were composted, while the remaining 22,076 tons, generated in the operations in the southern part of the country, were taken to mono fill for final disposal.

ESSAL generated 39,655 tons of bio-solids, 39% of which were used for landfills and 61% for agricultural reuse. The company has 12 sites with application plans, with a total of 1,120 hectares available for application per year.

Waste Management

SDG 12
306-2



Aguas Andinas generates different types of waste throughout its operating processes.

In addition to biogas and sludge, the processes generate oils, activated carbon, sands, and containers of hazardous substances, among others. These resdies are generated in the operation of wastewater treatment plants, potable water plants, and maintenance activities and even in the corporate building.

Aguas Andinas Solid Waste Management Plan

During 2017, the implementation of the company’s Comprehensive Waste Plan began, in the context of which work was carried out on the generation of pilot experiences, training and dissemination, procedures, infrastructure and traceability.

Among the main activities carried out, the following were worthwhile mentioning:

- Pilot plan for the segregation and disposal of waste at recycling points, such as paper, plastics, glass, cans and minor electronics, in the corporate building, the Paine WWTP, the San Enrique PWTP, the Pintor Cicarelli facility and the Vizcachas PWTP.
- Development of procedures to regularize before the authorities 10 hazardous waste warehouses in different facilities.
- Internal dissemination of the Plan and its advances at the Sustainability trade fair and Gecom conferences. A small play about segregation in a corporate building. Printed material on payroll envelopes on waste, videos on the “elevator screen”.
- Training of operators in hazardous waste management.
- Declaration of the company’s waste to the Ministry of the Environment’s PRTR (Pollutant Release and Transfer Register) system.
- Establishing a framework contract for the removal and disposal of hazardous waste.

NON-HAZARDOUS WASTE (Ton.)

	2015	2016	2017
La Farfana and Mapocho – Trebal WWTPs	369,438	325,453	339,047
ESSAL	4,080	4,658	6,199
ANAM	8	9	8

* Considers hazardous waste from the Mapocho-Trebal Water Treatment Plant (PTAS), La Farfana, Maintenance, ACAL, WWTP, Operation Plants and the corporate building.

HAZARDOUS WASTE (Ton.)

	2015	2016	2017
Regulated Subsidiaries in the Metropolitan Region*	159	79	160
ESSAL	10	1	10
Anam	6	10	13
Total	175	90	183

WASTE BY TYPE OF DISPOSAL FOR THE REGULATED SUBSIDIARIES IN THE METROPOLITAN REGION (Ton.)

	2015	2016	2017
Reused Sludge	147,777	132,980	113,502
Reused Oils	221,661	192,473	225,545
Non-hazardous final disposal	23	15	13
Hazardous final disposal	136	64	147
Total	369,597	325,532	339,207

Aguas Andinas' hazardous and non-hazardous waste information enter the Declaration System for Hazardous Waste (SIDREP for its name in Spanish) and the National System for the Declaration of Residues (SINADER) through the one-stop system. During 2017, 77% of the waste went to authorized places of final disposal according to the type of waste. Additionally, it is important to emphasize that the oils that originate in the biofactories are sent to recycling.

During the year 2017, 15,465 kg of white paper were segregated in different areas of the company. In addition to the Corporate Building, 277 kg of plastic, 461 kg of glass, and 71 kg of metals were also segregated. All these materials were sent to recycling points.

ESSAL has a similar situation to Aguas Andinas in the types of waste generated, reaching nearly 17 tons of waste in 2017, of which 62% is hazardous waste (Industrial wastewater) and the remainder are non-hazardous. Parts of the waste used are oils (382 kg) and petrochemical waste (2,506 kg), which are reused as alternative fuels for furnaces. The rest is collected and sent to final disposal by an authorized company.

Discharges

SDG 6
306-1, 306-5



During 2017, the regulated companies carried out 37 planned discharges of water treated in wastewater treatment plants, four of which were from companies in the Metropolitan Region and the other 29 were carried out by ESSAL.

While the unplanned discharges reached 34, three of raw water in the Metropolitan Region, and the rest by ESSAL, 2 of mixed water into Lake Panguipulli and 29 of raw water.

On the other hand, EcoRiles' operations only consider scheduled spills, established by operation contract with the respective industrial clients. Unscheduled discharges by customers cannot be quantified by EcoRiles and its management.

The role that EcoRiles plays in the treatment process, as a strategic partner of its customers, is to ensure regulatory compliance of their industrial wastewater discharges, by properly treating it, using the infrastructure of each customer. The industrial wastewater is discharged into the different receiving water bodies, in accordance with the resolutions each customer has, according to DS 90 and/or discharges into the sewerage network according to DS 609. The quantification of the discharges, are informed to each client in a timely manner, who in turn will declare it to the corresponding sanitation authority.

	Aguas Andinas and Regulated Subsidiaries Metropolitan Region	ESSAL	EcoRiles
Discharges	M³	M³	M³
Planned	536,623,153	62,006,003	11,601,534
Unplanned	11,604,630	5,317,695	-
Total	548,227,783	67,323,698	11,601,534



In the regions De Los Ríos and De Los Lagos, the collection of rainwater and its incorporation into the sewerage system has led to the collapse of the existing infrastructure, resulting in environmental incidents that have caused discomfort to the inhabitants and concern among the different interest groups. Additionally, the causes of these events correspond in some cases to illegal interventions on the network due to new housing construction and waste that blocks the normal transit of sewage.

One of the incidents in 2017 was the discharge of mixed water into water bodies in Panguipulli and Puerto Varas, although such discharges are within the current regulatory framework and there is a shared responsibility.

ESSAL has expressed its concern about this issue through communal working groups that have allowed us to generate solutions together and that in 2016 made it possible to design a Master Plan for Mixed Waters.

In this context, the company made a formal presentation of the Safety Works Plan to protect the waters of Llanquihue and Panguipulli Lakes before the Technical Committee for the protection of Lake Llanquihue, which seeks to strengthen the water utility infrastructure and safeguard water quality by means of a \$10 billion investment.

Spills

SDG 6
306-3



In Aguas Andinas in 2017 there was a 14 m³ kerosene spill from an external recreational area to the Mapocho River source. The Mapocho River is the main source of raw water for the eastern sector of the Metropolitan Region and the Lo Gallo Plant. This event caused a preventive shutdown of potable water to the districts of Las Condes, Vitacura and Lo Barnechea, which lasted 24 hours. The immediate action plan was to supply tank trucks and to carry out continuous monitoring of the source of contamination. The service was re-established with a thorough control of the initial source of contamination.

An aerial photograph of Santiago, Chile, featuring the Mapocho River flowing through the city. The skyline is visible in the background, dominated by the Torre Costanera. The foreground shows a park area with trees and a riverbank. The entire image is overlaid with a dark purple tint.

PILLAR 5: SOCIAL LEGITIMACY

COMMITMENT

Increase Stakeholders' satisfaction with the Company, strengthening dialogue and promoting shared value.

We believe that our stakeholders, both internal and external, are the ones who legitimize our activity and that is why we work to obtain their approval, seeking a joint development of shared value.

In an effort to generate this shared value in the social, environmental and economic spheres, in August 2017 the Social Legitimacy Division was created, responsible for defining and implementing the strategy for relations with strategic stakeholders and for developing the company's social legitimacy based on the principles of trust, respect and transparency.



This Division, together with the Compliance area, ensure the compliance with the Donations and Sponsorships Policy, which came into force in August 2017 and whose main axes are the care of water and the environment, charity, commitment to social, environmental and cultural interests, as well as the sustainable and innovative development of the environment and local communities, in line with the values established in the company's Code of Ethics. The Donations and Sponsorships Committee, which meets quarterly, is in charge of evaluating and approving the initiatives and projects, authorization which must also be granted by the respective Board of Directors of the company of the Aguas Group that makes the contribution.

The Donations and Sponsorships Policy is available on the Aguas Andinas website for reading and downloading. [See here](#)



2017 Memberships

SDG 17
102-12, 102-13



**Asociación de Empresas de
Servicios Sanitarios
(ANDESS)**
*Association of Water Utility
Companies*



**Capítulo Chileno de
Transparencia Internacional
(Chile Transparente)**
*Chilean Chapter of Transparency
International*



Pacto Global
(UN Global Compact)



**Fundación ACCIÓN
EMPRESAS**
Foundation



**Instituto Chileno de
Administración
Racional de Empresas (ICARE)**
*Chilean Institute of Rational
Business Administration*



Empresas Conscientes
Aware Companies



**Sociedad de Fomento
Fabril (SOFOFA)**
*Manufacturing Development
Association*



Fundación RAD
RAD Foundation



**Instituto de
la Construcción**
Construction Institute



Instituto de Ingenieros
Engineers' Institute



**Cámara de Comercio
Española (CAMACOES)**
Spanish Chamber of Commerce



**Corporación
Pro Til Til**
Pro Til Til Corporation

Pillar 5 Social Legitimacy



Objectives

Objectives	SDGs	2022 Goals
1. Increase stakeholder satisfaction with the company, maintaining a proactive, permanent and regulated relationship.	17 PARTNERSHIPS FOR THE GOALS	• Satisfaction index of the relationship with stakeholders (to be defined in 2018).
2. Strengthening the role of the Customer Counsel.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• Get a 95% recommendation rate from people who come to the Customer Counsel.
3. Contribute to local development.	1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 6 CLEAN WATER AND SANITATION 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION	• Increase the number of contracts signed with local entrepreneurs and/or B companies. • Raise awareness of sustainable water use among more than 30,000 people per year. • Contributions to the Community of more than \$2 billion.
4. Ensuring Water for all Underprivileged People.	1 NO POVERTY 6 CLEAN WATER AND SANITATION	• Have 100% social coverage of the potable water service.

2017 Highlights

OBJECTIVE 1

INCREASE STAKEHOLDER SATISFACTION WITH THE COMPANY, MAINTAINING A PROACTIVE, PERMANENT AND REGULATED RELATIONSHIP



208,385
closed complaints
in 2017.



**Social
Legitimacy
to Operate
Measurement:**
neutral result.



1,042
services were part
of the Satisfaction
Study of Clients with
Requests - Opina
2017.



43%
of overall satisfaction
with the company “of
excellence” was the
result of the Overall
Satisfaction Study.
- Signno.



32/100
was the net
satisfaction score
in the ProCalidad
National Consumer
Satisfaction Index
(INSC) study.



10%
of dissatisfied clients
was the result of the
Post-Service Survey
(EPA).

OBJECTIVE 2

STRENGTHEN THE FIGURE OF THE CUSTOMER COUNSEL



85%
satisfactory resolution
Customer Counsel, at a
consolidated level.

OBJECTIVE 3

CONTRIBUTE TO LOCAL DEVELOPMENT



2,605
Visitor to
the facilities.



4,880
educational program
students.



**\$580
million**
contributions to
the community.

OBJECTIVE 4

ENSURING WATER FOR ALL VULNERABLE PEOPLE



24,068
social agreements
subscribed.



**1,017
million**
of debt write-off.



163,761
clients with
subsidies.

Increase Stakeholder Satisfaction with the Company, Maintaining a Proactive, Permanent and Regulated Relationship.

SDG 17

Stakeholder Review

SDG 17

102-40, 102-42, 102-43, 102-44



The stakeholders of Aguas Andinas and its subsidiaries were defined in a process agreed upon by the different areas of the company and validated by the Board of Directors.

Interest group	Participation focus	Frequency	Issues and Concerns	The organization's response to issues and concerns
Capital suppliers	Communication through market information	Annual/Contingent/Ad-hoc	• Profitability • Investments • Financial performance • Corporate governance practices • Risk management • Transparency • ESG Performance	• Investor Websites • Meetings and ad-hoc calls • Investor Relations Area • Shareholders' Meeting • Annual Report • Sustainability Report • Local and international conferences
Media	• Proactive and direct communication (telephone, face-to-face, e-mail) • Meetings • Sending of press releases • Visits to plants	Periodic, contingent	• Operational continuity/resilience • Investments • Projects (investment, social, environmental) • Development of works • Preparing the company for climate events	• Sending of press releases • Responding to requests • Holding meetings • Invitation to events/seminars • Development of management plans for climate events and to mitigate environmental and social impacts
Opinion leaders	• Keep them informed of matters of interest • Direct communication (face-to-face meetings, telephone conversations, e-mail) • Invitation to events	Periodic	• Operational continuity/resilience • Ability to handle emergencies • Financial position • Internships -Internships • Environmental practices • Development of activities of citizen interest	• Direct communication • Invitations • Development of management plans • Delivery of specialized and detailed information
Communities	Communication/ impact management, local development projects	Daily, monthly, bi-weekly	• Impact management • Dialogue and relations • Local development opportunities	• Hello Neighbor • Working Roundtables • Community relations programs
Specialized community	• Participation/Supportat events (seminars, workshops, talks) • Consultations on matters involving the industry	Newspaper, short-term	• Innovation • Human capital development • Water management • Regulations • Industry Challenges • Climate change	• Organization and participation in seminars, talks and workshops • Provision of information • Request for advice
Authorities	• Consult them and/or inform them matters that interest them through formal communication channels • Coordination emergency • Visits to facilities	Contingent Permanent	• Service continuity • Renewal plans • Urban interventions • Compliance with regulations • Emergency management	• Participation in meetings • Participation in emergency committee and meetings • Development of management plans • Response to information requests • Communication to the population plan • Early warning

Interest group	Participation focus	Frequency	Issues and Concerns	The organization's response to issues and concerns
Regulatory bodies	• One stop window for communication through Tariff and Regulation Management • Responding to requests • Direct communication • Meetings • Supervisory visits • Participation in public activities	Permanent	• Regulatory Compliance • Resilience/operational continuity • Impact management • Investments • Management of communication with the population • Customer complaints • Compensations	• Working meetings • Consolidated reports • Responding to requirements • Communication plan • Early warning • Investment plans to provide continuity to the service • Marketing campaigns
Workers	• Bulletin board • Mailing • Internal campaigns • Institutional newspapers and magazines • Working meetings • Formation of committees and participation groups	Contingent/ Ad- hoc	• Career development and training • Improvements in working conditions • Health and safety • Good labor practices	• Labor benefits (agreements with trade unions and best practices) • Career development plan (new ways of working)
Customers	• Delivery of the potable water service • Collection and Treatment • Commercial Relationship • Service of requests through the Contact Center • Web platforms and Commercial Agencies • Perception and satisfaction surveys • Massive and RRSS communications	Monthly or according to customer requirements	• Quality and continuity of supply • Customer service • Service and complaints management channels • Collection transparency and accuracy • Have timely warnings of contingencies to take preventive action	• 24X7 service channels available (Contact Center and Virtual Office) • Communication in RRSS and by SMS (in cases of subscribed customers) • Program to improve customer service (Homeowners) • Development of non-presential service platforms • Easy to understand bill information • Informative videos

Interest group	Participation focus	Frequency	Issues and Concerns	The organization's response to issues and concerns
Suppliers	• 24X7 service channels available (Contact Center and Virtual Office) • Communication in RRSS and by SMS (in cases of subscribed customers) • Program to improve customer service (Homeowners) • Development of non-presential service platforms • Easy to understand bill information • Informative videos	Permanent	• Timely payment • Risk management (critical suppliers) • Supplier development • Supplier evaluation	• Communication channels through the Supplier Portal • Decalogue of Suppliers • Responsible Relationship with Suppliers Policy • Annual work program: Comprehensive Supplier Plan • Permanent meetings • Attention to accredited suppliers
Water user association	Working meetings		• Water management • Treated water discharges • Water quality • Water extraction • Availability of the resource	• Report of discharges to water bodies • Water collection report • Monitoring of reserves
Civil society associations	• Respond to their requirements • Communicate with them about the company's actions to provide a better service	Short-term	• Emergency management • Continuity of service • Tariffs • Specific to each group	• Customer Counsel • Publications in mass media • Personalized response according to the request

During 2018, work will be carried out to define the relationship models for each of these stakeholders, as well as the metrics and goals for relationship satisfaction.

Complaints



During 2017, the company closed 208,385 customer complaints,¹⁴ of which 56% were related to distribution networks and 44% were related to commercial matters.

CLOSED COMPLAINTS	2015		2016		2017	
Networks	115,047	55%	104,988	51%	115,968	56%
Commercial	95,897	45%	99,638	49%	92,417	44%
TOTAL	210,944	100%	204,626	100%	208,385	100%

In ESSAL, most of the claims (38%) are commercial and are associated with excessive consumption or incorrect readings, while technical claims are associated with leaks.

The increase in complaints during the 2017 period is explained by unresolved infrastructure problems, unfavorable weather conditions and media exposure of the company due to the lawsuits due to the pollution of the Panguipulli and Llanquihue lakes.

To improve this situation, we are working on optimizing contact center management and developing an internal customer quality plan and on the generation of critical or repetitive case computations. In addition, ESSAL will be updating the customer database in order to be able to respond to complaints in writing via email.

¹⁴. This Report uses the SISS information modality, which considers the complaints completed in the period and not those created.

Fines and penalties

SDG 16
419-1

During 2017 the SISS penalized Aguas Andinas 5 times for a total of 360 UTA. The amount corresponding to the massive potable water service interruptions of April 2016 was paid for but has been contested by the company.

FINES OR PENALTIES RECEIVED IN AGUAS ANDINAS, AGUAS CORDILLERA AND AGUAS MANQUEHUE

Fine (description of the event)	Reason for the fine	Amount	Status
Repeated service interruptions in Las Pircas, Peñalolén	Service quality	25 UTA	Appeal in SISS
Massive potable water service interruptions, April 2016 (A. Cordillera)	Service quality	230 UTA	Paid and claimed
Repeated service interruptions in Lo Cañas, La Florida	Service quality	20 UTA	Appeal in SISS
Massive service interruptions in Huechún sector, Melipilla	Service quality	50 UTA	Paid and claimed
Repeated service interruptions in Cerro Negro, San Bernardo	Service quality	35 UTA	Paid and claimed

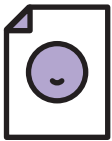
Regarding ESSAL, the fines amounted to 565 UTA.

FINES OR SANCTIONS RECEIVED BY ESSAL

SISS	Discharge quality, from March to November 2015, unauthorized use of bypass use from January to March 2016, non-compliance with orders and instructions. Los Muermos.	Service quality	260 UTA	Being processed
SISS	Quality of sewage collection service and failure to comply with duly notified instructions. Cities of Osorno and Puerto Montt.	Service quality	30 UTA	Paid
SISS	Deficiencies in the pressure required in potable water networks	Service quality	57 UTA	Paid
SISS	Failure to comply with the 2012 Development Plan; failure to comply with SISS orders and instructions; deficiency in service quality.	Service quality	88 UTA	Being processed
Health Superintendence (SEREMI de Salud)	Incorrect handling of asbestos cement	Water utility regulations	20 UTM	Paid and ended
Health Superintendence (SEREMI de Salud)	Labor accident	Safety regulations	60 UTM	Paid and ended
Health Superintendence (SEREMI de Salud)	Emission of unpleasant odor from bio-solids	Water utility regulations	20 UTM	Paid and ended
Health Superintendence (SEREMI de Salud)	Pollution in potable water distribution (color) in the town of Chonchi	Water with organoleptic characteristics	Abstention of the Health Seremi from continuing to hear the water utility case because the SISS had already initiated a sanction process for the same events.	
Health Superintendence (SEREMI de Salud)	Failure to comply with the oral health fluoration program for potable water in Puerto Montt	Art.11 DS 131	30 UTM	Being processed

Protection of Customer Information

SDG 9
418-1



Safeguarding and protecting the company’s information, especially that of its customers, is one of the fundamental objectives of the Comprehensive Security Policy for Aguas Andinas. In order to comply with this, the company has permanent monitoring systems for all information transport channels and carries out information protection awareness campaigns for its collaborators, among other mechanisms. During 2017, there have been no customer data loss events, nor have there been any complaints of customer privacy violations or loss of customer data.

Measurement of the Social Legitimacy to Operate



In order to identify the social risks that can generate an adverse reaction from the neighbors, the citizens, the regulator and the political system towards the company, the Social Legitimacy to Operate (SLO) measurement is carried out every six months. With this study, the company seeks to identify the degree to which it is responding to the expectations of its stakeholders by means of the quantitative and qualitative measurement of citizens’ perception of Aguas Andinas’ performance. The April 2017 measurement was taken after the incidents in February and April, which explains the -4% drop in the rating. However, during the following months, this rating was recovered, reaching 0% in December, that is, placing the company in a neutral zone.

	Dec-16	Apr-17	Dec-17
LTO	3%	-4%	0%

Perception and Customer Satisfaction Internal Measurements

The customer satisfaction measurement and evaluation is essential for the company to improve its service. Currently, the company uses four self created tools to understand the perception of its customers and to work on measures to improve the levels of satisfaction with the company and the service.

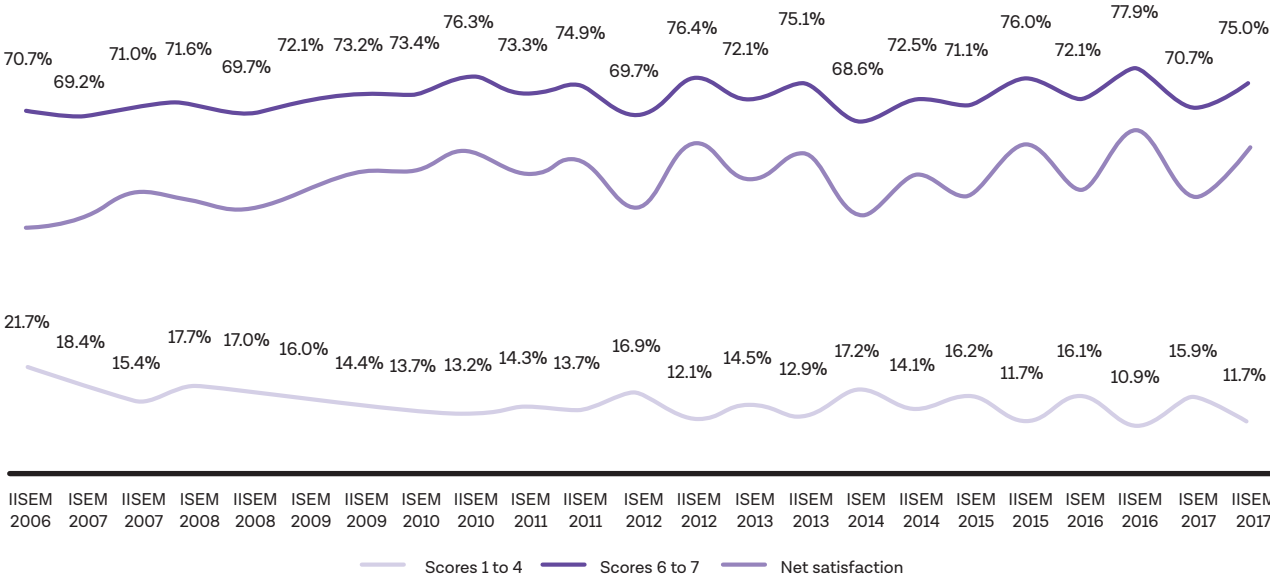
At the same time, there are service quality studies carried out by the Superintendence of Sanitation Services. (SISS).



CUSTOMER SATISFACTION STUDIES ON RE-QUESTS – OPINA

This quantitative study measures customers satisfaction level of those who have made a request (complaint or request, in person or not) to the company and which the company has claimed to have solved.

In 2017, the survey was applied to 1,042 service cases, with a decrease of 2.9% in the number of customers who awarded scores of, with a maximum score of 7. However, the percentage of customers who rated the company with a score of 4 or less decreased by 0.8%. It is important to note that on a monthly basis, only 1.2% of customers filed a request or complaint with the company.



OVERALL SATISFACTION STUDY - SIGNNO

In 2017, between the months of June, August and October, Aguas Andinas began to apply this new self-applied online survey to customers registered in the company’s databases, with the purpose of measuring overall satisfaction with the company and its services.

In its first year, a total of 6,266 clients were consulted through this survey. Forty three percent of those surveyed, between June and October, rated their overall satisfaction with the company as “excellent”, as did their perception of its value.

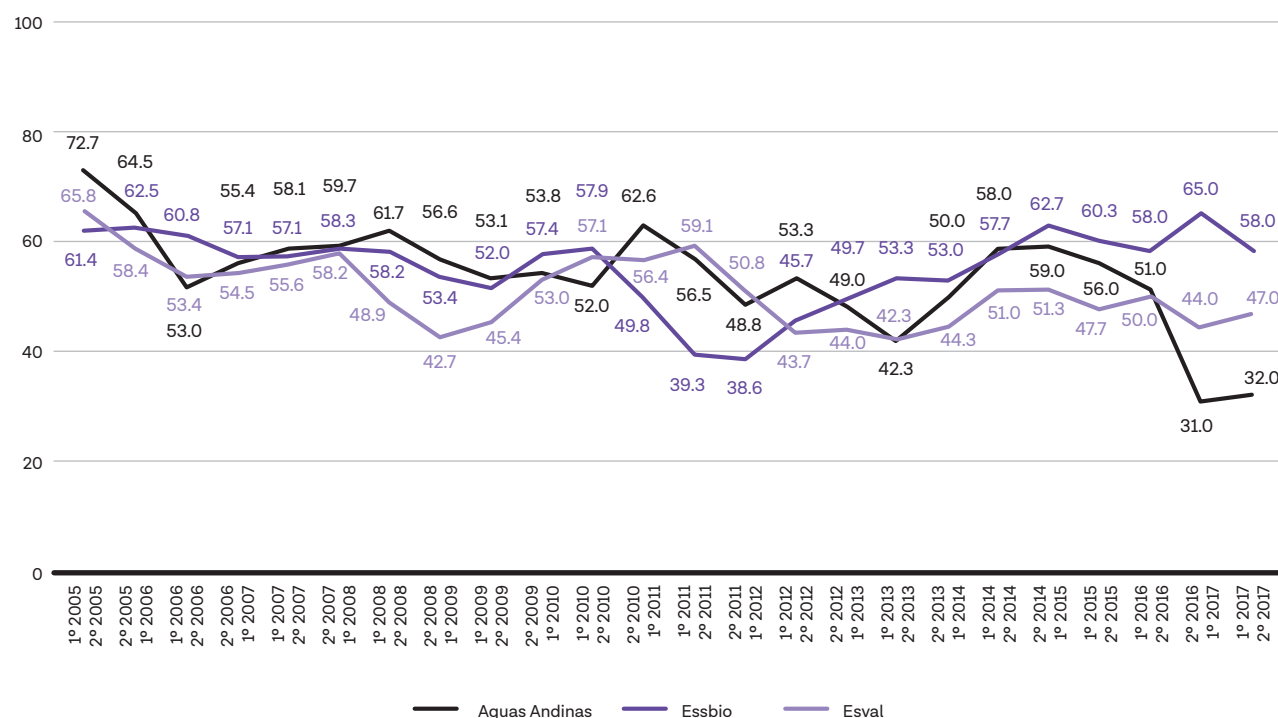
Customer satisfaction measurement and evaluation is essential for the company to improve its service.

NATIONAL CONSUMER SATISFACTION INDEX (NCSI) BY PROCALIDAD

The INSC is a study that continuously monitors the 130 most important service brands in Chile, carrying out a daily survey during 11 months of the year with the aim of measuring the “total” performance of each of the brands evaluated, reducing the effect of a specific survey, which may be affected by economic, marketing or communication aspects.

In the second half of 2017, net satisfaction with Aguas Andinas fell by 19 points, which is explained by the decline in consumer confidence following the supply interruptions at the end of February and at the end of April. In 2016 the rate of perceived problems was close to 18 percent, while in 2017 it increased by 35 percent.

EVOLUTION OF NET SATISFACTION

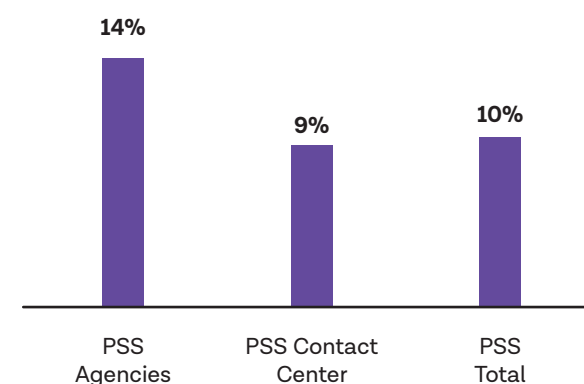


POST-SERVICE SURVEY (PSS)

The PSS survey, applied for the first time in 2017, was used to measure the level of customer satisfaction with the service received, using face-to-face and telephone channels.

By means of 3 questions, which include the evaluation of the executive, the company’s response and whether the customer obtained what it was looking for, the survey seeks to identify areas for improvement, outstanding executives and aspects of the service to be reinforced by means of training. During 2017, only 10 per cent of the customers surveyed reported being dissatisfied with the service received.

2017 DISSATISFACTION PSS



As of 2018, Aguas Andinas will introduce a new customer study program to cover not only those who contact the company but also all of its customers.

External Perception and Assessment. SISS Service Quality Study

SDG 11
416-1, 416-2



Every year, the Superintendence of Sanitation Services (SISS) publishes the results of its inspection of the quality of the service provided by water utility companies in the country.

As of the closing date of this Report, SISS has not published its 2017 report, therefore, the attached information corresponds to 2015 and 2016.

Every year, the Superintendence of Sanitation Services (SISS) publishes the results of its inspection of the quality of the service provided by water utility companies in the country.

SISS service quality indicators	2015	2016
Potable water service pressure	99.8%	99.8%
Potable water quality	99.9%	99.8%
Continuity of potable water service	99.9%	99.7%
Continuity of sewage collection service (sewerage)	99.7%	99.7%
Quality of wastewater treatment	99.2%	99.0%
Accuracy of collection	99.7%	99.7%
Company response to customer complaints	92.1%	92.1%

The information submitted for 2015 and 2016 is the average of the results obtained by Aguas Andinas, Aguas Cordillera, Aguas Manquehue and ESSAL.

The indicators that are shown here allow us to compare the quality of the service provided by 28 concessionaires, providing a ranking within which each company’s position indicates a higher (closer to 1) or lower (towards 0) service quality and not necessarily a breach of current regulations.

In the case of water quality and wastewater treatment service quality indicators, the indicator represents the percentage of compliance with all sampling and potable water quality attributes and, in the case of wastewater, represents the percentage of compliance with regulations.

Strengthen the Role of the Customer Counsel or “Customer Ombudsman”

SDG 16

Aguas Andinas, generated in 2017 the formal role of the Customer Counsel, also known as the “Customer Ombudsman’s Office” which provides personalized advice to clients.

With the aim of promoting mediation between the client and the company, Aguas Andinas created the formal body of the Customer Counsel in 2017, also known as the “Customer Ombudsman’s Office”.

The Customer Counsel’s office generally intervenes in the second instance when the customer disagrees with the resolution of the complaint issued by the company’s customer service department. The only exceptions are emergency-related claims, which are handled through different channels.

The Customer Ombudsman manages the information in a transparent and confidential manner, as it is a body which is independent of the company’s management areas. The resolution issued by Customer Counsel is binding on the company but voluntary for the customer.

In his first year of practice, the Ombudsman dealt with 395 cases at a consolidated level, 85% of which were satisfactorily resolved in the opinion of those affected. The goal for 2022 is to achieve 95% satisfaction.



Contribute to Local Development

SDG 1, SDG 3, SDG 4, SDG 6, SDG 8, SDG 9, SDG 10, SDG 11 and SDG 13

Working Groups



Aguas Andinas’ new community management model begins a new type of relationship between the company and its communities, seeking to maintain fluid communication and efficient joint work to generate relationships of trust and local development under the concept of shared value.

The roundtables are formal instances of monthly meetings between representatives of the company and the communities. Through them, it is sought to establish a permanent dialogue channel, detect possible problems or inconveniences early on, and promote the development of the communities surrounding the Plants.

Since 2007, working groups have been set up with representatives of the communities of Rungue, Montenegro, El Trebal, La Farfana, Casas Viejas and Urban Maipú, establishing a specific methodology for dialogue that, in addition to highlighting differences in a timely manner, has made it possible to carry out joint projects, among which the following stand out:

- **Implementation of local entrepreneurship (Avanza Program) in El Trebal.**
- **Installation of solar poles at the exit of the El Trebal plant for the safety of neighbors/workers.**
- **Repair of the local sewage plant in Rungue.**
- **Project of 2 water towers in La Farfana.**
- **Project of solar poles in the public streets, La Farfana.**
- **Construction of a square on the site of Biofactoría La Farfana for Casas Viejas.**
- **Delivery of school supplies (Rungue, Montenegro and El Trebal).**
- **Influenza vaccination (Rungue, Montenegro and El Trebal).**
- **Fumigation (Rungue, Montenegro and El Trebal).**
- **Celebration of Independence and Christmas Festivities (Rungue, Montenegro, Las Vizcachas and El Trebal).**

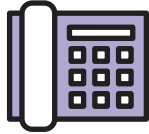
In 2017 the Resolution of Environmental Qualification of the Pirque Tanks, the new raw water reserve for the supply of Santiago, was approved. One of the voluntary commitments submitted by the company was the creation of a Neighborhood Monitoring Committee, made up of representatives of the communities of San Juan de Pirque, Las Palomas, El Peumo, La Obra, Las Vertientes and El Raco and the municipalities of Pirque, San José de Maipo and Puente Alto.

This Committee, which meets monthly, is the forum for the exchange of information regarding the construction of the work, compliance with environmental measures and the analysis of the monitoring committed during the construction phase (particulate matter, noise, etc.). This is a formula that the community has valued very positively and which is helping to strengthen a relationship of transparency and trust between the community and the company.

The roundtables are formal instances of monthly relations between representatives of the company and the communities.

Hello Neighbor Line 600 600 3000

SDG 3
413-2



Through the free line Hello Neighbor, residents neighboring of the Biofactories of Gran Santiago and the Bio-solids Management Center of El Rutal can report unpleasant odors. These issues are investigated and answered to by the National Center for the Environment (CENMA) of the University of Chile, who conduct field visits to determine the intensity, origin and source of the odors, determining whether they are the responsibility of the company or third parties.

During 2017, there were 20% fewer calls than in 2016. All calls were satisfactorily answered.

Center	2015	2016	2017
La Farfana	41	27	13
Mapocho-Trebal	11	4	4
El Rutal	119	31	32
Total annual Calls	171	62	49

Breakfasts with Leaders from ESSAL's Neighboring Communities

SDG 11

Seeking to strengthen ties with the communities, ESSAL held four meetings in 2017 in the towns of Puerto Montt, Chaitén and Panguipulli, which were attended by some 50 community leaders. Various community organizations participated in the breakfasts, seeking to promote local development and contact networks.

Competitive Funds

SDG 8 and SDG 10
413-1



These funds were created in 2006 to finance social projects developed by the neighboring communities of the Gran Santiago Biofactories and the El Rutal Bio-solids Management Center (Padre Hurtado, Maipú, Pudahuel and Til-til municipalities), as part of the commitments established in the Environmental Qualification Resolution.

Once the obligation was exhausted, Aguas Andinas decided to maintain them voluntarily, due to the contribution they make to the communities.

Since its inception, more than 508 projects and more than 40 talents have been funded, with a total investment of \$1.148 billion.

Currently, the funds of the municipalities of Maipú and Pudahuel in 2016 (executed during 2017) are in the final stage of reporting and completion of the execution of the projects. Also, the funds of Padre Hurtado and Til-Til had a delay, so it is expected that the call to organizations will begin within the month of April 2018.

Year	District	Number of projects	Total
2015	Padre Hurtado	20 local projects and 1 community project	\$167 million
	Til Til	18 local projects	
	Til Til	10 individual projects	
	Maipú-Pudahuel	17 local projects	
2016	Maipú-Pudahuel	21 local projects	\$50 million

AVANZA project

SDG 8 and SDG 10
413-1



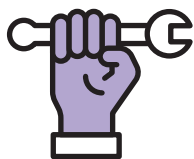
The Fondo Emprendedores (Entrepreneurs Fund) program is a commitment agreed upon in the context of environmental qualification processes, and seeks to promote entrepreneurship among the residents of San José de Maipo and Pirque, through co-creation and co-responsibility.

The project focuses on providing tools to enable them to offer services or improve their skills through training, work practices, mentoring and seed capital for a total of \$60 million between the two municipalities.



Plumbing Courses

SDG 4 and SDG 9



The establishment of these professional gas-shop courses has been developed to benefit especially the residents of the most underprivileged neighborhoods.

This initiative provides them with technical and professional tools to work as plumbers or installers of gas appliances. The beneficiaries can work in the area of maintenance as well as in the preparation of gas networks for home use and are trained to build potable water and sewerage installations.

Since 2015, 92 people have taken the certification test in gas network installations - class 3, regulated by the Superintendence of Electricity and Fuels. During 2017, 22 people graduated from this course, with excellent results, expanding their job opportunities.

District	Year	Number of students
La Granja	2015	11
Lo Espejo	2015	13
San Ramón	2015	16
Estación Central	2016	10
Peñalolén	2016	10
Recoleta	2016	10
Puente Alto	2017	21
La Pintana	2017	1
Total		92

Aguas Andinas in My Neighborhood

SDG 1, SDG 4 and SDG 6



The main objective of the Aguas Andinas in my neighborhood (Aguas Andinas en mi Barrio) program is to promote and encourage responsible water consumption, the care of water utility facilities and the link between the company, its neighbors and the municipality. During the 3 months of execution, community leadership skills trainings are held, such as complementary workshops on Sustainable Management; Environment; Technological Development and Governance.

The program seeks to promote the articulation, participation and empowerment of local players through the transfer of leadership skills and the forming of a participatory network. In this context, work has been done to educate and raise awareness about the importance of adopting habits and behaviors in line with responsible water consumption among children in the selected municipalities, by holding themed workshops.

During 2017, the program was developed in the municipalities of Renca and La Pintana, defining the following lines of work:

- **Operation Actions:** The critical points of the district are identified (obstructions) and an educational campaign is generated on the care and proper use of the facilities. In this way, we seek to reduce the problems in our wastewater collection network.

- **Commercial Actions:** Support for the Aguas Andinas lends a hand (Aguas Andinas te da la mano) program aimed at underprivileged customers who have difficulty paying their water bills.

- **Social Leaders School:** It seeks to delve into different dimensions of being a leader: the person, team working skills, strategic and mediation skills and the ability to manage projects for their community.

In addition, during the course, topics related to water resources and the work of Aguas Andinas are discussed, so that they can be the main contact with the neighbors and the support network in the event of an emergency.

- **Workshops for Children:** During these workshops, children learn about the water cycle, the responsible use of water, the care of facilities and renewable energies in a didactic way.

- **Plumbing Workshops:** Aimed at leaders and neighbors of the district where they learn to identify leaks, install or renovate the toilet fittings and unblock the sewage network.

- **Guided Tours to the Biofactory:** The tours provide an in-depth knowledge of the Water Cycle, its stages and the responsible use of water. This unit, is used to reinforce the knowledge of the raw water collection stage, thus linking it to turbidity episodes.

By 2018, we plan to cover 6 districts, conducting the Aguas Andinas in my neighborhood in two districts simultaneously, and to improve the classes on community leadership skills, which will include Law 20,500 on Citizen Participation and Law 19,418 of Neighborhood Associations. In addition, water cycle and digital literacy workshops will be held.

The Aguas Andinas in my neighborhood program seeks to promote the articulation, participation and empowerment of local players through the transfer of leadership skills and the formation of a participatory network.

Education and Awareness

SDG 4, SDG 6, and SDG 13

Committed to the challenge of caring for and protecting water resources, the company carries out several campaigns and educational workshops on water, its sources and responsible use, focused mainly on new generations. Thus, both Aguas Andinas and ESSAL continued to work on different projects with schools in their concession areas during 2017, in addition to supporting events such as World Water Day and other related campaigns.



HYDRANT CARE CAMPAIGN

In order to raise awareness and provide information to the community about the proper use of sewerage, ESSAL conducted a visual and explanatory content campaign, covering all 33 locations of its operation, with posters, brochures, advertisements on BioBio radio and local radios, televisions in ESSAL offices, social networks and a website.



GOTAGOTHAM

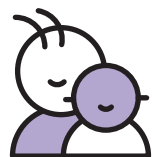


This program, developed since 2011, has established itself as a benchmark in environmental education, with a focus on the responsible use of water.

The program includes the training of teachers, who in addition to receiving the material and guidance of the program, are accompanied during the 3 months of its implementation, in order to provide them with the technical knowledge necessary for the use of this educational tool.

Since its creation, GotaGotham has counted with the participation of thousands of fifth grade students, who, together with their environmental science and technology teachers, receive playful and educational materials that focus on topics such as the responsible use of water, the stages of the urban and natural water cycle and the important role we all play in caring for the environment.

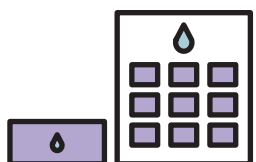
The process ends with a contest of craftwork related to water care. By 2017, both physical and online educational material was improved, and training continued for teachers in schools registered by Aguas Andinas and the Lo Barnechea Educational Foundation. Over the past year, 4,880 students from 100 schools have participated in the program, reaching more than 32,000 students since its inception.



RESPONSIBLE WATER USE PROGRAM IN PRE-SCHOOL

This program, created in 2016, aims to educate children from early childhood in the care of the environment and natural resources, teaching them about sustainable and efficient use of water resources and water utility facilities, as well as developing water care habits in them.

The program was implemented in 2017 in 50 pre-schools from various districts of the Metropolitan Region, with the participation of 2,782 children and 87 teachers. In 2018, the activities developed in this program will be absorbed by the Aguas Andinas in my neighborhood program, which has the same dynamic as the children's workshop, with the aim of promoting other programs and new projects.



GUIDED PLANT TOURS

With the aim of bringing the school and university community and the neighbors closer to the company's work, 10 years ago the program of guided visits to the water production and treatment plants was launched.

During the visit, educational material is shared, which links the contents of the syllabus at each level with the experience lived during the visit. To date, nearly 40,000 people have already taken part in Santiago. In 2017, 2,605 people visited the facilities.

In 2017, work continued on the development of educational guides that will enable teachers to work with students in the different subjects, based on the lessons learned during their visit to the facilities.

In ESSAL, the program has been running since 2013, with the participation of more than 10,000 students. In 2017 alone, 2,211 students from 17 concession locations attended it.

Once the visits were over, the company invited the students to participate in the 2017 comic book competition, in which 150 works were submitted, of which 60 were displayed in the commemoration of the International Water Day.



WORKSHOP: HOW MUCH WATER DO I DRINK DAILY?

ESSAL conducted the workshop "How much water do I drink per day?", in 6 educational establishments, with the aim of making people aware of the distribution and sources of fresh and salt water on earth, as well as opening a dialogue about personal water consumption and developing strategies for the proper use of water.

TALE OF ESSALITA THE DROP OF WATER

The ESSALita story was an activity in which 741 pre-school students from 14 educational establishments participated during 2017.

Its objective was to make children aware of a variety of subjects in a didactic way, such as the states of matter, the comprehensive water cycle and various phenomena of nature, such as sunlight, rain, wind, hail, among others.



WATER AUDIT

This initiative, developed by ESSAL, seeks to contribute through technical support to the environmental certification of educational establishments, thus seeking to improve efficiency in the use of water.

During 2017, ESSAL worked with 7 educational establishments in Puerto Montt and Alerce.



Ensuring Water for all Underprivileged People

SGD 1 and SGD 6

Government Subsidies

SGD 1 and SGD 6



The Government, through the municipalities, provides a subsidy to social groups living in poverty with the aim of ensuring their access to water utility services at a lower cost.

Thus, Law 18,778 covers between 25% and 85% of the fixed and variable charges for potable water consumption and charges for other water utility services. Law No. 19,949, known as “Chile Solidario Subsidy”, covers 100% of the monthly consumption, with a limit of 15m³.

Payment Plans and Debt Write-Offs

SGD 1 and SGD 6



As a complement to the aforementioned subsidies, the company has a policy of payment plans in which a range of options are offered to establish debt payment agreements, depending on the client’s socioeconomic situation, with adjustments being made in installments without payment of interest. or by establishing new payment agreements.

For customers classified as “social”, there are two debt regularization programs, Friendly Bill (Cuenta Amiga) and Aguas Andinas Lends a Hand (Aguas Andinas te da Mano), through which the right to potable water is guaranteed.

In 2017, the **Friendly bill program** was updated, consisting of a special debt repayment and normalization program aimed at vulnerable families with eight or more unpaid bills, where payment plans are granted through a social agreement.

Currently the municipality has a fundamental rrole given that the agreement takes place starting with a shared downpayment (provided by the Municipality and the client), giving the client a solution and generating a payment habit for the future.

The latter, as of the signing of the agreement, pays its consumption plus 25%, for a term of 36 months without interest, period in which the debt is written-off. The payment plan is an incentive to save water.

In order to bring this benefit to the population, field work is carried out and conferences are held with the Neighborhood Committees and the municipalities. In addition, letters are sent to potential beneficiaries of this program to advise them to approach the municipality.

During the period, 24,068 social agreements were signed at the level of Aguas Andinas and its regulated subsidiaries, of which 39% corresponded to the friendly account program and 61% to Aguas Andinas lends a hand. In line with the number of agreements, the amount written-off increased by 20% in 2017.

The **Aguas Andinas lends a hand program** is an initiative aimed at resolving the situation of vulnerable customers who have accumulated debts of 200,000 pesos or more and who have 24 or more unpaid balances and who cannot access a normal payment agreement.

The agreement consists of paying a minimum of \$5,000 and a fixed fee of \$2,500 for 24 months, after which the debt is extinguished.

During the period, 24,068 social agreements were signed at the level of Aguas Andinas and its regulated subsidiaries, of which 39% corresponded to the friendly account program and 61% to Aguas Andinas lends a hand.

Compared to the previous year, there was a 22% increase in the number of clients with write-offs, due to the higher number of clients with an agreement in force and with a write-off clause. In line with the number of agreements, the amount written-off increased by 20% in 2017.

DEBT WRITE-OFF PROGRAM

	2015	2016	2017	2017 variation vs 2016 (%)
Customer debts written-off	2,031	1,837	2,248	22%
Total amount of writeoffs (\$)	788,508,536	844,941,637	1,016,739,456	20%

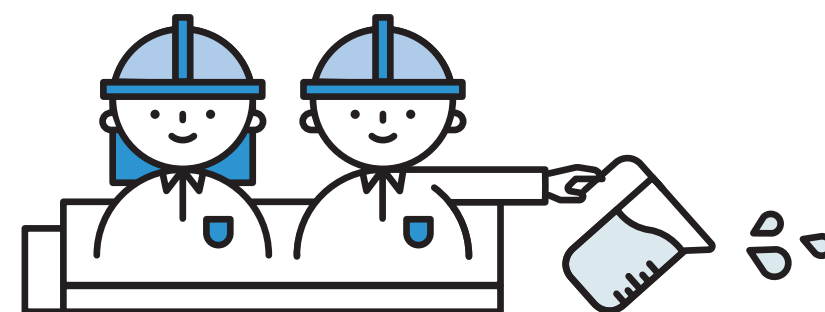
The image shows two construction workers in white hard hats, safety glasses, and high-visibility vests walking across a gravel-covered area. In the background, there is a large, curved concrete structure, possibly part of a bridge or a large building, with a set of stairs leading up to it. The entire image is overlaid with a semi-transparent blue filter. The text "PILLAR 6: INNOVATION AND PEOPLE" is centered in white, bold, sans-serif capital letters.

PILLAR 6: INNOVATION AND PEOPLE

COMMITMENT

Promote diversity and well-being at work, ensuring occupational health and safety, encouraging the development and fostering of talent and promoting a collaborative and innovative culture.

Aguas Andinas is aware that in order to successfully face the new challenges posed by the future, it is a prerequisite that the organization works within a culture of innovation that promotes proactive anticipation of change, generating solutions with a broad and renewed vision.



The new organizational culture is not only based on the care of the health and safety care of the workers, but it also invites them to participate and dialogue, to be trained, to grow and to develop in the company, being agents of change.



Objectives

Objectives

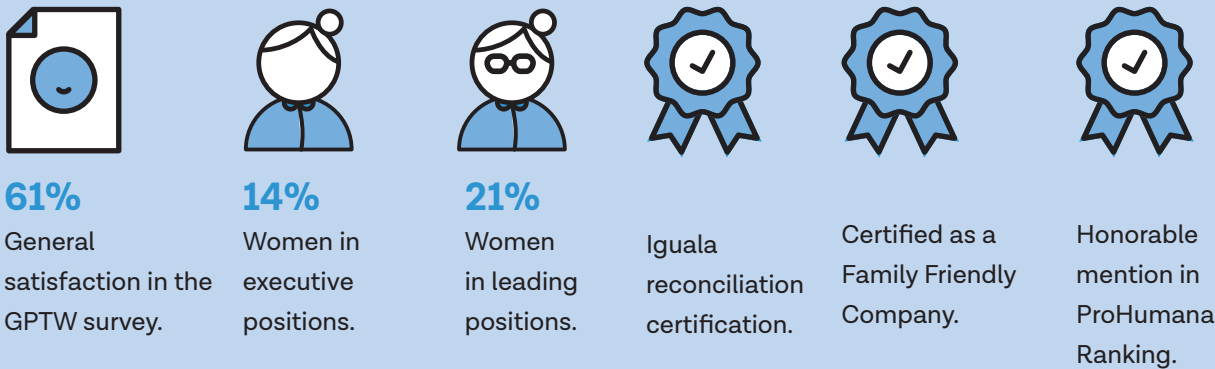
SDGs

2022 Goals

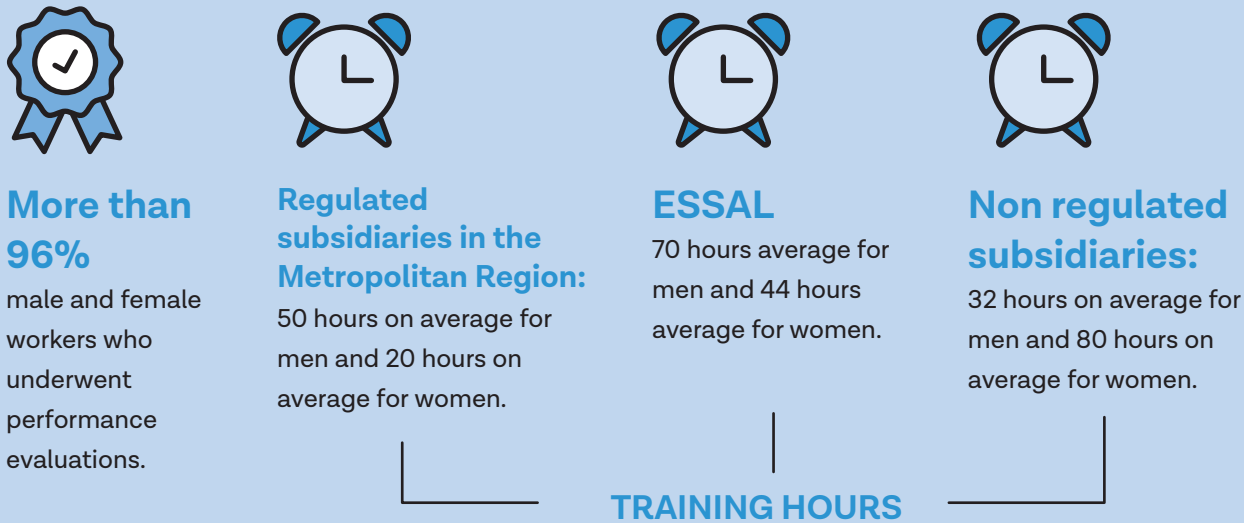
1. Promote well-being and equal opportunities by creating inclusive and diverse environments.	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	• Obtain an employee satisfaction index is greater than 80%. • Increase the percentage of women in executive positions. • Increase the percentage of people with functional diversity.
2. Attract and retain talent	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH	• Achieve 100% of employees benefited from comprehensive performance analysis. • Ensure that 80% of employees receive training.
3. Ensure good health and safety at work, committing ourselves to the challenge of 0 accidents at work.	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH	• Frequency rate of the Aguas Group lower than 3.5. • Supplier frequency rate lower than 10.
4. Encourage collaborative and globalized ways of working.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES	• Increase the penetration rate of collaborative environments (Skype, Yammer, Microsoft OneDrive, etc). • Number of people involved in corporate volunteering is greater than 100 per year.
5. Promote open innovation for the development of sustainable solutions.	6 CLEAN WATER AND SANITATION 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Work with 10 start-ups as suppliers of the Aguas Group. • Increase the number of shared governance structures (joint ventures, mixed economy companies).

2017 Highlights

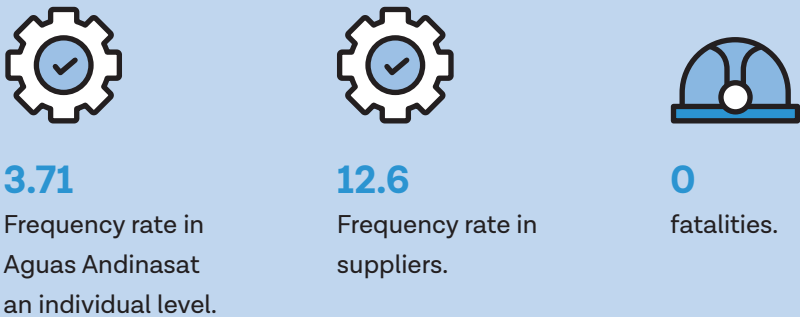
OBJECTIVE 1 PROMOTE WELL-BEING AND EQUAL OPPORTUNITIES BY CREATING INCLUSIVE AND DIVERSE ENVIRONMENTS



OBJECTIVE 2 ATTRACT AND RETAIN TALENT



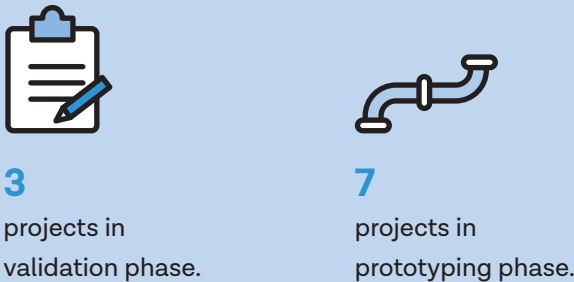
OBJECTIVE 3 ENSURE GOOD HEALTH AND SAFETY AT WORK, COMMITTING OURSELVES TO THE CHALLENGE OF 0 LABOR ACCIDENTS



OBJECTIVE 4 PROMOTING COLLABORATIVE AND GLOBALIZED WAYS OF WORKING



OBJECTIVE 5 PROMOTE OPEN INNOVATION FOR THE DEVELOPMENT OF SUSTAINABLE SOLUTIONS



Promoting Well-Being and Equal Opportunities by Creating Inclusive and Diverse Environments

SDG 5 and SDG 8



102-8, 405-1 To be a successful company, it is necessary to have a team of people committed to the organization and the achievement of its strategic goals. With this focus, the people management of Aguas Andinas works to generate spaces for the growth and development of the individual talents of its people, along with generating value in the organization and its surroundings.

This is the context in which the new Organization, People and Work Environment Department operates, which, through the role of People Development Consultants, seeks to be a strategic partner for the business, delivering solutions in the area of people and supporting change management.

On the other hand, the Expertise Centers (Organizational Development, Training, Selection, Talent, Compensation, Inclusion, Quality of Life) generate the necessary methodologies and tools to contribute value to the business; all of the above supported by a service to people in their different platforms.

Finally, Working Environment seeks to generate, design and build spaces that allow collaborative and networked work.

Employee Demographics

As of December 2017, the total internal resources of Aguas Andinas and its subsidiaries increased by 3.25% when compared to the same date last year, increasing from 2% to 3% the share of workers with fixed-term contracts and reaching a 22% female workforce.

Of this total, 77.7% provides its services in the regulated subsidiaries and a further 22.3% in the unregulated ones. Within the regulated companies, Aguas Andinas is the one which employs the most people, equivalent to 68.8% of the total number of workers in regulated companies. While ESSAL is in second place employing 22.7% of workers outside of the Metropolitan Region.

Additionally, the company contributes to the generation of more than 4,550 indirect jobs through 499 suppliers that provide services for Aguas Andinas.

TYPE OF CONTRACT	2015		2016		2017	
	Women	Men	Women	Men	Women	Men
Undefined contract	349	1,266	349	1,266	447	1,594
Fixed term contract	9	32	9	32	15	47
Total internal workers	358	1,298	358	1,298	462	1,641

SUBSIDIARY/REGION	2015		2016		2017	
	Women	Men	Women	Men	Women	Men
Aguas Andinas/RM	245	824	259	843	275	852
Aguas Cordillera/RM	12	96	13	96	15	108
Aguas Manquehue/RM	3	14	2	12	2	12
Non regulated subsidiaries	81	343	84	347	93	375
ESSAL	62	292	73	300	77	294
TOTAL	403	1,569	431	1,598	462	1,641

HIERARCHY	2015				2016				2017			
	Women		Men		Women		Men		Women		Men	
	N°	%	N°	%	N°	%	N°	%	N°	%	N°	%
Executives	11	25%	62	85%	13	15%	72	85%	13	14%	78	86%
Leadership	32	24%	102	76%	39	25%	114	75%	33	21%	122	79%
Professional	197	32%	424	68%	213	33%	441	67%	250	35%	456	65%
Technical	90	21%	342	79%	91	20%	361	80%	93	20%	369	80%
Administrative	65	50%	65	50%	67	53%	59	47%	67	56%	53	44%
Operator	8	1%	574	99%	7	1%	550	99%	6	1%	563	99%
Sub TOTAL	403	20%	1,569	80%	430	21%	1,597	79%	462	22%	1,641	78%
Total	1,972				2,027				2,103			

Age group	2015						2016						2017					
	Under 30		Between 30 and 50		Over 50		Under 30		Between 30 and 50		Over 50		Under 30		Between 30 and 50		Over 50	
Category	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%
Executives	7	0%	55	58%	1	17%	0	0%	49	58%	36	42%	0	0%	54	59%	37	41%
Leadership	1	1%	85	72%	5	28%	2	1%	108	70%	45	29%	4	3%	106	68%	45	29%
Professional	78	11%	409	76%	18	17%	71	11%	457	69%	132	20%	84	12%	488	69%	134	19%
Technical	85	23%	230	60%	12	27%	102	23%	233	52%	117	26%	86	19%	246	53%	130	28%
Administrative	11	6%	68	53%	20	38%	8	6%	68	54%	51	40%	8	7%	65	54%	47	39%
Operator	111	18%	320	67%	24	20%	103	18%	324	58%	135	24%	106	19%	324	57%	139	24%
Sub TOTAL	293	14%	1,167	63%	80	23%	286	14%	1,239	61%	516	25%	288	14%	1,283	61%	532	25%

Turnover

SDG 8
401-1



As in every period, during the year, 277 new employees were hired and 200 people left the Metropolitan Region's regulated and unregulated companies. 39% of the workers who left the organization left the organization because they were dismissed.

In terms of gender, the rotation of the year did not generate significant percentage changes, since of the total number of people who left the company, 77% were men, a percentage similar to the new hires where men represented 80%. In terms of age, over 80% of the movements were among people under 50 years of age.

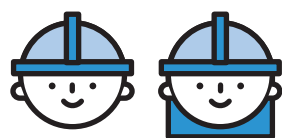
At the same time, in ESSAL, 30 people, all under the age of 50, were dismissed in 2017 and 26 new people were hired, of whom 31% were women. In terms of age, 59% of the new recruits were between the ages of 30 and 50, followed by 23% under 30, and the difference of 18% over 50.

TURNOVER (LEFT THE ORGANIZATION)

		2015		2016		2017	
		Nº	%	Nº	%	Nº	%
Gender	Men	89	7.5	134	8.1	160	9.2
	Women	27	2.3	28	1.7	40	2.3
	Total	116	9.7	162	9.8	200	11.5
Ages	Under 30	15	1.3	38	2.3	62	3.6
	Between 30 and 50	45	3.8	74	4.5	101	5.8
	Over 50	56	4.7	50	3	37	2.1
TOTAL		116	9.7	162	9.8	200	11.5

Gender Equality and Work-Life Balance

SDG 5
401-2, 401-3, 403-4



Since 2015, Aguas Andinas has been formally working on the implementation of its policy and plan for gender equality and the reconciliation of work, family and personal life, recognizing the importance and strategic need to promote this vision within the company, developing initiatives that benefit both workers and the organization as a whole; generating a better working environment and greater commitment to work.

The work has been carried out in accordance with the guidelines of the Nch3.262 Standard, which has been implemented for the entire company, and is already certified as a management system in the corporate buildings of Aguas Andinas, Aguas Cordillera and Aguas Manquehue.

As part of the implementation of the standard, the company has an Equality and Conciliation Policy, approved by the Board of Directors, and the Equality and Conciliation Committee, which meets quarterly, and includes among its main functions: ensuring the efficient and effective functioning of the management system, review compliance with the annual work and communication plan, establish new objectives and correct any gaps identified. It also manages resources and verifies the correct implementation of the standard, reviewing the associated indicators and raising awareness in all levels of the organization.

In 2017, progress was made in meeting the targets set for the year, by reaching 33% of women working in the corporate building, when the target was set at 32%; and by improving the perception of approval of conciliation measures in the company, reaching 75% in the conciliation survey, when the target was 68%. However, the challenge of including 66% of women in the shortlist of the selection processes was not met, as they did not exceed 60%.

In addition to these annual goals proposed and monitored by the Committee, a series of measures and programs are currently being implemented for workers with indefinite contracts, among which the following stand out:

- Summer hours: flexible hours for Fridays, between December and the beginning of March.
- Pre-school for mothers with children up to the age of 5: Benefit from pre-school coverage or monthly voucher.
- La Farfana Sports Complex: Sports Complex with a football field and a multi-purpose field for sports and recreational activities, integrating families.
- San Gabriel Summer Resort: Complex inside the Cajón del Maipo with cabins and swimming pools.
- Annual Family Party: Aguas Group Family Party at Fantasilandia Entertainment Park.
- Entertaining week: One-week entertainment program for the workers and their children.
- Teleworking: A reconciliation measure that allows daily tasks to be carried out without the need to physically be in the company.
- Insurance: Life insurance for workers with coverage of 500 UF, and with a complementary health insurance that can be extended to the respective family responsibilities, with health and dental coverage.
- In addition, there is catastrophic insurance for the workers of Aguas Cordillera and Aguas Manquehue. And for unionized workers, there is a solidarity health fund that pays for 100% of the total cost not covered by the health system and supplementary insurance.

Every year, a survey is carried out to find out the perception of the conciliation measures implemented by the company and to receive proposals directly from employees on measures that could, according to their own opinions, help to better reconcile their work, family and personal life.

The 20 women and 2 men who took parental leave during 2017, according to Chilean law, returned to their jobs, once they completed their leave.

19 people are teleworking

Teleworking improves the quality of life by reducing travel times and travel expenses, providing flexible working hours and greater autonomy. It is currently being held on Wednesdays of every week.

SDG 5

405-2, 102-35, 102-36
y 102-37

EQUAL PAY

Aiming to ensure equity and non-discrimination in the definition of the wages of all workers, Aguas Andinas has a compensation policy, which defines the procedures for hiring, promotion and annual evaluation. In addition, for people who receive variable compensation, the company also uses a system of a table called DEO, which evaluates the degree of achievement of the results obtained during the year. Variable compensation metrics include internal financial, external perception and social goals.

Some of these are internal financial goals such as meeting company goals such as recurrent net income; the execution of budgets, cash flow of operations and activities, EBIT; external perception metrics such as performance in sustainability indices and social metrics such as health and safety indicators and the implementation of sustainable development programs).

In order to ensure fair and competitive compensation, Aguas Andinas determines the compensation based on the average market income for its counterparts. The relative position will depend on different factors required for each position, such as level of education, experience and job performance, among others.

WOMEN’S SALARY AS A PERCENTAGE OF THE SALARY OF MEN IN REGULATED AND UNREGULATED COMPANIES IN THE METROPOLITAN REGION

CATEGORY	2015	2016	2017
Executives	85%	84%	85%
Leaders	84%	87%	89%
Professional	82%	84%	83%
Technical	80%	78%	75%
Administrative	119%	120%	127%
Operators	95%	96%	109%
TOTAL	96%	88%	89%

WOMEN’S SALARY AS A PERCENTAGE OF SALARY OF MEN IN ESSAL¹⁵

CATEGORY	2015	2016	2017
Leaders	86%	74%	67%
Professional	68%	73%	73%
Technical	87%	82%	100%
Administrative	89%	88%	90%
TOTAL	97%	88%	87%

As in previous years, the differences between men’s and women’s incomes occur only because of general differences that are not attributable to gender, such as seniority and zonal allowance bonuses, shifts or working during holidays.

^{15.} In ESSAL there are no women operators.

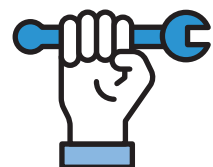
Shareholding **SHARING 2017**



In 2017, Suez S.A. held its third offering of shares to all its employees worldwide. With this option, all those who are part of Aguas Andinas had the opportunity to become shareholders of the Group under preferential conditions for an investment period of 5 years.

The Sharing 2017 process was a total success in Chile, with 817 workers participating, accounting for 41% of the company's total workforce.

Labor Relations



To create a good workplace, it is important for the organization to network and work collaboratively, encouraging frequent and transparent communication with all workers and their representative organizations, delivering and receiving feedback from the different levels of the organization.

To this end, the company, along with measuring job satisfaction, holds periodic meetings with trade union organizations and meets with workers' representatives on various committees, such as the Joint Health and Safety Committees, the Bipartite Training Committee, the Health Solidarity Fund Committee, the Chilean Gender Equality Committee and the ISTAS 21 Committee, among others.

Organizational Climate

SDG 8
102-4, 102-42 y 102-43



Understanding that, in order to manage improvements in performance, increase commitment and improve the well-being of workers, it is necessary to know their current level of satisfaction, since 2016, in Aguas Andinas and its subsidiaries in the Metropolitan Region, has been applying the Great Place To Work (hereinafter GPTW) survey.

The survey allows measuring the opinion of the workers in two lines, one related to the vision of the area of performance and direct management, and the other to the area of performance and corporate vision. In the first year, the response rate reached 81%, with the Area Vision achieving 61% satisfaction and the Corporate Vision achieving 50%. Based on these results, the following measures were adopted in 2017:

- In internal selection processes, when a worker is not selected, he or she is given formal notice and constructive feedback on the reasons for not being selected.
- Creation of an Internal Mobility site to make tenders and internal selection processes transparent.
- Design and launching of the Leadership School for executives and heads of the Aguas Group.
- Carrying out effective feedback workshops, including daily recognition tools.
- Design and implementation of the Corporate Acknowledgement System which will be operational in 2018.



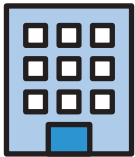
A complementary communication platform called Happyforce is currently being evaluated as a tool for measuring the working environment. As a differentiating feature, it allows us to know in real time the pulse of the organization in matters of people management.

In ESSAL, during 2017 and after 10 years, a new working environment measurement was carried out with the help of an external consultant to determine workers' perceptions of the structures, relational processes and working environment.

The survey collected 298 responses, equivalent to 81% of the total number of persons employed as of July 2017. Among the results, working conditions and safety, material and human resources, and job stability were positively highlighted, with the greatest opportunities for improvement in terms of planning and objectives, compensation and work pressure.

These results will be used to generate proposals for action to strengthen and enhance the aspects that favor the performance of people and the achievement of the objectives of the organization.

New Work Spaces



In the context of the organizational and cultural transformation of Aguas Andinas, work spaces were rethought during 2017, seeking to generate new forms of integration that favor teamwork and improve office life. The new work spaces seek to encourage fluid communication and encourage creativity, eliminating physical barriers, to generate playful spaces, where each person can choose where they want to go and have multipurpose rooms.

For meetings, closed spaces with totally or partially transparent glass partitions that maintain the concept of a single or open space and equipped with electronic devices are considered to be closed spaces. Likewise, for rest areas, colorful and illuminated places that provide workers with the optimum conditions for relaxation and recreation are used.

The renovations, which will be completed in 2018, also consider more sustainable climate, injection and lighting systems with lower energy consumption.

In the context of the organizational and cultural transformation of Aguas Andinas, the work spaces were rethought during 2017, seeking to generate new ways of integration, which encourage teamwork and improve office life.

Unions

SDG 8
102-41 y 201-3



Aguas Andinas respects and values the fact that workers negotiate collectively with the company, by generating relationship instances to deal with issues of interest to both parties, and by establishing benefits that contribute to improving the quality of life, and living and working conditions of people. There are currently eleven collective bargaining unions in Aguas Andinas and its subsidiaries, accounting for 84.8% of the workforce.

During 2017, work was carried out with Union No. 1, Union No. 2 and the Union of professionals and technicians of Aguas Andinas on a voluntary retirement plan, with benefits in addition to legal ones, which will be signed in January 2018 and will benefit both workers who have reached the legal retirement age and those who are 3 years from retiring (57 years old for women and 62 years old for men).

COMPANY	2015			2016			2017		
	Negotiator	Unionized	Extended Benefits	Negotiator	Unionized	Extended Benefits	Negotiator	Unionized	Extended Benefits
Aguas Andinas S.A.	43.50%	1.20%	0.00%	39.50%	4.70%	0.00%	35.90%	9.60%	1.50%
Aguas Cordillera S.A.	5.20%	0.10%	0.00%	4.60%	0.40%	0.00%	4.30%	1.40%	0.00%
Aguas del Maipo S.A.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Aguas Manquehue S.A.	0.90%	0.00%	0.00%	0.70%	0.00%	0.00%	0.70%	0.00%	0.00%
Análisis Ambientales S.A.	3.90%	2.70%	0.00%	5.80%	0.10%	0.00%	5.00%	3.30%	0.10%
EcoRiles S.A.	4.90%	1.10%	0.00%	4.30%	2.30%	0.00%	5.80%	1.10%	0.00%
ESSAL S.A.	10.40%	2.90%	0.00%	9.60%	6.10%	0.00%	8.90%	6.30%	0.00%
Gestión y Servicios S.A.	1.10%	0.10%	0.00%	0.60%	0.20%	0.00%	0.50%	0.50%	0.00%
% Total	69.80%	8.00%	0.00%	65.30%	13.80%	0.00%	61.00%	22.10%	1.70%
Total number of workers by company	1,359	156	0	1,324	280	0	1,283	465	35

Attract and Retain Talent

SDG 4 and SDG 8

Comprehensive talent management

SDG 4 and SDG 8



404-2, 404-3

Aguas Andinas seeks to promote the professional development of its workers, so that they can develop and grow professionally in the company, through talent mapping, which allows a large part of the internal vacancies to be filled by people from the organization. In addition, it has different training programs in all its operations.

As part of the “Comprehensive Talent Program”, Aguas Andinas assigns great importance to performance evaluations, which are considered one of the main inputs for addressing the company’s succession plan and key positions.

PERFORMANCE EVALUATIONS

Across the organization, the Top Down evaluation, called SGD-Creecer, which makes it possible to determine the career potential of employees in accordance with objective and effective criteria.

In addition, a 360° evaluation is carried out for executives and the assessment center technical evaluation was applied for professionals with outstanding performance, with the purpose of evaluating capacities and the needs of the company. In 2017, an average of more than 96% of the workers were assessed.

% of employees evaluated by company group	2017						
	Executives	Leaders	Prof..	Technical	Admin.	Operator	Total
Regulated companies RM (Aguas Andinas, Aguas Manquehue and Aguas Cordillera)	100%	97%	98%	97%	94%	97%	98%
ESSAL	100%	95%	81%	85%	93%	97%	90%
Non regulated Subsidiaries (Ecoriles, Gestion y Servicios and Anam)	100%	100%	98%	95%	100%	93%	96%

% of employees evaluated by company group	2016						
	Executives	Leaders	Prof..	Technical	Admin.	Operator	Total
Regulated companies RM (Aguas Andinas, Aguas Manquehue and Aguas Cordillera)	90%	96%	100%	98%	79%	96%	93%
ESSAL	100%	100%	89%	92%	98%	98%	95%
Non regulated Subsidiaries (Ecoriles, Gestion y Servicios and Anam)	100%	100%	100%	93%	100%	85%	96%

% of employees evaluated by company group	2015						
	Executives	Leaders	Prof..	Technical	Admin.	Operator	Total
Empresas reguladas RM (Aguas Andinas, Aguas Manquehue y Aguas Cordillera)	90%	96%	100%	98%	79%	96%	93%
ESSAL	100%	97%	80%	89%	84%	97%	89%
Non regulated Subsidiaries (Ecoriles, Gestion y Servicios and Anam)	100%	100%	100%	91%	100%	92%	97%

SDG 4
404-1, 404-2

TRAINING

The company's training plan is prepared biannually based on the, Assessment Center evaluation, the performance evaluation action plans and the strategic objectives of the company.

In 2017, the average number of hours of training for men was 50 hours in the regulated subsidiaries of the Metropolitan Region and 20 hours in ESSAL, while for women it was 70 and 44 hours respectively. Likewise, in the regulated subsidiaries, the average training time for workers was 32 hours and 80 hours for women workers

2017	Regulated companies in the Metropolitan Region (Aguas Andinas, Aguas Manquehue and Aguas Cordillera)			ESSAL			Non regulated Subsidiaries (Ecoriles, Gestion y Servicios and Anam)		
Category	N° of workers	Hours of training	Average training hours	N° of workers	Hours of training	Average training hours	N° of workers	Hours of training	Average training hours
Executives	76	5,874	77	7	124	18	8	422	53
Leaders	100	9,666	97	39	972	25	13	2,697	207
Professional	460	33,857	74	112	1,700	15	127	9,984	79
Technical	266	9,303	35	45	768	17	133	3,351	25
Administrative	54	2,500	46	52	3,540	68	12	636	53
Operator	304	7,353	24	112	1,984	18	142	921	6
2016									
Executives	71	4,877	69	6	48	8	8	145	18
Leaders	102	7,756	76	20	1,410	71	12	969	81
Professional	429	28,253	66	132	1,755	13	114	7,578	66
Technical	262	13,029	50	45	700	16	138	4,410	32
Administrative	67	2,188	33	49	550	11	11	836	76
Operator	294	15,120	51	121	899	7	147	5,861	40
2015									
Executives	61	5,713	93.7	60	168	28	8	480	60
Leaders	112	7,509	67	30	336	11	12	1,432	119.3
Professional	395	35,217	89.2	88	2,282	26	104	8,260	79.4
Technical	258	13,229	51.3	36	260	7.2	87	3,563	41
Administrative	77	4,362	56.6	62	62	1	10	326	32.6
Operator	297	15,922	53.6	122	6,732	55.1	148	4,907	33.2

The launch of the leadership program in 2017 was an important milestone in the training program. The objective of this program is that the different headquarters incorporate management by strengths, coordinating and cultivating teams, in order to co-create triple impact value.

In another line, as in previous years, we worked with the Universidad Adolfo Ibañez (UAI), in the Customer Experience and Strategic Sourcing courses, and with the Pontificia Universidad Católica de Santiago (PUC) in the Labor Law course.

Work continued on the continuous improvement program launched in the previous period, training 267 workers mainly in activities related to the Resilience and Digitalization pillars, and a new version of the Black Belt Skills Development Program was developed, in which a group of 14 workers participated.

The annual training budget for the last period exceeded \$322 million, equivalent to an expenditure per worker of approximately \$255 thousand pesos.

In 2017, the average number of hours of training for men was 50 hours in the regulated subsidiaries of the Metropolitan Region and 20 hours in ESSAL, whilst for women it was 70 and 44 hours respectively.

2017	Regulated companies in the Metropolitan Region (Aguas Andinas, Aguas Manquehue and Aguas Cordillera)		ESSAL		Non regulated Subsidiaries (Ecoriles, Gestion y Servicios and Anam)	
Training program	N° of beneficiaries	% of beneficiaries	N° of beneficiaries	% of beneficiaries	N° of beneficiaries	% of beneficiaries
Quality	121	10%	42	11%	44	10%
Varied training	454	36%	48	13%	95	22%
Soft skills	434	34%	105	29%	110	25%
Languages	116	9%	2	1%	33	8%
Labor risks	1,418	113%	122	33%	10	2%
On the activity of the company	505	40%	118	32%	46	11%
Environmental	72	6%	25	7%	6	1%
Others	458	36%		0%	193	44%
Coaching/ mentoring program	0	0%		0%	0	0%
2016						
Quality	100	8%	100	8%	18	4%
Varied training	561	46%	561	46%	92	21%
Soft skills	546	45%	546	45%	201	47%
Languages	118	10%	118	10%	30	7%
Labor risks	836	68%	836	68%	40	9%
On the activity of the company	752	61%	752	61%	89	21%
Environmental	103	8%	103	8%	34	8%
Others	5	0%	5	0%	1	0%
Coaching/ mentoring program	10	1%				0%
2015						
Quality	19	2%	0	0%	2	1%
Varied training	433	36%	0	0%	42	11%
Soft skills	129	11%	130	37%	186	50%
Languages	99	8%	0	0%	14	4%
Labor risks	174	15%	48	14%	4	1%
On the activity of the company	209	17%	429	122%	57	15%
Environmental	1	0%	38	11%	0	0%
Others	3	0%	0	0%	2	1%
Coaching/ mentoring program	0	0%	0	0%	0	0%

CERTIFICATION OF COMPETENCIES – CHILEVALORA

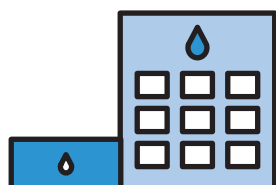
Aguas Andinas, together with other water utility companies from the National Association of water utility Services Companies (ANDESS), was selected to present draft projects on labor competencies to ChileValora - a public service, functionally decentralized, related to the Ministry of Labor and Social Security.

The certification seeks the formal recognition of people's job skills, regardless of the way in which they have acquired them, and whether or not they have a formal education degree or academic qualification, as well as to promote opportunities for continuous learning, recognizing and valuing it, through processes of evaluation and certification, based on standards defined and validated by the industry.

By the end of 2017, the process of preparation for the certification of the selected water utility industry profiles was completed and will be certified during the first half of 2018. Aguas Andinas expects to certify approximately 284 of its workers in the future.

The Water School

SDG 4



The aim of the Water School is to generate knowledge, disseminate and communicate best practices in the service of the community and current and future professionals in the water and environment industry.

In 2017, around 1,500 people participated in various initiatives focusing on training programs, both for decision-makers in the water utility industry and for those implementing such strategies.

BEYOND WATER- FLOWING LEADERSHIPS

The Beyond Water program supported 200 people from Aguas Andinas, with the aim of strengthening their leadership skills, using positive psychology as the basis for training of the new leader in the water utility sector. At the event, participants were able to develop their natural talents and work on the importance of building personal and professional success based on their strengths.

THE FIRST VERSION OF THE MASTER'S DEGREE IN WATER TECHNOLOGY AND MANAGEMENT IN CHILE

In 2017, the Water School, together with the Universitat Politècnica de Catalunya, developed the first Master's Degree on Water Technology and Management in Chile.

With a dual network, which includes Technical Water Management and Strategic Management of Water Companies, the master's degree strengthens the skills of professionals in the industry, providing them with an internationally recognized qualification. 15 people participated in its first edition in Chile.

**2017 PROGRAMS
WATER SCHOOL**

	Addressed to	Participants	Partners
Master's Degree in Technology and Water Management	Professionals	15	Universitat Politècnica de Catalunya
Master classes	Professionals with high potential in Aguas Andinas	780	Aguas Andinas
Hydraulic Asset Management	General public, water utility industry	25	Universidad Adolfo Ibáñez
Circular Economy	Engineers, graduates, professionals working in the areas of environmental management, sanitation, R&D, water resources, procurement, among others	34	Universidad Adolfo Ibáñez
International Internship in Laboratories in Europe	Laboratory Professionals	6	Aguas de Barcelona, Aguas de Alicante y Labaqua
Beyond Water - Flowing Leadership	Leaders, Sub-Managements, Managements	200	Espaciove
School of Social Leaders	Neighborhood associations	29	Aguas Andinas
Survey of professional profiles in the Water Utility Industry	Operators	50	ChileValora - Andess - FENATRAOS - SISS
Diploma in operation of potable water and sewage collection networks	Operators	24	Duoc UC
Training of trainers	Academics of the Water School	13	-
FIRST LEGO League	Students between 9 and 14 years old	256	FIRST LEGO League
Young Talent Robotics Program	Professors	32	Fundación Spark Talents
Judges FIRST LEGO League of Aguas Andinas	Aguas Andinas Professionals	18	FIRST LEGO League



Ensuring Good Health and Safety at Work

SDG 3, SDG 4, and SDG 8



403-2

The company, through its Corporate Operations Management and its Occupational Risk Management, bases its occupational health and safety management on two relevant axes, on the one hand, are the management systems certified in OHSAS 18001, and on the other hand, the strategic plan, which establishes the actions to control the risks and achieve the expected results. Both axes are based on regulatory compliance and collaborative models with the ACHS Mutual Insurance Company, as well as management agreements with the Suez Group and the Occupational Health and Safety policy.

In order to meet the goal set out in SM7, a series of plans and programs are deployed to reduce the number of accidents and with them the days of leave of absence. These objectives are measured through two international indicators: the frequency index, which has an associated target of 3.7, and the severity index, which has a target of 0.10.

During the period there were no fatalities, nor were there any occupational illnesses in the company. As for accidents, they decreased in Aguas Andinas, from 12 to 8 in the last year. The same happened with absenteeism, which in number of days; fell by more than 40%, reaching 178 days in year 16. These results resulted in a decrease in the frequency rate, which was slightly above the proposed target in Aguas Andinas. No accidents were reported in Aguas Cordillera and Aguas Manquehue.

Companies	Accident frequency rate (FR)			Lost days rate (LDR) Incident rate		
	2015	2016	2017	2015	2016	2017
Aguas Andinas	4.98	5.63	3.71	47	27.40	16.01
Aguas Cordillera	3.48	0.0	0.0	3.40	0.0	0.0
Aguas Manquehue	0.0	0.0	0.0	0.0	0.0	0.0
ESSAL	9.73	4.95	4.80	54.66	88.98	34.97

Self-Assessment of Culture in Occupational Health and Safety

Aguas Andinas carries out a self-assessment of its safety culture, based on the “Fair Culture” approach, which is based on information on errors and incidents to correct deviations in advance, in the processes that could lead to accidents or serious consequences for the operation.

The initial self-diagnosis resulted in an adequate safety status, but with possible improvement actions concentrated on the average levels of supervision, corresponding to those in charge of supervising the workers. The diagnosis is based on three pillars:

1. Positive approach to health and safety.
2. Encouraging the spontaneous declaration of events.
3. Not tolerate transgressions and adapt sanctions to levels of responsibility.

2017 Activities and Courses

Aguas Andinas has focused on training its workers on issues related to occupational health and safety, with a focus on compliance with regulations, risk awareness and the building of a safety culture. In this context, during the period, an average of 5 courses or lectures have been held per year, training around 556 workers. In addition, courses related to the subcontracting law are held for an average of 220 Suppliers.

In ESSAL, in order to address safety issues, a work plan that addressed 9 issues was developed, including the identification of unsafe conditions and the implementation of protocols, Incident survey, command training, implementation of rules that Save lives, and safe management program. Also, the SUEZ safety leadership program was held, where 25 leaders, heads, supervisors and coordinators; as well as a civil safety course, to which 47 people attended.

^{16.} The absent worker considers disability of any kind, not only as a result of an accident or occupational disease. The term “absent worker” excludes authorized leaves of absence, such as holidays, study leave, maternity or paternity leave and free days.

Main Health and Safety Risks

SDG 3
403-3



Aguas Andinas and its regulated subsidiaries have recognized the different risks to which their workers are exposed, depending on the type of work.

One of the most common being exposure to chemical agents, for which driving courses have been held and staff have been provided with devices that allow them to contain or neutralize leaks or spills. In any case, it should be noted that the risk of exposure is below the limits established by Supreme Decree 594 on basic health and environmental conditions in the workplace.

Type of worker	Risk or disease to which the worker is exposed
Potable Water Plant Operator	Exposure to chemicals, confined space work, and work at heights.
Equipment Maintainer	Contact with chemicals, trapping, contact with energy sources, entry to confined spaces and work at heights, transportation on public roads.
Potable Water Transportation Operator	Exposure to chemical agents, transportation on public roads, confined space entry, and work at heights.
Wastewater Treatment Plant Operator	Exposure to biological agents, trapping, entry into confined spaces, work at heights and exposure to noise.
Wastewater Network Maintenance Operator	Entering confined spaces, street work, noise exposure, and contact with biological agents.

Joint Committees

SDG 3
403-1

Eighty-nine percent of ESSAL’s workers are represented by joint health and safety committees, a percentage which, in the Metropolitan Region, for regulated companies, it reaches 100%. The committees are made up of representatives of the company and the workers, who together promote activities to ensure good working conditions and people’s health and safety.

Among the initiatives that emerged from the joint committees in 2017, there are ideas such as the migration of SAP Mobile from Tablet to cell phone to facilitate field operations, the implementation of a spike for night work painted with glowing paint, the application of a polycarbonate plate system to insulate copper bars in electrical cabinets and a retractable system for entry and rescue in confined spaces, among others.

Drug and Alcohol Prevention

SDG 3

Aguas Andinas, thinking of the health and safety of its workers both inside and outside the organization, has a “Preventive policy on drug and alcohol consumption and quality of working life” and a “Referral Protocol” that provides guidelines on the steps to be taken when risk cases are detected.

Along the same lines, the company has had a working roundtable for years, where representatives from different areas of the company participate, and seek to define the annual work plan in this area. During 2017, the main actions included the holding of health and quality of life fairs and the dissemination of the “No Smoking Day” through posters and videos on different company facilities. In addition, it continued to promote sports through recreational activities and the SENDA “Working with Quality of Life” survey was implemented.

In 2017, after two years of work, the company obtained certification for the “Working with Quality of Life” program, which seeks to make the company a workplace for the prevention of the consumption of tobacco, alcohol and other drugs.

Health and Safety in Suppliers

SDG 3, SDG 4, and SDG 8
403-2

In order for the workers of suppliers that provide services to Aguas Andinas to have the same health and safety standards, external companies must commit themselves to complying with the same internal policy on the matter.

Aguas Andinas participates monthly in the Suppliers Occupational Health and Safety Committee, headed by the Corporate Operations Management and in which the general managers of the supplier companies participate.

Through the CLEVER platform, Aguas Andinas and its subsidiaries monitor documenting compliance in labor, legal and safety matters. In addition, since 2016, the company has a digital platform for contractor control which seeks to achieve 100% monitoring of the works and services of Aguas Andinas.

In ESSAL during 2017, training was conducted in the use and maintenance of gas measuring equipment, together with training on the use of the CLEVER platform. In addition, 142 inspections were carried out on contractor companies, where the main focus was on verification of safe work permits, compliance with D.S. 594, compliance with documentation in CLEVER, and verification of working conditions, machinery and personnel.

Indicators of Occupational Health and Safety in Suppliers

403-2

During 2017, no fatalities were recorded in the contractor companies and although the number of accidents increased slightly when compared to the previous year, the number of days lost as a result of these accidents decreased.

The accident frequency rate remained at similar levels when compared to 2016, with a decrease in lost days and absenteeism rates.

Suppliers	2015	2016	2017
Accident frequency rate (FR)	20.31	12.62	12.6
Professional disease incidence rate (TI)	0	0	0
Lost days rate (LDR)	38.57	42.46	33.28
Absenteeism (days)	803	797	662

Encourage Collaborative and Globalized Ways of Working

SDG 9 and SDG 11

Corporate Volunteering



Aguas Andinas has a group of internal volunteers made up of 130 people who form the emergency support network.

Volunteers play an important role in supporting the company in the management of an emergency, distributing potable water to the population at alternative supply points (managing lines on site), and providing timely warning of any anomalies or requirements at the point of supply.

During the emergencies that occurred during the period, 87 workers took part in providing support to the community during service interruption events

Collaborative Environments



The Aguas Group has several collaborative environments, which allow workers to participate in specific areas such as regulation, energy efficiency and asset management, as well as in projects such as Continuous Improvement and Santiago Deserves a 7. In addition, there is access to discussion spaces and the Group’s documentary repositories, as well as a digital library with an updated service of publications (books, magazines and reports) on water and the environment.

651 people have accessed the collaborative environments and 703 have accessed the digital library during 2017.

The most widely used service has been the collaborative environments, with a total of 86,194 user interactions, 22,694 of them in the strategic project Santiago Deserves a 7.

Promote Open Innovation to Develop Sustainable Solutions

SDG 6 and SDG 9



SDG 9 Innovation is a transversal axis to the 7 pillars defined in SM7 and represents as such a relevant tool for the construction of the future of Aguas Andinas, improving the offer of products and services that the company delivers to its customers while contributing to the search and capture of operational efficiency.

To carry out this task, the company has adopted a mixed model that it puts into practice by means of internal innovation processes and open innovation and that are implemented through hybrid task forces, where teams are made up of a diversity of skills and talents and come from both the organization and the innovative ecosystem.

Innovation in the company is managed by the Innovation and Development Department, which, since its creation in 2016, has ensured that the company’s objectives in this area have been met and have been set out in the SM7 strategy. Due to this, this management is responsible for knowledge management and transfer, the management of the innovation projects portfolio, the management of the company’s own innovation centers (AguasLab), the development and maintenance of a large innovation and collaboration network, as well as the activities of innovation support such as prototyping, protection of intellectual property and business model design advice. All this is put into practice by means of a model that considers 4 levels:

- **Strategic Level:** At this level, innovation objectives are defined (which respond to the aspiration declared by the company in the pillars of SM7) and the strategy to be followed to create a culture within the company that fosters and enables innovation.
- **Operational level:** At this level, the stages of the innovation process are defined to transform ideas into results for the company (ideation-prototyping-validation-implementation-scaling).

AguasLab

SDG 6 and SDG 9



- **Results level:** At this level, the result and process indicators that will make it possible to monitor innovation are identified.
- **Equipment and Resources Level:** At this level, the innovation team and the resources with which each of the stages of the innovation process will be carried out for each project are defined.

The work focuses of the 2017 period were:

- Circular economy pillar - Focus on energy efficiency
- Operational resilience pillar - Focus on network inspection and monitoring
- Innovation and people pillar - Innovation culture focus

AguasLab is the name under which the company has created spaces for innovation. AguasLab was founded in February 2017 with its first headquarters in IF Blanco Recoleta, where work with entrepreneurs and social innovation is currently concentrated, and in November 2017 the San Joaquin headquarters was opened, located in the UC Innovation Center, from where the process of linking with the innovation ecosystem and university talent is carried out.

AguasLab, is a space where talent connects with the challenges of innovation

Cetaqua: Chilean Water Research Corporation

SDG 6 and SDG 9

CETAQUA
CHILE

The main innovation projects worked on in 2017 were:

- Sewage meter
- Water Membrane
- Home leakage sensor
- Sensor for monitoring solo work (PRL: occupational risk prevention)
- Drones of inspection in sewage networks
- Drones for sampling in watercourses
- Green Energy
- Conversion of heavy duty trucks to biogas
- Optical fiber in potable water networks
- Use of bio-solids in the recovery of the hills of the island of Santiago

The Sewage Meter, Water Membrane and PRL area projects, which originated at the AguasLab in Recoleta, are in the validation phase and the others are in the prototyping phase. There are also 20 initiatives that have entered the maturity phase and are related to the challenge of energy efficiency.

During 2018, work will be carried out on the formalization of projects with start-ups, with specific projects already existing with one whose target is water use efficiency and another whose target is access to potable water in areas lacking supply.

Cetaqua is a technology center whose main mission is to promote, carry out and disseminate research, technological development and innovation in the comprehensive management of water and the environment.

Founded in 2016 by Aguas Andinas, Suez, the Universidad Técnica Federico Santa María and the Consejo Superior de Investigaciones Científicas - CSIC (“Spanish National Scientific Research Council”), it was constituted as an independent institution as a non-profit corporation, to work on three lines of research: water resources, treatment and industry, being the first two priorities for Aguas Andinas.

During 2017, Cetaqua developed four projects in water resources management and three in the water treatment line, valued at approximately \$1,100 million.

The projects currently under development for each line of research are as follows:

Water Treatment Line.

1. Study of co-digestion of waste with conventional and advanced anaerobic treatment sludge. Started during the 2016, the main objective of this project is to develop the necessary studies for the control of co-digestion in wastewater treatment plants in the Greater Santiago, providing knowledge on the inhibition events observed in the plants and studying the impact of waste potentially usable on the digestion process.

The expected results of this project are the improvement of the operational stability of the anaerobic sludge digestion process and the increase of the total and specific production of biogas generated by co-digestion of waste with sludge.

This project is financed by Aguas Andinas with the collaboration of EDAM, Ecoriles, CIRSEE (SUEZ), Cetaqua Barcelona, Cetaqua Galicia and the Curauma Biotechnology Center (NBC) of the Pontificia Universidad Católica de Valparaíso (Pontifical Catholic University of Valparaíso).

2. Study of Valorization of Sludge Generated in the Treatment of Potable Water. Phase I- Characterization of sludge generated in PWTP. Started in 2016, the main objective of this project is to develop studies to characterize the waste generated in potable water treatment processes and to evaluate the feasibility of developing efficient waste recovery and disposal technologies, which will be implemented in the second phase of the project.

This project is financed by Aguas Andinas and has the collaboration of Cetaqua Barcelona and the Universidad Técnica Federico Santa María.

3. 17COTE-72582 . Development of a bacteriophage-based technology for the biocontrol of bulking filamentous bacteria in activated sludge plants.” Started during 2017, the project aims to develop a product based on bacteriophages that allows the biocontrol of filamentous bacteria causing bulking.

This project is 50% co-financed by CORFO through the Technological Contracts for Innovation financing program, developed in conjunction with the Curauma Biotechnology Center (PUCV).

Water Resources Management Line.

4. Study of the Deterioration of the Transmission and Distribution Networks of Potable Water. Started in 2016, the main objective of this project is to identify the relevant factors that affect the structural degradation of the transmission and distribution network of the following countries potable water and determine the characteristic curves of structural degradation over time of the network.

The expected results of this project are the improvement in the knowledge of the mechanisms that affect the deterioration of the infrastructure that allow the network managers to plan actions aimed at improving standards of service quality associated with the distribution networks, in particular water losses.

This project is financed by Aguas Andinas with the collaboration of Cetaqua Barcelona and CIRSEE.

5. Study of the degradation of sewerage networks. Started in 2017, the main objective of this project is to identify the relevant factors that affect the structural degradation of the sewerage network and to determine the characteristic curves of structural degradation of the network over time.

The expected results of this project are the improvement in the knowledge of the mechanisms that affect the deterioration of the infrastructure, this allows the network managers to plan actions aimed at improving service quality standards associated with the sewerage networks, in particular possible impacts on the environment and the population.

This project is financed by Aguas Andinas and has the collaboration of Cetaqua Barcelona.

6. Study of the Glacier Contribution to the Maipo River Basin - Phase I and Phase II. Initiated in 2017, this project aims to study and model the contribution of glaciers of different types to the runoff of the rivers of the upper Maipo River basin, including analysis of inter-annual variability, development of hydrological models, and studies of spatial and temporal transferability of parameters of hydro glaciological models. For Phase I of the project, the general objective is to establish the existing hydro glaciological studies and models applied in the upper basin of the Maipo River.

The expected results of this project are the development of a methodology for the transferability of glaciological parameters in time and space, and the development of a hydro-glaciological model of the Maipo river basin for water resources availability studies in various climate scenarios.

This project has the co-financing of Aguas Andinas, Sociedad del Canal del Maipo and the Maipo River Surveillance Board and the collaboration of the Foundation for Technological Transfer (UNTEC) of the University of Chile.

7. Study on Resilient Urban Hydraulic Infrastructure Management Models in Relation to Hydrological and Geological Hazards. Started in 2017, this project aims to study a methodology for urban hydraulic infrastructure management regarding potential hydrological and geological risks, characterizing the different elements and subsystems in their relationship with natural hazards in the Metropolitan Region of Santiago.

This project has the funding of Aguas Andinas and is part of a joint doctoral thesis between the University of Alicante and the University of Chile.

Cetaqua's Alliances/Memberships are listed below.

ALLIANCE/MEMBERSHIP	Detail
HUBTec Chile	Technology transfer platform that seeks to promote Chilean innovations and positively impact the country's economic and social development, increase productivity and diversify the Chilean economy. Cetaqua Chile belongs to the consortium as the Beneficiary Served.
Water Studies Research Network	This body is coordinated by the National Council of Innovation for Development (NCID), which brings together more than 25 water resources research centers and groups in Chile. Cetaqua Chile is a member of the network.
Universidad Técnica Federico Santa María	University whose mission is to create and disseminate new knowledge, and to train comprehensively qualified professionals in the scientific-technological field, to lead the development of the country and humanity. We are currently working with the Department of Chemical and Environmental Engineering on the characterization of sediments extracted from potable water from surface sources.
Curauma - PUCV Biotechnology Center	The Curauma Biotechnology Center is a Technology Center of the Pontifical Catholic university of Valparaíso that provides support for the analysis, evaluation, design and execution of projects related to processes and technologies involving biological activity: enzymatic processes, fermentation, biodegradation, use of organic waste, industrial waste, biomass production, genomics, and proteomics, among others. With Cetaqua, it collaborates in the Co digestion project by carrying out genetic tests, providing follow-up support in the determination of bio methane potential for inhibition tests. In the project CORFO 17COTE-72582 for the control of bulking, it works in the identification of genetic analysis of filamentous bacteria causing bulking and in the isolation of bacteriophages, performing cultures at laboratory scale.
Latina UC	The PCU Wireless Technologies Laboratory develops technological solutions for data measurement and transmission. With experience both in Chile and abroad, it collaborates with Cetaqua in the Glaciers project, designing and building glaciological and fluviometric stations to be installed in the study area.
Advanced Mining Technology Center (AMTC)	A world-class multidisciplinary research center whose objective is to transfer new technologies and train advanced human resources in response to the challenges of a mining industry that ensures well-being and development for Chile and the world. Cetaqua collaborates in the execution of the Glacier Project, carrying out the design of the measurement campaigns, terrain and support in the development of hydro glaciological models.
Sustainability and Climate Change Agency	Its mission is to promote the inclusion of the climate change and sustainable development dimension in the private sector and in the territories, through voluntary agreements, coordination with other public institutions, promotion initiatives and the implementation of programs and projects that contribute to the construction of a sustainable, resilient and low-carbon economy. The ASCC has sponsored the application of an R&D project to the FONDEF-IDEA funding program.
CNID National Council of Innovation for Development	An advisory body to the Presidency of the Republic that generates strategic guidelines to strengthen the contribution of science, technology and innovation (STI) to the country's development.
CONICYT	It is a public body that works in the planning of scientific and technological development, will promote and foster science and technology in Chile, focusing preferably on the economic and social development of the country. Cetaqua Chile is an RD body registered in CONICYT.
Voluntary Management Agreement in Cuenca	The Voluntary Basin Management Agreement (VBMA) is expressed in an Agreement between companies, competent public bodies and other organizations involved, to promote clean production and sustainable development in basins with productive activities, through successive agreements and voluntary commitments of actions aimed at achieving common objectives and goals. Cetaqua Chile has become an active member of the Agreement.
Maipo River Oversight Board	The Supervisory Board of the Maipo River, First Section and its tributaries is a private, non-profit organization that, in accordance with its bylaws, exercises the action granted to it by the Water Code, the purpose of which is to administer and distribute the waters to which its members are entitled, to exploit the works for common use and to carry out the other purposes entrusted to it by law. It may also build new works or improve existing ones. JVRM is one of the bodies interested in the glacier hydrology projects developed by the Center.
Maipo Canal Society	A society whose mission is to extract, transport and distribute the waters of the Maipo River efficiently and safely to its members, according to their rights; to create value in a sustained and sustainable manner through the development of activities and related services focused on water, and to promote the safety and development of its workers and the care of the environment. The MCS is one of the bodies interested in the glacier hydrology projects developed by the Center.

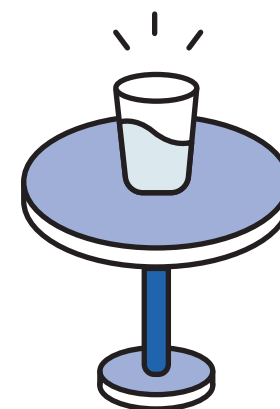
An aerial photograph of a city park, overlaid with a dark blue tint. The park features a winding river or canal that flows through the center. On either side of the water, there are large, geometric garden beds or terraces, some of which are filled with trees and shrubs. The overall layout is modern and planned. The text "PILLAR 7: WATER AND QUALITY OF LIFE" is centered over the image in a white, bold, sans-serif font.

PILLAR 7: WATER AND QUALITY OF LIFE

COMMITMENT

Promote the improvement in the quality of life of citizens and promote the creation of healthy environments.

We are firmly committed to contributing to the common good of Chilean society and the ecological wealth of its territory, promoting healthy habits in its citizens and facilitating the conservation and recovery of biodiversity.



As an expert in environmental services, the company is committed not only to providing quality service to its customers, but also to taking a leading role in the dissemination and research of the benefits of water, without neglecting the impacts that the organization can generate as a result of its operation, mainly in biodiversity, conserving natural ecosystems for a sustainable future.



Objectives

Objectives	SDGs	2022 Goals
1. Fostering Improvements in Citizens' Quality of Life.	3 GOOD HEALTH AND WELL-BEING 6 CLEAN WATER AND SANITATION 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• 100% compliance with the Plan for the dissemination of the food benefits of water. • 100% compliance with the Plan for the dissemination of the benefits of wastewater treatment. • Increase the number of water and health studies.
2. Preserve the biodiversity of ecosystems.	6 CLEAN WATER AND SANITATION 15 LIFE ON LAND	• 5 preservation / recovery of biodiversity projects.

2017 Highlights

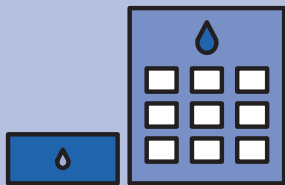
OBJECTIVE 1 TO IMPROVE THE QUALITY OF LIFE OF CITIZENS



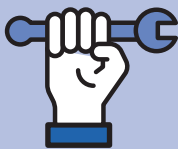
The contract with the Department of Hydraulic Works to participate in the Rural Potable Water Program was renewed for 2 years.



466,526 people benefited from the Rural Potable Water Program.



San Antonio arsenic treatment plant begins operations (Ch\$6.66 billion). Chamisero, under construction (14.9 billion) and under design, Quilicura expansion (estimated at \$1.67 billion).



100% achievement of critical potable water quality parameters in the Metropolitan Region



99.8% achievement of critical water quality parameters in the Los Lagos and Los Ríos Regions.

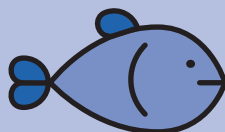


More than 1,250 up-to-date analytics for faucet water of the Metropolitan Region

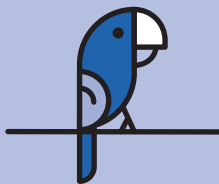


15 drinking fountains installed in the Metropolitan Park of Santiago

OBJECTIVE 2 PRESERVING THE BIODIVERSITY OF ECOSYSTEMS



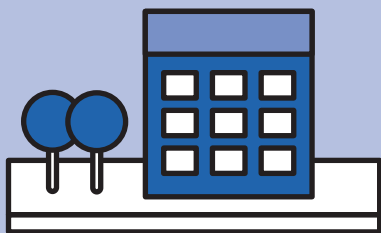
Small catfish, Chilean silverside and mosquito fish were the species recovered in the Mapocho River.



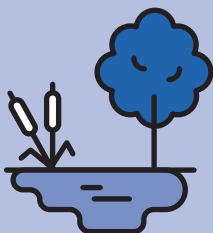
Planned release of a flock of 100 Tricahue parrots from the Cajón del Maipo Wildlife Rehabilitation Center.



5 voluntary biodiversity protection projects, in one of which two species of birds in conservation status are monitored.



\$325 million. Contribution to biodiversity in the Metropolitan Region. (2015-2017)



\$229 million. Contribution to biodiversity in the Valdivian Forest. (2015-2017)

The company works continuously to improve its processes in order to comply with the internally established objectives, which are more demanding than the current regulations, since the target set is 0 non-compliances.

During 2017, 459,984 water samples were taken for quality control purposes from the potable water network and treatment plants.

More than 1,250 quality analyses per day.

Water Quality

SDG 6
307-1



The Superintendence of Sanitation Services (SISS) is in charge of controlling that the providers of these services comply with the current regulations regarding the quality of potable water (NCh 409), guaranteeing that the water supplied to the population is fit for human consumption. The same applies to discharges to watercourses from biofactories and wastewater treatment plants (Decree DS90).

During the year, there were seven breaches of potable water quality in the water utility facilities of the Metropolitan Region, all of them in non-critical parameters.

In Aguas Andinas there were four non-compliance events in non-critical parameters in February, May, September and December, all of them due to over dosage of the fluorine parameter.

In Aguas Cordillera, there were two non-compliance cases in non-critical parameters. In the month of January, there was an ammonia anomaly and then, in March, another failure due to over dosage of fluorine.

Aguas Manquehue suffered a specific operational failure in the chlorination system of the Alto Lampa service in Colina, which was resolved within the time indicated by the SISS.

As for ESSAL, it displayed 30 breaches, most of which were concentrated in April in Puerto Montt, all of which were corrected with comprehensive plans for network washing and optimization of potable water treatment plants.

Category	QUALITY COMPLIANCE											
	Aguas Andinas			Aguas Cordillera			Aguas Manquehue			ESSAL		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Bacteriology	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Turbidity	92.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.2%	99.6%	97.5%
Free residual chlorine	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.7%	100.0%	100.0%	100.0%
Critical parameters	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.8%
Non critical parameters	99.8%	99.8%	99.4%	100.0%	100.0%	99.6%	100.0%	100.0%	100.0%	99.9%	99.6%	99.8%

Regarding the non-compliance of the Wastewater plants in the Metropolitan Region, including La Farfana, Mapocho-Trebal and local plants, 23 non-compliance cases occurred, of which 10 were due to concentrations of fecal coli forms higher than the standard.

While in ESSAL, there were a total of 242 breaches, 60% of which occurred at the Osorno and Los Muermos wastewater plants. In the case of Osorno, this was due to a failure that began in December 2016, which was reversed at the end of the first half of the year and remained vulnerable for the rest of the year. In the case of Los Muermos, the non-compliance was caused by the start-up of an extension of the plant, with the habilitation of a new treatment line, with a different disinfection treatment.

Subsidiary	Quantity	Parameter
Aguas Andinas and Metropolitan Region Subsidiaries	10	Fecal coli forms
	1	Free chlorine
	4	DBO ₅
	3	Total Kjeldahl Nitrogen
	5	Total suspended solids
ESSAL	190	Fecal coli forms
	31	Biochemical oxygen demand
	10	Total Kjeldahl Nitrogen
	1	Phosphorus (P)
	9	Total suspended solids
	1	Colorless methane

ARSENIC AND NITRATE ABATEMENT PLANTS



Arsenic and nitrate treatment plants are located in sectors where groundwater is the water resource; their objective is to reduce the content of these elements in the water extracted from wells to content below those established by the current water quality standard.

In the case of arsenic (north-eastern sector of the Greater Santiago), the presence of the element is of natural origin due to the local hydro geological characteristics. In the case of nitrate (western sector of Greater Santiago), the presence of the compound is linked to human activity and, in particular, to agriculture.

During 2017 we have worked on three facilities:

- **SAN ANTONIO.** The San Antonio Arsenic Treatment Plant, with a capacity of 500 l/s, has been built and started up. Its mission is to lower the concentration of arsenic in the water from the wells (maximum of 0.034 mg/l) below the value established in the standard (0.010 mg/l).

The investment has been \$6.66 billion

We would like to emphasize that this project has included the installation of a Pat type turbine in the pipeline that feeds the San Antonio tank, with the purpose of generating electricity for the plant's own consumption, in accordance with our commitment to self-sufficiency. The turbine generates 97 Kw.

- **QUILICURA.** In Quilicura there is a 100 l/s treatment plant and during 2017 we have developed the detailed engineering to expand it to a treatment capacity of 250 l/s. Expansion work will begin in 2018, with a planned investment of \$1.67 billion.

- **CHAMISERO.** In Chamisero, the construction of a new Potable Water Treatment Plant is being completed, the purpose of which is to meet the growing demand in the area. Water will be supplied from the Maipo River to Chamisero through the Batuco channel. The plant has a capacity of 500 l/s and is designed to treat the water from the nearby Lo Pinto wells, which contain arsenic. The investment made is \$14.9 billion.

Fostering Improvements in Citizens' Quality of Life

SDG 3, SDG 6, SDG 11, and SDG 12

Rural Potable Water

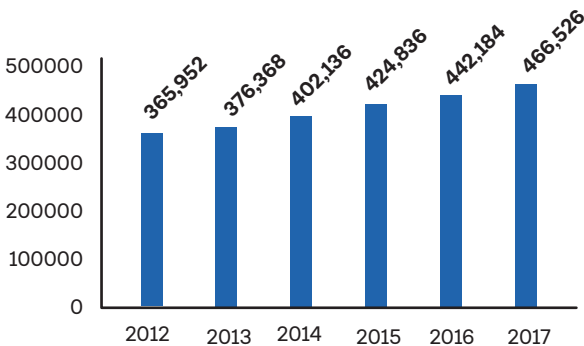
SDG 3, SDG 6, SDG 11, and SDG 12
203-2



The company carries out important work in rural areas, as active collaborators of the Rural Potable Water (RPW) program promoted by the Ministry of Public Works through the Department of Hydraulic Works (DHW).

During 2017, the company renewed the contract for two years, which includes providing technical, community, administrative and financial accounting advice to community organizations, as well as acting as a technical unit, with Aguas Andinas being responsible for carrying out engineering and construction studies for different towns.

NUMBER OF BENEFICIARIES OF THE RURAL POTABLE WATER PROGRAM



In 2017, the largest investment achieved by the Program in the Metropolitan Region was made, reaching \$11.5 billion, 65% more than the previous year, and directly benefiting more than 50,000 people. In addition, in all engineering works and designs, the following Citizen Participation meetings were carried out, counting 72 meetings with the communities during 2017.

In 2017, the new Law 20,998 on Rural Sanitation Services was enacted and will enter into force after the promulgation of the corresponding related regulation, which is being drafted.

Under this new framework, the company can be a strategic ally for the Water Administration and its new challenges, given its vast experience in resource management to promote the development and social inclusion of the most underprivileged areas.

In the area of community advisory services, 526 visits were made by the technical teams to rural communities, technical assistance was provided in 40 emergencies due to discontinuity, 4 training days were held and a new Regional Suppliers' Conference was held. Likewise, Aguas Andinas opened its training programs to rural communities and, for the first time, 4 RPW service workers graduated as Network Operators.

The work carried out in 2016 and 2017 made it possible to comply 100% with the Indicators of the agreement, highlighting that the leaders and workers who participated in the activities positively evaluated all the satisfaction surveys carried out by the Department of Hydraulic Works (grades >5).

Additionally, it is worth mentioning that the company's teams provide constant support in situations of water scarcity, through the development of engineering projects and construction of wells, commissioned and financed by the DHW, as well as through the supply of drinking water to the communities of Espinalillo, Rungue and Montenegro with water tank trucks from Aguas Andinas.

Year	Connections	RPW Services	New services	New connections
2017	116,632	402	41	6,086
2016	110,546	361	16	4,337
2015	106,209	345	7	5,675
2014	100,534	388	16	6,442

Hydration Points



This initiative consists of installing public water fountains in recreational areas to promote the health and quality of life of the Santiago residents.

In 2017 we installed 15 water troughs in the Metropolitan Park and in 2018 this proposal will be extended to municipal parks, such as Parque Forestal, Parque Araucano or Juan Pablo II.

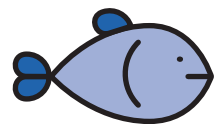


Preserving the Biodiversity of Ecosystems

SDG 6 and SDG 15

Biodiversity

SDG 6 and SDG 15
304-1, 304-2, 304-3



Aguas Andinas has operations in sites of high biodiversity value, where the company has worked on projects that contribute to the conservation, preservation and protection of the different species of their flora and fauna.

SITES WHERE BIODIVERSITY PROTECTION PROJECTS ARE CARRIED OUT IN THE METROPOLITAN REGION

Aguas de Ramón Natural Park

Since 2002, Aguas Andinas, together with CORFO, Cordillera Park and CONAF, have maintained an agreement that aims to foster the values of open-air living, environmental education, recreation, sports and nature conservation in the 36,000 hectare Aguas de Ramón Natural Park. Although the park is not a protected area of the Metropolitan Region, it has great value for biodiversity.

La Farfana Environmental Lake

Inside the La Farfana plant, you will find the 15 hectare environmental lake, home to several species of birds, which are conserved and protected by a 2013 agreement between Aguas Andinas and the Union of Ornithologists of Chile (UNORCH).

According to this year’s 2017 monitoring, the lake shows no major changes in the conformation and distribution of birds; the richness and abundance are similar to the previous year.

RICHNESS, ABSOLUTE AND RELATIVE ABUNDANCE OF BIRDS IN THE LA FARFANA ENVIRONMENTAL LAKE

Common name	Richness			Absolute abundance (#)			Relative abundance (%)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Ducks and Swans	10	10	10	191	102	115	56.18	41.30	49.57
Hérons	4	5	3	8	6	8	2.35	34.01	10.34
Southern lapwing	1	1	1	3	5	4	0.88	2.02	1.72
Seagulls	2	2	2	41	84	24	12.06	34.01	10.34
Grebes	3	4	3	7	9	8	2.06	3.64	3.45
Coots	4	4	3	89	36	70	26.18	14.57	30.17
Yeco ducks	1	1	1	1	5	2	0.29	2.02	0.86
Guinea Fowl		0	1	0	0	1	-	-	0.43
Stilt							-	-	-
Total	25	27	24	340	247	232	100.00	100.00	100.00

Absolute richness: maximum value of species counts in the year. Absolute abundance: annual average.

El Canelo Basin

Reaching 20 hectares inside the Maipo River Gorge, there is The El Canelo sub-basin, a natural area rich in vegetation and birds, located in the potable water source of the Estero El Canelo.

Work in this area began in 2015, with a study of flora and vegetation in the lower part of the basin. In 2016 and 2017 studies continued, including the middle basin and extending the study to fauna.

The objective is to identify and know the richness of the site in terms of biodiversity and to be able to propose a protection plan, taking into account the relationship with the water quality of the estuary.

Melipilla Environmental Lake

The Melipilla Lake, with 4.3 hectares, is an old process lake, which is located on the site of the Melipilla Sewage Treatment Plant, currently not operational and maintained as an artificial pond. At the site, the company has been monitoring migratory birds since 2014.

In general terms, in 2017 it is observed that the lake does not display variations in abundance or species.

Comprehensive Bio-solids Management Center, Rutal

The Comprehensive Bio-solids Management Center - Rutal is located 54 kilometers north of Santiago and covers a perimeter of 2,000 hectares. On the site, the company has initiated ecosystem characterization studies, which have provided relevant information on the components of an area characterized by being in a semi-arid Mediterranean region.

RICHNESS, ABSOLUTE AND RELATIVE ABUNDANCE OF BIRDS IN THE MELIPILLA LAKE

Common name	Richness			Absolute Abundance (#)			Relative Abundance (%)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Ducks and Swans	7	6	6	288	235	220	81.59	77.81	83.65
Herons	3	3	3	3	2	3	0.85	0.66	1.14
southern lapwing, seagulls, plover Stilts; Sandpiper	5	6	7	29	5	11	8.22	1.66	4.18
Grebe	0	0	1	6	2	2	1.70	0.66	0.76
Coots	4	5	4	27	57	27	7.65	18.87	10.27
Cormorants	0	1	0	0	1	0	-	0.33	-
Total	19	21	21	353	302	263	100.00	100.00	100.00

Absolute wealth: maximum value of species counts in the year. Absolute abundance: annual average.
In 2015, 3 monitoring campaigns were carried out
In 2016 and 2017, 4 monitoring campaigns were conducted each year

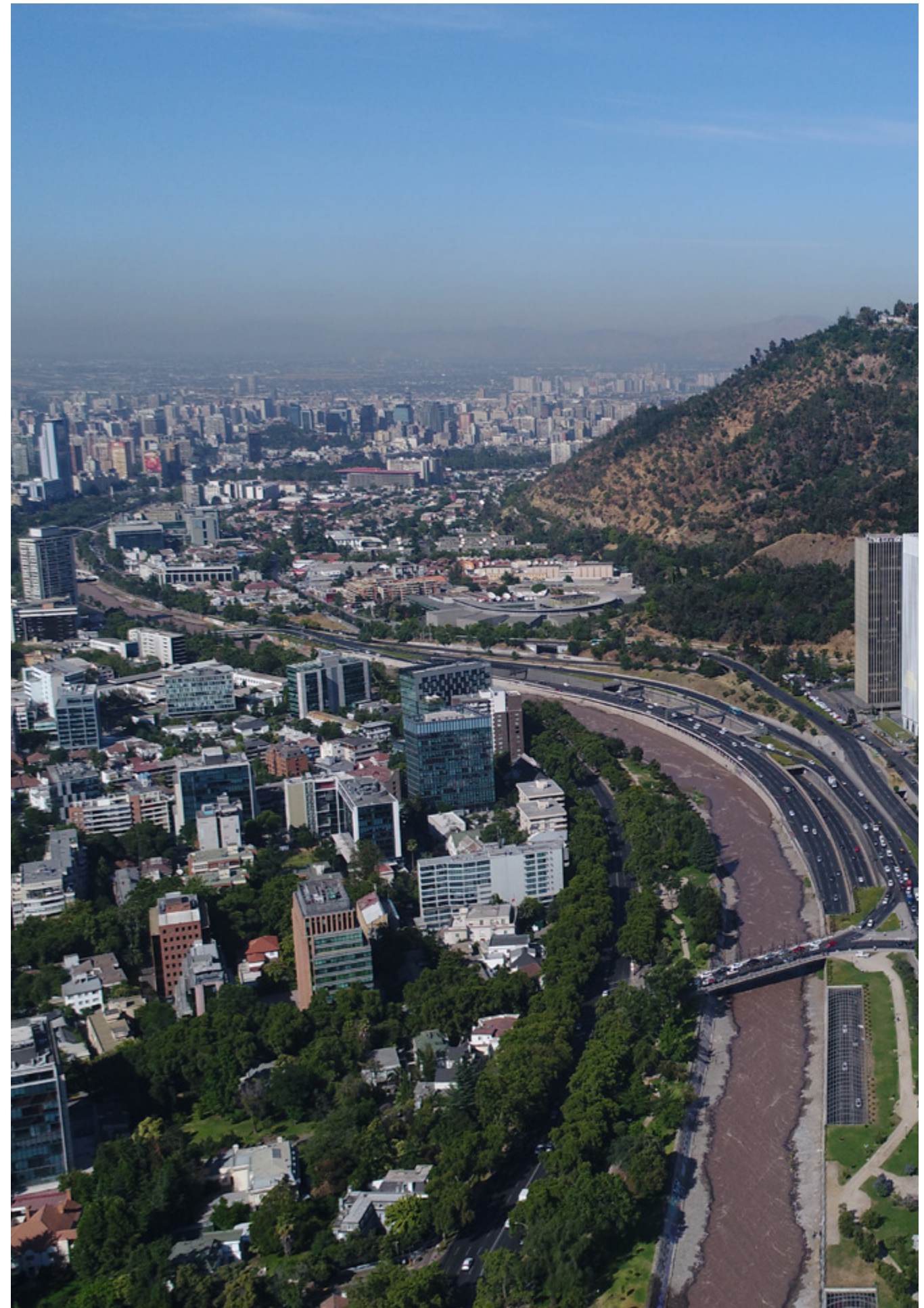
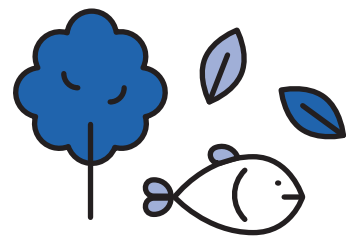
SDG 15
304-4

Of the species present in the lake, 2 are in conservation status. The first is the Spoon Duck, a bird of an inadequately known category and the second is the Gargantillo Duck, a rare category bird.

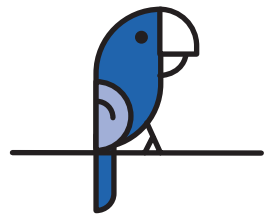
Recovery of the Biodiversity in the Mapocho River

After fulfilling the objective of cleaning up 100% of the water of the Mapocho River in 2013, this year Aguas Andinas published the results of the first ecological study carried out with the purpose of quantifying and measuring the impact of the river water sanitation effort on the biodiversity of the riverbed.

The study revealed that life returned to the Mapocho River when it detected the presence of small catfish, Chilean silverside and mosquito fish in the river, near the Padre Hurtado district.



Protection and Recovery of the Tricahue Parrot in the Central Area of the Country



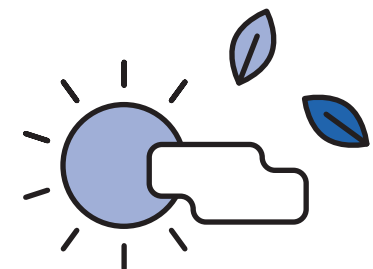
The Tricahue Parrot (*Cyanoliseus patagonus bloxami*) is one of the 4 typical species of parrots in Chile, being the largest and most colorful species that exists in our country.

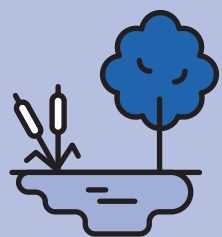
Unfortunately, it has suffered severe population declines and is now classified as Endangered for the III and IV Region and Vulnerable for the VI and VII Region. This situation is due to hunting, as well as to the destruction and loss of their habitat, illegal trade and illegal possession as pets.

Currently, the Wildlife Rehabilitation Center (WRC) of the NGO National Committee for the Defense of Wildlife (NCDW), located in the Cajón del Maipo, is the main shelter for this species. There they receive parrots, both voluntarily submitted as well as confiscated by the Agricultural and Livestock Service (ALS) due to illegal possession, and also those found wounded in the natural environment. These individuals enter a rehabilitation program, which seeks to form cohesive and functional flocks with the ultimate goal of reintegrating them into their natural habitat.

Aguas Andinas, under the framework of the construction of the Pirque emergency mega tanks, submitted as a voluntary compensation for minor biodiversity loss (felling of agricultural trees), the participation in this project, which consists of reinserting a tricahue parrot flock (approximately 100 specimens) in its habitat, thus contributing to the protection and recovery of the species. In Chile, it will be the first experience of the formation and release of a Tricahue parrot flock.

Aguas Andinas is participating in the construction of a large cage that will allow the parrots to exercise their flight and increase their physical resistance, which is necessary for them to be able to adapt to the natural environment. In addition, it makes it possible to strengthen the social interaction and the exercise of leadership that a flock requires for its strength and ability to survive in the wild. The release of the flock is planned for the first half of 2018.





SITES WHERE BIODIVERSITY PROTECTION PROJECTS ARE CARRIED OUT IN THE SOUTHERN AREA

El Boldo and Bellavista Basins

The El Boldo estate, owned by ESSAL, covers an area of 185 hectares, located in the Coastal Mountain Range, in the so-called “Selva Valdiviana” (Valdivian Jungle), very close to the Alerce Costero National Park, where the Alerce (*Fitzroya cupressoides*), a species declared a Natural Monument, is conserved and preserved. The high biodiversity and, in particular, the high endemism of the Costa de Valdivia mountain range, has made it an internationally recognized priority site for biodiversity conservation.

Due to the anthropogenic deterioration of the land, since 2013 ESSAL has had a tripartite agreement with the Municipality of Corral and the National Forestry Corporation of the Los Ríos Region (CONAF) to restore, conserve and protect the water-producing basin of the “El Boldo” property.

To date, 45 hectares have been restored with native species of the Evergreen Forest type, and permanent protection actions have been undertaken with a property caretaker. To date, investment in planned activities since 2015 has been close to \$195 million.

In addition, work is being carried out on the Bellavista Estate, located in the Paillaco district, to submit forest management plans to the competent authority. The objective is to ensure the continuous supply of water to the basin, both in volume and quality. To date this has meant an investment of \$94 million.

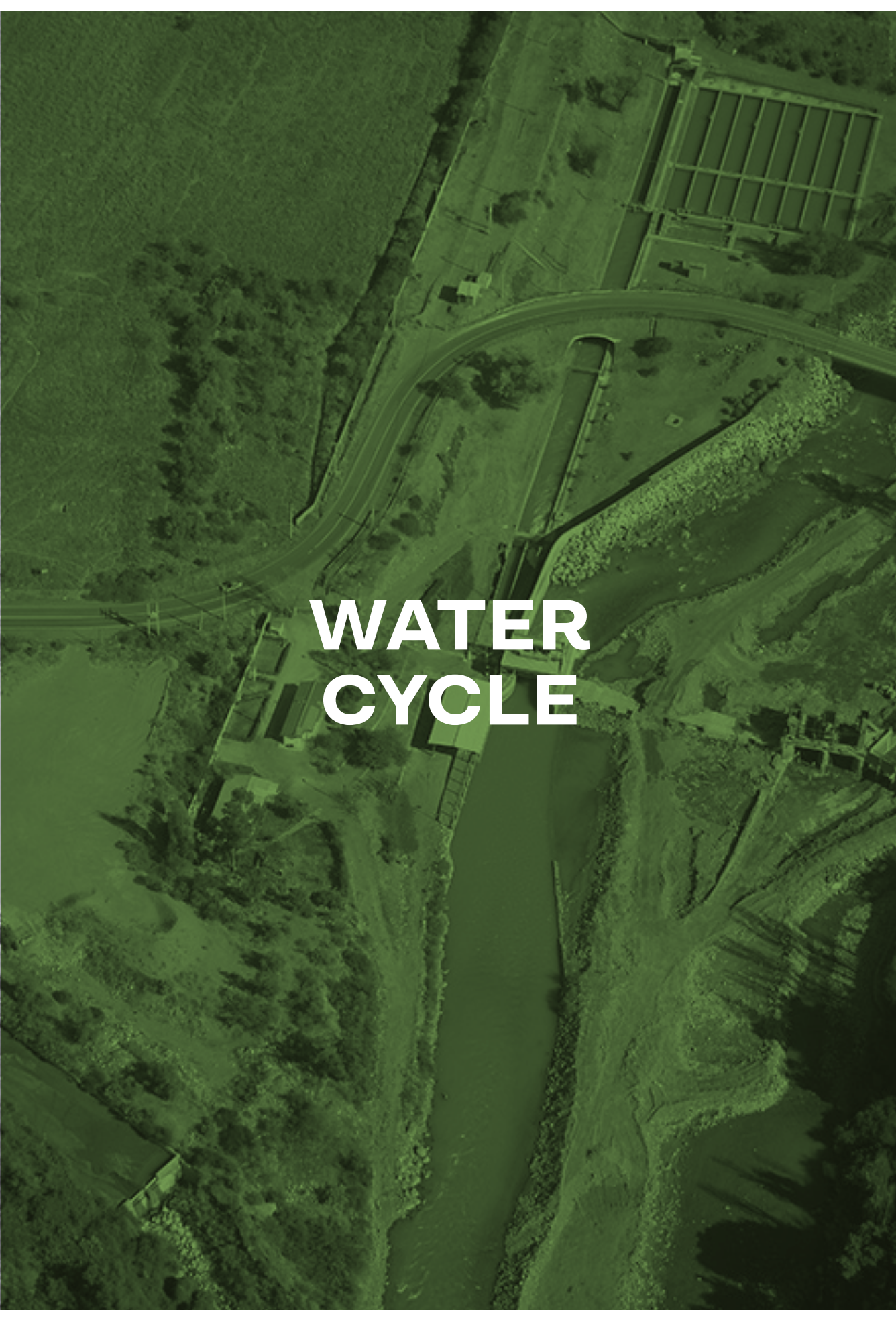
Coastal Valdivia Reserve

Another initiative that is being carried out in the Municipality of Corral is the one promoted by the Valdivian Coastal Reserve, owned by the NGO The Nature Conservancy (TNC), to preserve vast expanses of the Valdivian rainforest, where a restoration program is being developed, harvesting introduced forests and reinserting plantations with native species of the area. In addition, a community-driven native forest conservation initiative is being carried out in the vicinity of the Futa River.

To date, 45 hectares have been restored with native species in the Boldo and Bellavista basins.

A photograph of two industrial workers in safety gear (hard hats, safety glasses, and high-visibility vests) walking across a paved area. In the background, there is a large, curved industrial structure, possibly a storage tank or silo, and some outdoor equipment. The entire image has a green color overlay. The text "OPERATIONAL DATA" is centered over the image in white, bold, sans-serif capital letters.

OPERATIONAL DATA



WATER CYCLE

The delivery of environmental services provided by the company involves the comprehensive management of the water cycle and of the resources produced from the by-products of the treatment of potable water and wastewater.

This management includes the processes of catchment, production and distribution of potable water, as well as the collection of wastewater and its treatment, transforming this waste into resources for all (clean water, quality air, energy and gas, and bio-solids).

Clients



Clients are a fundamental part of the sustainability of the Aguas Andinas business, for which we strive to provide a continuous and quality service, trying to generate positive impacts on the environment and to mitigate the nuisances and inconveniences that our service and infrastructure works can cause to both customers and city inhabitants as much as possible, understanding that customers of water utility services, are also inhabitants of the cities we serve.

Thus, customer management not only involves the Customer Service Department, which has the role of serving their needs and requirements, but that the entire company is involved in delivering the service that Aguas Andinas is committed to providing.

Potable water and sewerage customers

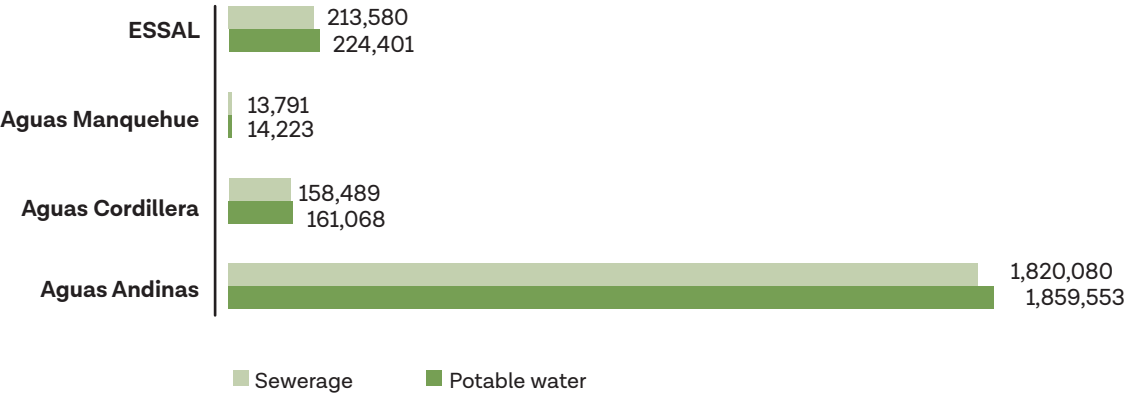
The customers of the regulated companies are divided into two groups of services, potable water and sewerage.

At the end of 2017, the Aguas Group had 2,259,245 potable water customers and y 2,205,940 Sewerage customers, which represents an increase of 2% when compared to 2016, for both cases.

EVOLUTION OF THE NUMBER OF POTABLE WATER AND SEWERAGE CUSTOMERS

Customers of	2013	2014	2015	2016	2017
Potable water	2,039,298	2,096,999	2,149,673	2,213,869	2,259,245
Sewerage	1,999,419	2,045,634	2,096,347	2,160,473	2,205,940

N° OF CUSTOMERS BY WATER UTILITY COMPANY



On the other hand, it is possible to classify potable water customers according to whether they are residential, commercial, industrial or other type of customers, the former being the most significant.

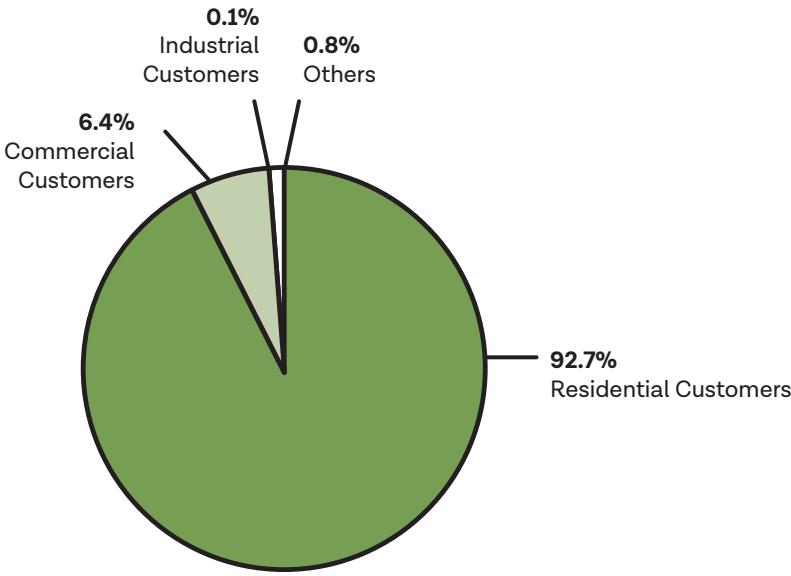
By 2017, 45,376 new customers were added to the potable water network of the Aguas Group, with the municipalities of Estación Central (+22.5%), Lampa (+11.1%) and Independencia (+7.8%) recording the largest increases in the metropolitan region.

While the ESSAL concession area in the municipalities of Puerto Varas (+9.8%), Puerto Montt (+3.1%) and Osorno (+2.0%) where the company experienced the largest growth in customer numbers.

In 2017, a new model of customer service territorial management was implemented, dividing the Metropolitan Region into two macro-zones, the northern and southern zones, modifying the old territorial structure of four zones and establishing new operational centers.

Under the new model, there is a zone manager who must respond to customer requests in his area, generating greater fluidity in territory management.

CLASSIFICATION OF POTABLE WATER CUSTOMERS 2017



Catchment



The catchment of water resources is the first step in the process of the comprehensive water cycle management.

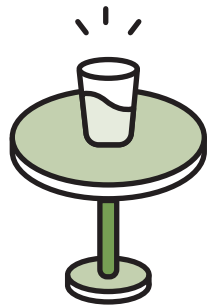
Aguas Andinas for regulated companies in the Metropolitan Region, catches raw water from primary and secondary sources. Primary sources correspond mainly to surface sources, such as the Maipo and Mapocho rivers, which represent about 86% of the 2017 collection.

The secondary sources are the natural aquifers that cross the underground of the concession area. These secondary sources correspond to 14%. and are made up of 201 groundwater wells and drains that extract water from 3 aquifers.

Water catchment (million m³/year)	Regulated Companies in the Metropolitan Region (Aguas Andinas, Aguas Manquehue and Aguas Cordillera)						ESSAL					
Source	2015	%	2016	%	2017	%	2015	%	2016	%	2017	%
Surface water	685.1	85.90%	681.8	87.00%	689.2	85.70%	20.62	33.86%	24.51	35.50%	21.52	35.50%
Underground water	112	14.00%	101	12.90%	114	14.20%	40.28	66.14%	39.99	64.50%	39.08	64.50%
Municipal water supply or from other water companies	0.5	0.10%	0.6	0.10%	0.6	0.10%	0	0.00%	0	0%	0	0%
Total	797.6	100.00%	783.4	100.00%	803.8	100.00%	60.9	100.00%	64.5	100.00%	60.6	100.00%

Source significantly affected in the Metropolitan Region	Annual volume of catchment 2015 (m³)	% of water extracted from the total flow (2015)	Annual volume of catchment 2016 (m³)	% of water extracted from the total flow (2016)	Annual volume of catchment 2017 (m³)	% of water extracted from the total flow (2017)
Maipo River	582,201,262	26.43%	537,616,589	15.73%	552,376,256	17.86%
Mapocho River	32,143,767	28.41%	44,038,008	28.92%	27,711,565	23.28%
Arrayán Estuary	6,004,160	23.38%	9,629,617	25.61%	10,809,271	35.18%
TOTAL	620,349,189		591,284,214		590,897,092	

Production



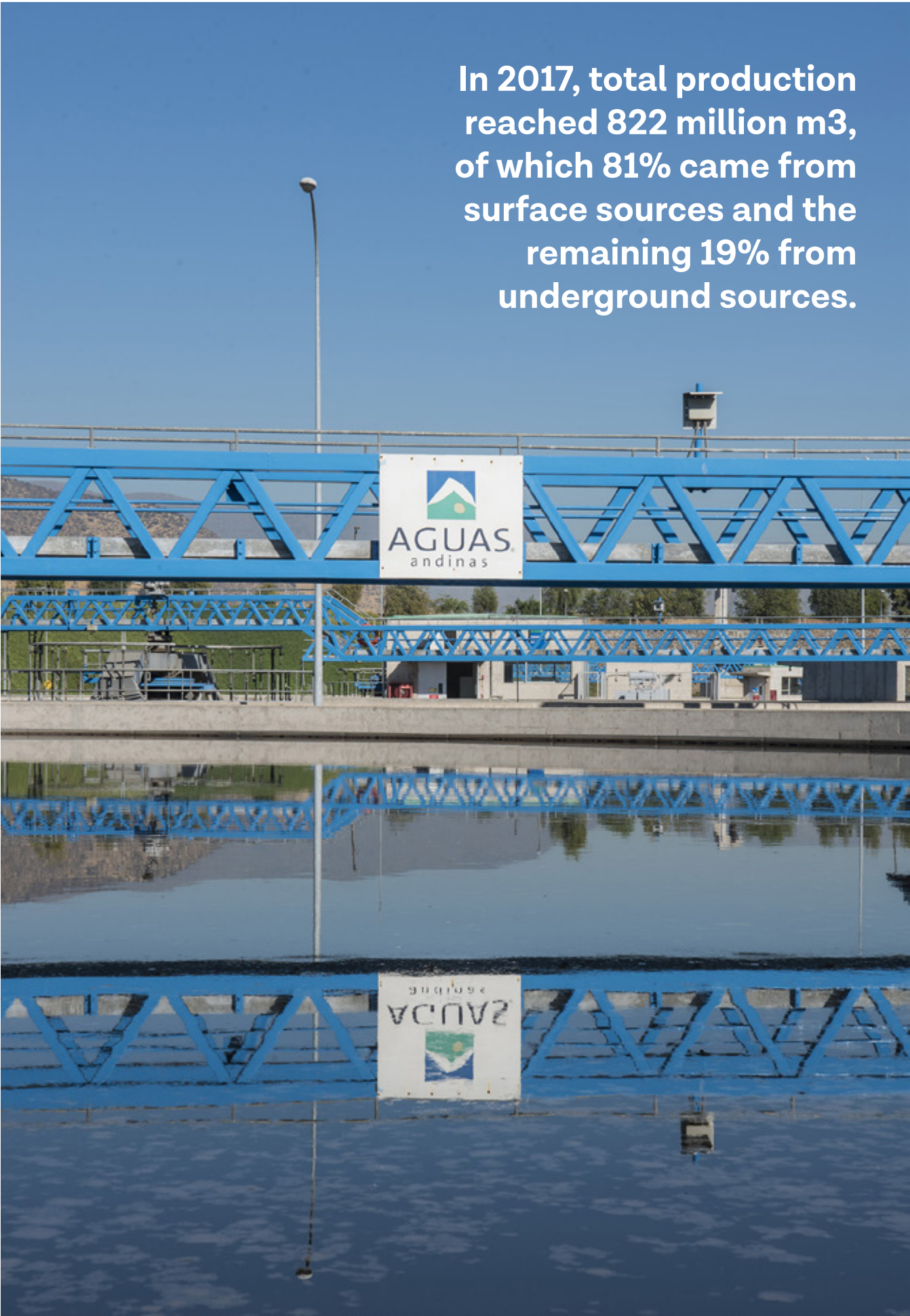
The second stage of the water cycle involves the production of potable water, which in Santiago is carried out mainly through the Las Vizcachas complex and the La Florida’s potable water production biofactory. In addition to these, 15 other smaller potable water production facilities support the process, which include those belonging to Aguas Cordillera and Aguas Manquehue. In the case of ESSAL, there are 24 potable water production facilities.

	Volume of water produced (m³)	Number of facilities
Aguas Andinas	666,232,130	16
Aguas Cordillera	80,286,138	8
Aguas Manquehue	15,260,785	1
ESSAL	60,284,000	24
Total	822,063,053	49

POTABLE WATER PRODUCTION IN MILLION M³

Source	2015	%	2016	%	2017	%
Surface water	670.4	81%	667.5	83%	668.32	81%
Groundwater	153.5	19%	141.5	17%	153.78	19%
Total	823.9	100%	809.0	100%	822.1	100%

In 2017, total production reached 822 million m3, of which 81% came from surface sources and the remaining 19% from underground sources.



Distribution



The water distribution process includes the transport and distribution of potable water from the point of departure of the treatment plants to the final customer. The infrastructure involved includes the aqueducts, regulation tanks, adductions, lifting plants, pumping stations, feeders and the entire potable water distribution network to which the customer is connected.

For this, it consists of 7 aqueducts with a total length of 70 km, and 262 regulation tanks with a storage capacity of 1,317,850 m³ in the Greater Santiago area, while in ESSAL it has 120 tanks with a storage capacity of 73,060.6 m³ .

The water is transported through a network of 13,258 kilometers in the Metropolitan Region and 2,329 kilometers in the ESSAL concession area.

Potable water billed to customers (million m³)	2015	2016	2017
Aguas Andinas	445,370	452,213	457,410
Aguas Manquehue	13,913	14,316	14,721
Aguas Cordillera	66,314	64,897	64,219
ESSAL	36,590	37,773	38,696
Total	562,187	569,199	575,046

Company	N° of Tanks	Volume
Aguas Andinas	171	1,179,100
Aguas Cordillera	58	100,550
Aguas Manquehue	33	38,200
ESSAL	120	73,061
Total	382	1,390,911

Collection, Treatment and Restitution



Collection and treatment is the process of collecting wastewater from households, commercial locations and industrial facilities and taking it to biofactories and water treatment plants to return the water to the natural watercourses and transform the by-products into resources (bio-solids, energy, and biogas). This process is based primarily on the collection network, which by the end of 2017 measured 10,763 km in length in the Metropolitan Region, and 2,060 kms. in the ESSAL concession area.

Length of the network (km)	
Aguas Andinas	9,654
Aguas Cordillera	919
Aguas Manquehue	190
ESSAL	2,060
Total	12,823

After collection, the water is diverted to the treatment plants for decontamination and subsequent restitution to the environment. The company also transforms the sub-products of the treatment process into valuable resources: biosolids, energy, and biogas.

In total there are 14 facilities in the Metropolitan Region and 25 in the Los Lagos and Los Ríos Regions.

In 2017, 595 million m³ were treated at the company’s plants, led by the La Farfana and Trebal plants, with 46% and 37%, respectively.

Volume of treated water (Million m³)	2015	2016	2017
La Farfana	284.9	283.5	275.8
Trebal-Mapocho	197.6	209.2	222.4
Other treatment facilities in the Metropolitan Region	31.7	32	35.6
ESSAL	57.6	55.1	62
Total	571.8	579.8	595.9

By 2013 the company achieved its goal of treating 100% of Santiago’s wastewater, bringing the country’s capital to standards that only a few cities in the world have.

303-3 WASTEWATER TREATMENT

Today, both Aguas Andinas and ESSAL treat wastewater and then return it clean to its natural waterways. However, 17 years ago, the environmental reality of Santiago was totally different, at that time only 3.6% of the wastewater was treated, and enteric diseases were common because the region’s agricultural areas were irrigated with the polluted water from the Mapocho River.

By 2013 the company achieved its goal of treating 100% of Santiago’s wastewater, bringing the country’s capital to standards that only a few cities in the world have. This has meant the recovery of the ecosystems of the basin and of the Mapocho River itself for the citizens and its surrounding areas.

At the national level, wastewater treatment is also carried out at the national level and has increased considerably, leading to the gradual decontamination of both marine and inland watercourses. Currently, 100% of the wastewater collected from the national urban population is treated in the WWTP, this guarantees that the water that is returned to the natural courses is safe, allowing the completion of the water resource cycle and the development of its ecosystem services.

In regulatory terms, the WWTP are supervised by the Superintendence of Sanitation Services (SISS), the body in charge of guaranteeing that the treatment process and water discharges are carried out in accordance with current regulations.

THE VOLUME OF WASTE WATER TREATED BY REGULATED COMPANIES ¹⁷

	2015	2016	2017
Total volume of treated water (m³/year)	514,251,147	580,815,398	560,184,705
Total volume of recycled/ reused (m³/year)	3,431,604	3,451,922	3,861,308
Percentage of water recycled/ reused	0.67%	0.59%	0.69%

Of the total wastewater treated in 2017, 0.69% was reused as industrial water and for irrigation at the Mapocho Trebal and Farfana plants. In the case of ESSAL, no water was reused during 2017.

¹⁷ The treated water data was recalculated. Until the 2016 sustainability report, only treated water used for internal irrigation of large plants was included.



ABOUT THIS REPORT

102-31, 102-32, 102-49, 102-50, 102-51, 102-52, 102-54

The 13th Aguas Andinas S.A. Annual Sustainability Report has been prepared in accordance with the new GRI (Global Reporting Initiative) Standards: Comprehensive option. This document provides an account of the economic, social and environmental management of the company during the period from January 1, to December 31, 2017, and represents the Communication on Progress towards compliance with the ten principles of the United Nations Global Pact in the areas of human rights and labor standards, the protection of the environment and the struggle against corruption.

Likewise, for the second consecutive year, the company wanted to account for the organization's contribution to the United Nations' Sustainable Development Goals (SDGs) by means of this document, which can be seen throughout the report, with references to SDGs to the extent that there is a specific contribution from Aguas Andinas to their achievement.

The report was reviewed by corporate managers and members of the Aguas Andinas Board of Directors and has been externally verified by Deloitte Chile.

102-45 COMPANIES INCLUDED

For the second consecutive year, Aguas Andinas S.A.'s sustainability report presents consolidated information on environmental, economic and social management of all the companies that make up the company, including the four following regulated companies: Aguas Andinas, Aguas Cordillera S.A. and Aguas Manquehue S.A., and Empresa de Servicios Sanitarios de Los Lagos S.A. (ESSAL), which operates in the regions of Los Ríos and Los Lagos. Also, the non-regulated subsidiaries included are: Ecoriles S.A., Análisis Ambientales S.A. (ANAM), Gestión y Servicios S.A. and Aguas del Maipo S.A. This effort has allowed the company to obtain information and be accountable for the management of the group's sustainability issues, moving towards the consolidation of a sustainability information management system.

During 2017, there were no significant changes in the ownership nor in the location of the company.



Materiality

At the end of 2017 and the beginning of 2018, the materiality process for the Aguas Andinas’ 2017 sustainability report was carried out, taking as a reference the GRI Standards, the material issues of the 2016 report, the pillars of the “Santiago deserves a 7” corporate strategy and the sustainability questionnaires that the company received during 2017, including those provided by RobecoSAM, VigeoEiris, FTSE4Good, among others.

To update the company’s material issues, the following activities were carried out:

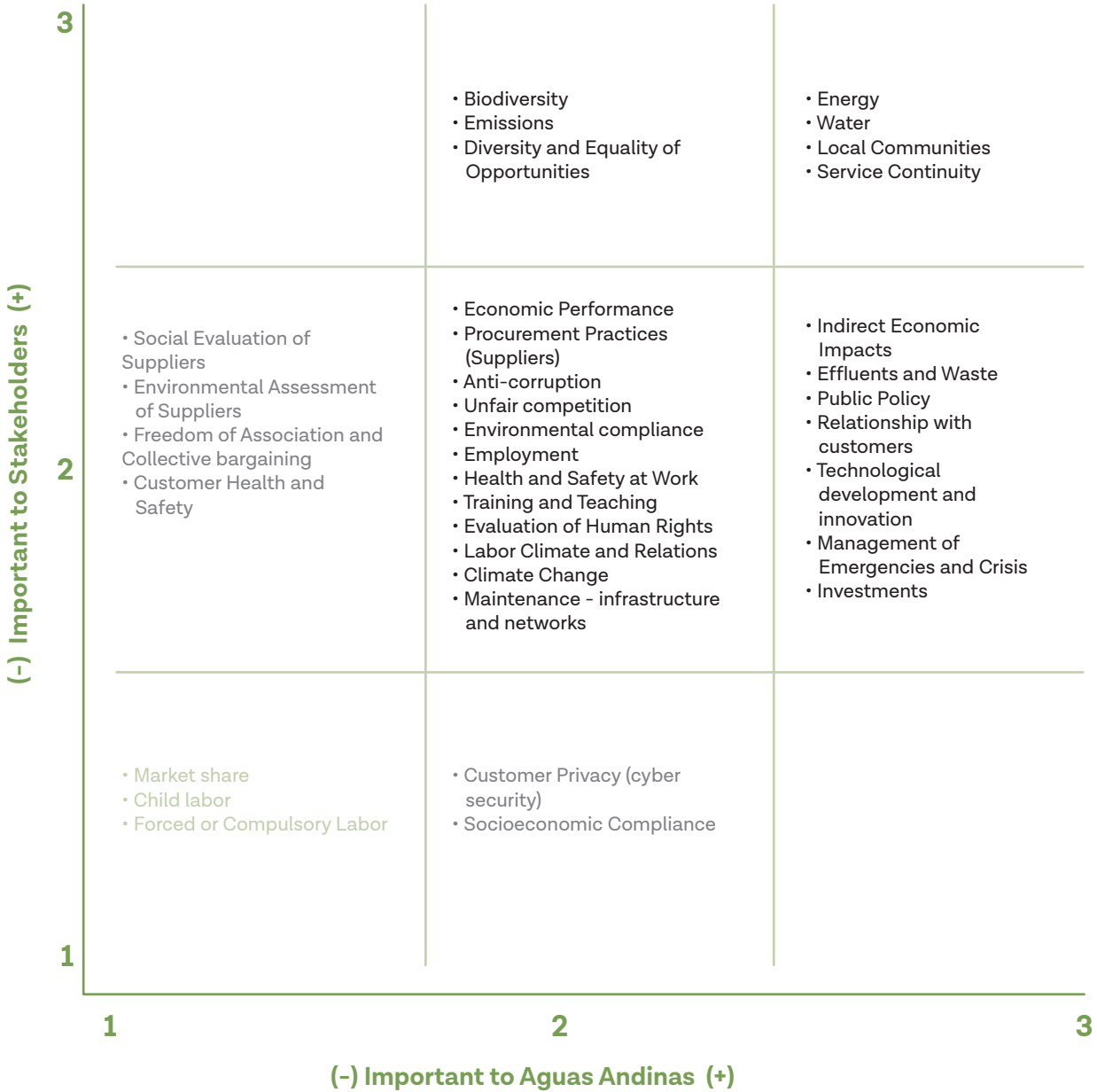
- In-depth interviews with top executives.
- 2017 Press Review.
- Analysis of the international sustainability context.
- Analysis of the national sustainability context.
- Benchmark of sustainability reports and integrated reports from industry leaders (5).
- Analysis of sustainability questionnaires.

For each source of information reviewed, the material issues were identified and a point was given to the material issues for each mention made of them in the primary and secondary sources analyzed. In this way, the materiality matrix was developed to identify the level of materiality, according to the following criteria:

- **Axis X**, Important issues to Aguas Andinas: they were identified by interviews with 11 senior executives of the company.
- **Axis Y**, Relevant issues for stakeholders.

By means of the process mentioned above, the following topics were determined relevant to the report were then classified according to the pillars of the “Santiago deserves a 7” corporate strategy.

MATERIALITY MATRIX



For the 2017 reporting process, local and foreign shareholders and investors have been defined as a priority stakeholder group.

Materiality

102-43, 102-46, 102-47, 102-48

- The following is a list of material topics and their coverage, understanding as:
- **Aguas Andinas:** consolidated companies of the group (regulated and non-regulated subsidiaries).
 - **Regulated Subsidiaries:** Aguas Andinas S.A., Aguas Cordillera S.A., Aguas Manquehue S.A. and ESSAL S.A.
 - **Non-Regulated Subsidiaries:** EcoRiles S.A., Gestión y Servicios S.A., ANAM S.A. and Aguas del Maipo S.A.

Stakeholder	Participation focus	Frequency
Water	Water	Regulated Subsidiaries
Energy	Energy	Aguas Andinas
Local Communities	Local Communities	Regulated Subsidiaries
Service Continuity (and resource availability)	Service Continuity (and resource availability)	Regulated Subsidiaries
Indirect Economic Impact	Indirect Economic Impact	Aguas Andinas
Economic Performance	Economic Performance	Aguas Andinas
Effluents and Waste	Effluents and Waste	Aguas Andinas
Public Policy	Public Policy	Aguas Andinas
Customer Relations	Stakeholder engagement Customer Privacy	Aguas Andinas
Technological development and innovation	Aguas Andinas	Aguas Andinas
Emergency and Crisis Management	Aguas Andinas	Regulated Subsidiaries
Investments	Direct economic impacts	Aguas Andinas
Biodiversity	Biodiversity	Regulated Subsidiaries
Emissions	Emissions	Aguas Andinas
Diversity and Equality of Opportunities	Diversity and Equality of Opportunities	Aguas Andinas
Procurement practices (Vendors)	Procurement practices (Suppliers)	Aguas Andinas
Anti-Corruption	Anti-Corruption	Aguas Andinas
Unfair Competition	Unfair Competition	Aguas Andinas
Environmental Compliance	Environmental Compliance	Aguas Andinas
Employment	Employment	Aguas Andinas
Health and Safety at Work	Health and Safety at Work	Aguas Andinas - Suppliers
Training and Education	Training and Education	Aguas Andinas
Human Rights Assessment	Human Rights Assessment	Aguas Andinas - Suppliers
Labor Climate and relations	Stakeholder engagement	Aguas Andinas
Climate Change	Economic Performance	Regulated Subsidiaries
Infrastructure and network maintenance	Own issue	Regulated Subsidiaries
Socio-economic compliance	Socio-economic compliance	Aguas Andinas
Freedom of Association and Collective Bargaining	Freedom of Association and Collective Bargaining	Aguas Andinas - Suppliers
Social Evaluation of Suppliers	Social Evaluation of Suppliers	Aguas Andinas
Environmental Evaluation of Suppliers	Environmental Evaluation of Suppliers	Aguas Andinas
Customer health and safety	Customer health and safety	Regulated Subsidiaries

REPORT OF INDEPENDENT REVIEW OF THE SUSTAINABILITY REPORT 2017
AGUAS ANDINAS

Miss
Carmen Lacoma
Sustainability Manager

Present.

We have reviewed the following aspects of the 2017 Sustainability Report of Aguas Andinas:

Scope

Limited security revision of the contents and indicators’ adaptation of the 2017 Sustainability Report according to the GRI Standards, related to the organizational profile and material indicators arisen from the materiality process developed by the Company following the GRI Standards related to economic, social and environmental dimensions.

Standards and verification processes

We have carried out our task according the guidelines of the International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC).

Our review has consisted in an enquiring process to different units and management areas of Aguas Andinas, which have been involved in the developing process of the report, as well as in the application of analytic procedures and checking tests, which are described in the following items:

- ✓ Meeting with the Aguas Andinas Sustainability area.
- ✓ Meeting with the team that led the materiality process.
- ✓ Analysis of the adaptation of the contents of the Sustainability Report 2017 recommended by the Standard GRI at its option Exhaustive compliance, and check that the verified indicators included in this report correspond to the protocols established by this standard and indicators are justified not applicable or not material.
- ✓ Meetings with the various areas of the company involved in providing information for the report.
- ✓ Verification, through checking tests of quantitative and qualitative information according to the GRI Standards indicators included in the 2017 report, and its adequate gathering from the data provided by Aguas Andinas information sources.

Conclusions

The verification process was based in the indicators declared in the materiality process carried out by the company. Once those indicators were identified, prioritized and validated they were included in the report. The reported and verified indicators appear in the following table:

102-1	102-2	102-3	102-4	102-5	102-6	102-7
102-8	102-9	102-10	102-11	102-12	102-13	102-14
102-15	102-16	102-17	102-18	102-19	102-20	102-21
102-22	102-23	102-24	102-25	102-26	102-27	102-28
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102-52	102-53	102-54	102-55	102-56	201-1	201-2
201-3	203-1	203-2	204-1	205-1	205-2	205-3
206-1	302-1	302-3	302-4	302-5	303-1	303-2
303-3	304-1	304-2	304-3	304-4	305-1	305-2
305-3	305-4	305-5	305-6	305-7	306-1	306-2
306-3	306-5	307-1	308-1	308-2	401-1	401-2
401-2	401-3	403-1	403-2	403-3	403-4	404-1
404-2	404-3	405-1	405-2	407-1	412-1	412-2
412-3	413-1	413-2	414-1	414-2	415-1	416-1
416-2	418-1	419-1				

Regarding the verified indicators, we can affirm that no aspect has been revealed that makes us believe that the 2017 Sustainability Report of Aguas Andinas has not been prepared according to the GRI Standard in the aspects indicated in the scope.

Responsibilities of the Directorate of Aguas Andinas and Deloitte

- The preparation of the 2017 Sustainability Report, as well as its content, is the responsibility of Aguas Andinas, which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- Our responsibility is to emit an independent report based on the applied procedures in our review.
- This report has been prepared exclusively in the interest of Aguas Andinas, according to the terms established in the Letter of Commitment.
- We have developed our work according to the Independence norms established in the Code of Ethics of the IFAC.
- The verification conclusions made by Deloitte are valid for the latest version of the Report in our possession, received on 04/10/2018.
- The scope of a limited security revision is essentially inferior to a reasonable audit or security revision, thus, we do not give any audit opinion about the 2017 Sustainability Report of Aguas Andinas.

Fernando Gaziano
Partner
May 18, 2018

GRI Index

102-55

Basic content	Title	Page	SDG N°	Global Compact Principle N°
PROFILE OF THE ORGANIZATION				
102-1	Back cover	2		
102-2	Company Profile	4		
102-3	Back cover	2		
102-4	Company Profile	4		
102-5	Company Ownership and Control	22		
102-6	Company Profile	4		
102-7	Company Profile	4		
	Achievements and highlights of the year	5		
102-8	Promote well-being and equal opportunities by creating inclusive and diverse environments	112	SDG 5, SDG 8	P.6
102-9	Relationship with Suppliers	36	SDG 1, SDG 8, SDG 10	
102-10	There have been no major changes in the organization and its supply chain			
102-11	Risk management	26		
102-12	2017 Memberships	90	SDG 17	
102-13	2017 Memberships	90	SDG 17	
STRATEGY				
102-14	Letter from our President	8		
	Letter from our CEO	9		
102-15	Risk management. In addition, this is discussed in greater detail on pages 62 and 63 of the 2017 Annual Report of Aguas Andinas (https://www.aguasandinasinversionistas.cl/~media/Files/A/Aguas-IR-v2/aguas-andinas-annual-report-2017.pdf)	26		
ETHICS AND INTEGRITY				
102-16	Our Vision, Mission, and Values	7		
	Code of conduct and complaints channel	35	SDG 16	
102-17	Code of conduct and complaints channel	35	SDG 16	

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CORPORATE GOVERNANCE				
102-18	Composition of the Board of Directors	23		
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102-25	Corporate Compliance	33	SDG 16	
102-26	Corporate Governance Best Practices	25		
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102-34	Corporate Governance Best Practices	25		
102-35	Equal Pay	115	SDG 5	P.6
102-36	Equal Pay	115	SDG 5	P.6
102-37	Equal Pay	115	SDG 5	P.6
102-38	The annual compensation ratio was defined as confidential by the company.			
102-39	The annual compensation ratio was defined as confidential by the company.			

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ARTICIPATION OF STAKEHOLDERS				
102-40	Stakeholder Review	93	SDG 17	
102-41	Unions	118	SDG 8	P.3
102-42	Stakeholder Review	93	SDG 17	
	Clients	147	SDG 11	
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102-43	Stakeholder Review	93	SDG 17	
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	Materiality	156		
	Climate	116	SDG 8	
102-44	Stakeholder Review	93	SDG 17	
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REPORTING PRACTICES				
102-45	Company profile	4		
	Companies Included	154		
102-46	Materiality	156		
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102-48	Destination of energy production from biofactories	83		
	Materiality	156		
102-49	No significant changes in the preparation of the report			
102-50	About this report	153		
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Water	MA	Catchment	149	SDG 6	P.7, P.8 and P.9
	303-1	Catchment	149	SDG 6	
	303-2	Catchment	149	SDG 6	
	303-3	Wastewater treatment	152	SDG 3, SDG 6 and SDG 15	
Energy	MA	Energy consumption	79	SDG 7	P.7, P.8 and P.9
	302-1	Energy consumption	79	SDG 7	
	302-2	Aguas Andinas does not have information regarding the consumption of energy outside of the organization.			
	302-3	Energy consumption	81	SDG 7	
	302-4	Energy consumption	81	SDG 7, SDG 13	
	302-5	Energy consumption	81	SDG 7	
Local Communities	MA	Objective 3. Contribute to local development	101	SDG 10, SDG 4, and SDG 11	P.1 P.2
	413-1	Competitive funds	102	SDG 8, SDG 10	
	413-2	Hello neighbor line 600 600 3000	102	SDG 3	
Service Continuity (and Availability of the resource)	MA	Resilience to Climate Change	45	SDG 6, SDG 11, SDG 13	P.7, P.8 Y P.9
	Own	2016 – 2030 Draught and climate change plan	45	SDG 6, SDG 11, SDG 13	
Economic performance	MA	Economic performance	30	SDG 8	P.3
	201-1	Economic performance	30	SDG 8	
	201-2	Resilience to Climate Change	45	SDG 6, SDG 11, SDG 13	
	201-3	Unions	118	SDG 8	
Indirect economic impacts	MA	Safety and Emergency Work Plan	47	SDG 6, SDG 9, SDG 11	P7
	203-1	Hydrological Reserves	51	SDG 6, SDG 9, SDG 11, SDG 13	
		Hydraulic Efficiency	52	SDG 6, SDG 9, SDG 11, SDG 12, SDG 13	
	203-2	Rural potable water	138	SDG 3, SDG 6, SDG 11 and SDG 12	
Effluents and waste	MA	Achieve 0 Waste by Favoring the Reuse and Recovery of Residues, Converting them into Secondary Raw Materials a Proactive, Permanent and Regulated Relationship.	84	SDG 6, SDG 11, SDG 12, SDG13	P.7, P.8 Y P.9
	306-1	Discharges	86	SDG 6	
	306-2	Waste management	85	SDG 12	
	306-3	Spills	87	SDG 6	
	306-5	Discharges	86	SDG 6	

Material Issue	General content	Title or answer	Page	SDG N°	Global Compact Principle N°
Public policy	MA	Code of conduct and complaints channel	35	SDG 16	
	415-1	The company has a policy of not funding political campaigns.			
Technological development and innovation	MA	Promote Open Innovation for the development of sustainable solutions	128	SDG 6, SDG 9	
	Own	Promote Open Innovation for the development of sustainable solutions	128	SDG 6, SDG 9	
Emergency and crisis management	MA	Resilience to Climate Change	45	SDG 6, SDG 11, SDG 13	
	Own	Mass service interruptions	46		
Biodiversity	MA	Biodiversity	140	SDG 6, SDG 15	P.7, P.8 and P.9
	304-1	Biodiversity	140	SDG 6, SDG 15	
	304-2	Biodiversity	140	SDG 6, SDG 15	
	304-3	Biodiversity	140	SDG 6, SDG 15	
	304-4	Biodiversity	141	SDG 6, SDG 15	
Emissions	MA	GHG Emissions	73	SDG 13	P.7, P.8 and P.9
	305-1	GHG Emissions	73	SDG 13	
	305-2	GHG Emissions	73	SDG 13	
	305-3	GHG Emissions	73	SDG 13	
	305-4	GHG Emissions by sector	73	SDG 13	
		GHG Emissions	75	SDG 13	
	305-5	GHG Emissions	73	SDG 13	
	305-6	Refrigerant gases	76	SDG 13	
	305-7	Other emissions	76	SDG 13	
Diversity and Equality of Opportunities	MA	Gender equality and Work-Life Balance	114	SDG 5	P.6
	405-1	Promoting Well-Being and Equal Opportunities by Creating Inclusive and Diverse Environments	112	SGD 5, SGD 8	
	405-2	Equal Pay	115	SDG 5	
Procurement practices (Suppliers)	MA	Support the Development of Socially and Environmentally Responsible Suppliers	36	SDG 1, SDG 8, SDG 10	
	204-1	Supplier categorization	37	SDG 1, SDG 8, SDG 10	
Anti-corruption	MA	Corporate compliance	33	SDG 16	P.10
	205-1	Crime prevention model	34	SDG 16	
	205-2	Crime prevention model	34	SDG 16	
	205-3	Crime prevention model	34	SDG 16	

Material Issue	General content	Title or answer	Page	SDG N°	Global Compact Principle N°
Unfair Competition	MA	Corporate compliance	33	SDG 16	P.10
	206-1	Although Aguas Andinas has not been charged, there is currently an ongoing investigation pending before the National Economic Prosecutor's Office for all water utility companies in the country regarding unregulated businesses. (Circular Letter Ord. FNE N° 0010 and 0011/2017)		SDG 16	
Environmental compliance	MA	Circular Economy	67	SDG 6, SDG 7, SDG 11, SDG 12, SDG 13	P.7, P.8 Y P.9
	307-1	Water quality	136	SDG 6	
Employment	MA	Promote well-being and equal opportunities by creating inclusive and diverse environments	112	SDG 5, SDG 8	P.6
	401-1	Turnover	113	SDG 8	
	401-2	Gender equality and Work-Life Balance	114	SDG 5	
	401-3	Gender equality and Work-Life Balance	114	SDG 5	
Health and Safety at work	MA	Ensuring good health and safety at work	124	SDG 3, SDG 4, SDG 8	P.6
	403-1	Joint committees	125	SDG 3	
	403-2	Ensuring good health and safety at work	124	SDG 3, SDG 4, SDG 8	
		Health and safety in Suppliers	126	SDG 3, SDG 4, SDG 8	
	403-3	Main health and safety risks	125	SDG 3	
	403-4	Gender equality and Work-Life Balance	114	SDG 5	
Training And Teaching	MA	Comprehensive talent management	119	SDG 4	P.6
	404-1	Training	120	SDG 4	
	404-2	Training	120	SDG 4	
	404-3	Performance Evaluations	119	SDG 8	
Human rights Evaluation	MA			SDG 16	P.2, P.3, P.4, P.5 and P.6
	412-1	Currently working in a human rights policy and its evaluation for 2018		SDG 16	
	412-2			SDG 16	
	412-3	Relationship with suppliers	36	SDG 1, SDG 8, SDG 10	
Network and infrastructure maintenance	MA	Hydraulic efficiency	52	SDG 6, SDG 9, SDG 11, SDG 12, SDG 13	
	Own	Annual preventive program for the sewerage network / Hydraulic efficiency plan / Aqueduct management improvement plan	52	SDG 6, SDG 9, SDG 11, SDG 12, SDG 13	

Material Issue	General content	Title or answer	Page	SDG N°	Global Compact Principle N°
Socio-economic Compliance	MA	Promote well-being and equal opportunities by creating inclusive and diverse environments	112	SDG 5, SDG 8	
	419-1	Fines or penalties	95	SDG 16	
Freedom of Association and collective Bargaining	MA	Relationship with suppliers	36	SDG 1, SDG 8, SDG 10	
	407-1	Support the development of socially and environmentally responsible suppliers No cases have been found where the the right of association is at risk.	36	SDG 1, SDG 8, SDG 10	
Social evaluation of the suppliers	MA	Relationship with suppliers	36	SDG 1, SDG 8, SDG 10	
	414-1	Relationship with suppliers	36	SDG 1, SDG 8, SDG 10	
		Supplier evaluation model	39	SDG 1, SDG 8, SDG 10	
	414-2	Supplier evaluation model	39	SDG 1, SDG 8, SDG 10	
Environmental evaluation of the suppliers	MA	Relationship with suppliers	36	SDG 1, SDG 8, SDG 10	
	308-1	Supplier evaluation model	36	SDG 1, SDG 8, SDG 10	
	308-2	No supplier with significant impact has been identified			
Customer health and safety	MA	Clients	147	SDG 11	
	416-1	External Perception and Assessment SISS Service Quality Study	99	SDG 11	
	416-2	External Perception and Assessment SISS Service Quality Study	99	SDG 11	
Customer privacy	MA	Protection of customer information	96	SDG 9	
	418-1	Protection of customer information	96	SDG 9	

