

# SUSTAINABILITY-LINKED FINANCING **FRAMEWORK**

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2025

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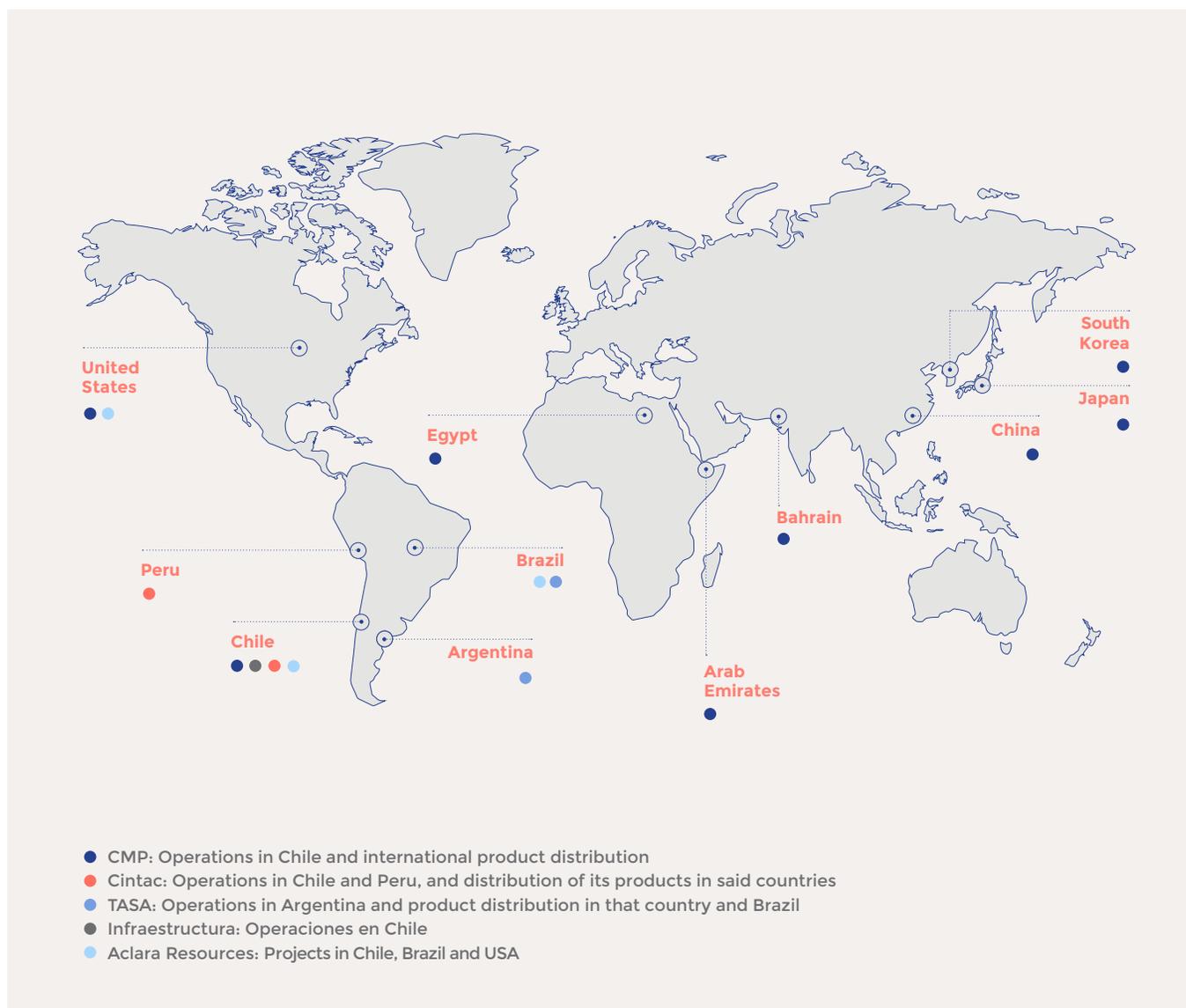
## Introduction

### 1. OVERVIEW

CAP Group (“here in after referred to as, “CAP” or the “Group”) is an open limited company, registered in and regulated by the Chilean Financial Market Commission (CMF).

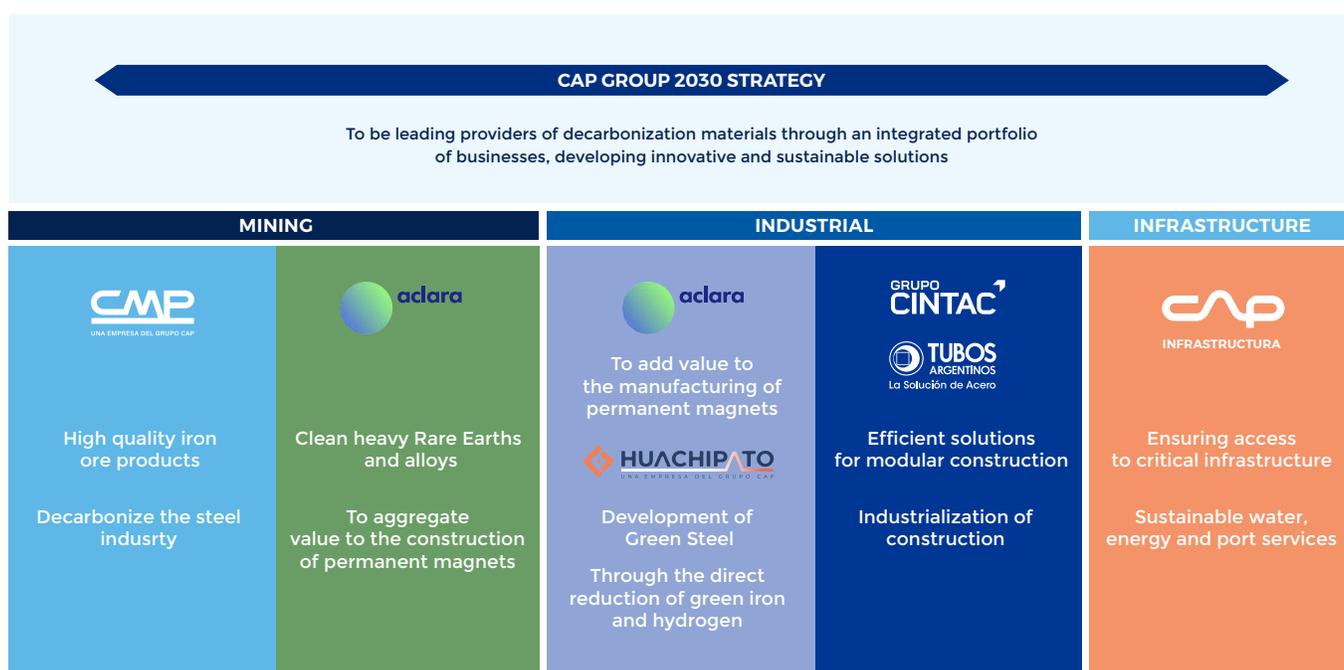
It was founded in 1946 and is one of the most important mining-industrial conglomerates in the country. Through its business units, it operates in critical sectors for the economy, developing its activities in three major segments: mining, industrial and infrastructure solutions. Its operating companies are present throughout the national territory, supporting its activities in these key areas.

It also has an international presence, with operations in Argentina and Peru, and its products are distributed across various regions in America, Asia and Oceania.



## Business Segments

CAP Group is determined to continue contributing concretely to the sustainable development of the country, a vision that is reflected in its Strategy 2030, with which it seeks to lead the market of critical materials for decarbonization, through an integrated business portfolio and the development of innovative and sustainable products and solutions. All the companies that make up the three business segments of CAP Group are aligned with this Strategy.



### a. Mining

The mining business segment at CAP Group is a cornerstone of the company's operations, focusing on the extraction and processing of essential minerals. This segment plays a vital role in supplying raw materials that are crucial for various industries. CAP Group is committed to sustainable mining practices, ensuring that their operations minimize environmental impact while maximizing efficiency and productivity. The company's strategic initiatives aim to position it as a leader in the mining sector, contributing significantly to the economic development of the regions in which it operates.

#### CMP - Iron Ore

CMP is the main producer of iron ore and pellets on the American Pacific coast. From its mining deposits and plants located in the Atacama and Coquimbo regions, it produces different products that are exported and used as high-quality iron ore mineral to manufacture steel. The company produces 99% of the iron exported by Chile, which it exports mainly through its three ports: Punta Totoralillo, Guacolda II and Guayacán.

#### Joint venture with Aclara - Rare Earths

Through a joint venture with the Canadian company Aclara Resources, CAP Group participates in the rare earths business. It has part ownership of the Penco Module, the first Chilean deposit of rare earths.

In addition, it acquired 10.2% of the parent company of Aclara Resources, which allows it to enter the Canadian market; indirectly enter into the ownership of Carina, an initiative located in Brazil focused on the extraction of heavy rare earths; and to participate in a rare earth separation plant in the United States.

## **b. Industrial**

The industrial segment of CAP Group encompasses a diverse range of operations aimed at providing innovative and sustainable solutions across various sectors. These companies contribute to CAP Group's commitment to innovation, sustainability, and the development of high-quality industrial solutions.

### **Aclara Metals - Permanent magnet alloys**

Company created under the agreement with Aclara to manufacture value-added products based on iron alloys and rare earths, which are used as raw materials for the final production of permanent magnets, which are essential for the development of electromobility and renewable energies and whose global demand is projected to grow at double-digit rates.

### **Cintac Group - Steel Solutions**

Cintac Group is an organization of companies that participates in the Chilean and Peruvian markets, providing innovative solutions in the sectors of modular and industrial construction for mining, agriculture, energy and housing construction.

### **Tubos Argentinos S.A. (TASA) - Steel Solutions**

Argentine company focused on the production of construction systems and integral solutions through the transformation of steel, as well as providing logistics and innovation services.

## **c. Infrastructure**

The objective of this business unit is to promote and develop initiatives that add value through the creation of competitive advantages that make these companies the best service alternative for CAP's businesses units and other potential customers located in the areas of operation.

**Aguas CAP - Desalinated water production and distribution:** Plant located in the Atacama Region. After acquiring Mitsubishi's stake, CAP consolidates 100% ownership of the company.

**Puerto Las Losas - Multipurpose port:** Port located in Huasco, in the Atacama Region. It is a modern multipurpose terminal that handles a variety of cargo, including iron ore, minerals, copper cathodes, and agricultural products.

**Tecnocap - Electric transmission:** Electric transmission company that manages its own transmission lines and substations. It plays a crucial role in supplying energy to the Cerro Negro Norte mine operated by Compañía Minera del Pacífico (CMP) and the Aguas CAP desalination plant.

### **Huachipato**

As of August 2024, CAP announced an indefinite suspension of the Group's steelmaking operation in Compañía Siderúrgica Huachipato (CSH). CSH represented the only integrated steel company in the

country. For more than 70 years, it produced long steel products from iron, coal and limestone, guaranteeing high purity and quality, to supply companies that reprocess and deliver them to the mining, metal-mechanic and construction industries. According to the 2030 Strategy, CAP is committed to maintaining its non-steel operations and promoting new business lines to facilitate development in critical materials for decarbonization.

The company is currently working on the design of what will be Huachipato 2.0, an innovative project that will consist of a logistics hub, an industrial hub, an innovation hub and an ecological conservation hub, with which it seeks to make Huachipato once again an engine of development and growth.

## CAP Purpose and Values

CAP Group has worked on a shared vision of the future among its companies, based on its competitive advantages and considering global megatrends that provide unique opportunities for differentiation in the creation of wellbeing and shared progress through the transformation of resources with Chile and the world. CAP Groups seeks to be a leader in the global market for decarbonization materials, through an integrated business portfolio and the development of innovative and sustainable products and solutions. In order to achieve this future development strategy, CAP Group is driven by its competitive advantages, among which the following stand out:

### MEGATRENDS



Climate change and decarbonization



Accelerated urbanization

### CORE COMPETENCIES



Mining concessions



Critical infrastructure and resources



Integrated value chain



Expertise in industrial mining and metallurgy



License to operate



Engagement with local communities

The Group's strategy is based on three pillars: strategic alignment among the group companies; the continuous improvement of corporate governance, defining functions of greater addition of value from the corporate center to ensure the creation of value in the companies; and a group culture based on the incorporation of the values of excellence, innovation, collaboration and integrity.

### DEFINITIONS OF CAP GROUP'S VALUES

→ **Collaboration:** Sharing knowledge, experience and leadership to achieve objectives.

→ **Excellence:** We seek continuous improvement in all our processes, products and services, applying high standards of quality, simplicity, integrity and safety.

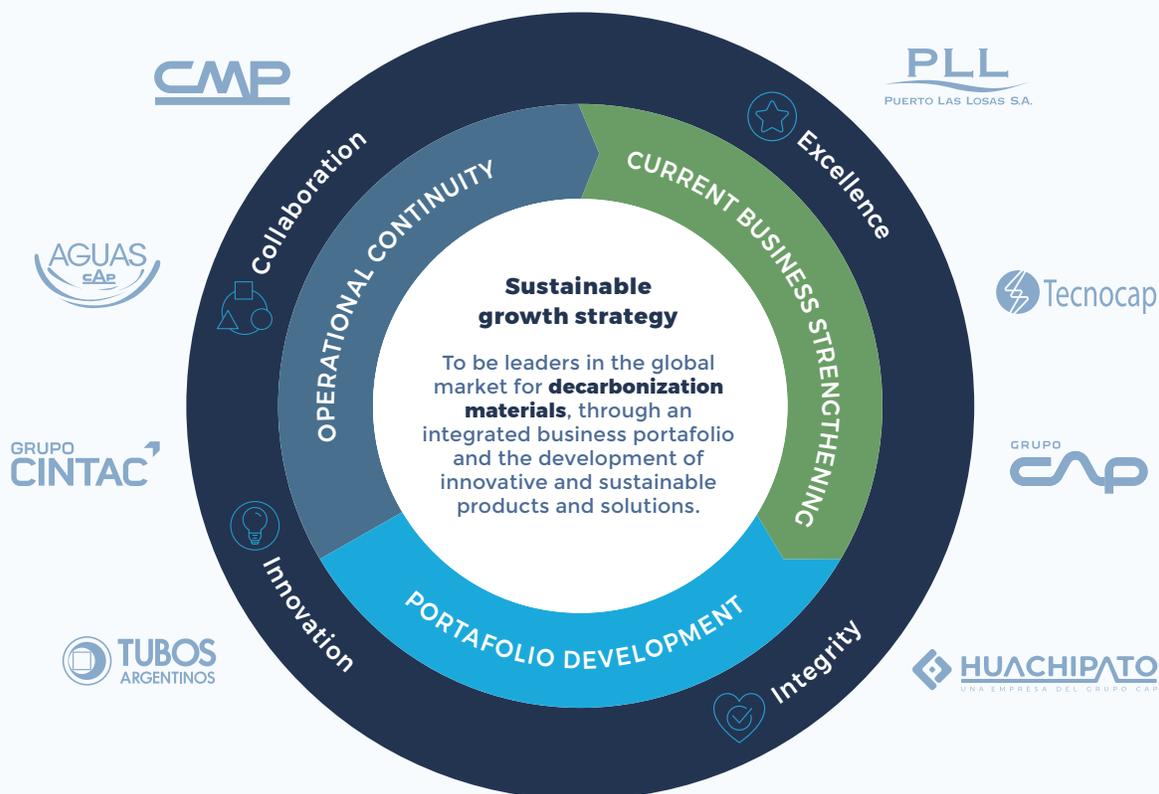
→ **Innovation:** We encourage creativity, critical thinking and the of new ideas.

→ **Integrity:** We act correctly and transparently, not only complying with the law but also with the spirit of the law.

## 2. OUR APPROACH TO SUSTAINABILITY

Thanks to its competitive advantages, CAP Group is in an attractive position to be a leader in the global market for decarbonization materials, through an integrated business portfolio and the development of innovative and sustainable products and solutions. In this regard, the company seeks to strengthen the iron value chain and develop key materials for decarbonization, recognizing the importance of other essential materials for a decarbonized world, such as copper, lithium, rare earths, nickel, among others, which also represent attractive opportunities in economically sound markets, where our competitive advantages would allow us to be successful.

### CAP Group's Strategic Map



“We generate wellbeing and shared progress, transforming resources with Chile and the world”

## Sustainability Strategy

CAP Group is addressing sustainability challenges through the following ESG pillars: climate action, biodiversity, and shared value. Our climate action initiatives aim to reduce emissions and transition to clean energy, positioning us as leaders in the industry's decarbonization efforts. We are committed to protecting and restoring ecosystems, ensuring that our operations harmonize with the environment. Additionally, we strive to create shared value by generating benefits for both our communities and shareholders, promoting sustainable and equitable development. Through these efforts, CAP Group is not only responding to the global crisis but also paving the way for a resilient and sustainable.

CAP Group has demonstrated a strong commitment to sustainable development, climate action, biodiversity, and shared value through various strategic initiatives and policies.

- **Sustainable Development of Our Businesses**

CAP's commitment to sustainable development is realized by promoting and participating in businesses that undergo a comprehensive evaluation. This evaluation not only considers a technical-economic analysis but also a solid socio-environmental assessment, strict compliance with legal requirements, and an innovative vision that ensures the responsible and efficient use of resources. This approach promotes responsible management aimed at ensuring the care of the environment and our communities in each of our operations and projects.

- **Climate Action**

The company's climate strategy is centered on both adaptation and mitigation efforts. CAP Group has set ambitious goals to reduce greenhouse gas (GHG) emissions and increase the use of renewable energy sources. The company is actively investing in innovation and research and development (R&D) to enhance energy efficiency and reduce carbon footprints. These efforts are aligned with CAP's 2030 Strategy and the Sustainable Development Goals (SDGs), showcasing the company's dedication to combating climate change and promoting environmental sustainability.

- **Biodiversity**

In terms of biodiversity, CAP Group is committed to protecting ecosystems and conserving biodiversity. The company conducts biodiversity risk assessments and implements mitigation measures to minimize potential impacts on marine, freshwater, and terrestrial ecosystems. CAP Group also engages in voluntary commitments and actions to preserve biodiversity, demonstrating its proactive approach to environmental stewardship. These initiatives highlight CAP's recognition of the importance of maintaining ecological balance and its responsibility towards the natural environment.

- **Shared Value**

CAP Group's commitment to shared value encompasses various social aspects, including gender equality, community engagement, and human rights. The company emphasizes the importance of local development, education, and employability through numerous initiatives and programs. CAP Group's social investment programs include scholarships, training programs, and community development projects, which aim to uplift and empower local communities. Additionally, CAP Group is dedicated to promoting gender equality and diversity within its workforce, implementing policies and initiatives to support female leadership and create an inclusive work environment.

Overall, CAP Group's integrated approach to climate action, biodiversity conservation, and shared value creation reflects its dedication to sustainable development and social responsibility. The company's strategic initiatives and policies are designed to create a positive impact on the environment, society, and economy, ensuring long-term growth and prosperity for all stakeholders.

## Climate Action

### CAP's Climate Strategy

In response to the challenges of climate change, we have developed a Climate Strategy that outlines actions to address them effectively. Structured around six pillars—Diagnosis, Mitigation, Adaptation, Investments with Socio-Environmental Value, Business Opportunities, and Governance, Engagement, and Reporting—the strategy defines key action areas and a roadmap of short-, medium-, and long-term activities. All Group companies have adhered to this roadmap, ensuring alignment with the Climate Strategy. To support its implementation, a detailed Roadmap has been established, specifying short-term (by 2025), medium-term, and long-term (by 2030) activities.

### Climate targets and commitments

CAP Group is committed to reducing greenhouse gas emissions. Between 2022 and March 2024, the Board of Directors approved climate goals related to the use of renewable energy, efficient freshwater management, and GHG emissions reduction. In 2024, CAP Group increased its climate ambition by raising its 2030 emission reduction target to 31% for Scope 1 and 2 emissions, using 2020 as the base year. This target is based on the Group's project portfolio.

In 2024, the Group's carbon footprint was 26,260 ktCO<sub>2</sub>e, representing a reduction of 3,311 ktCO<sub>2</sub>e compared to 2023, primarily due to the suspension of steelmaking operations.



CAP Group measures its GHG emissions in accordance with the GHG Protocol, including all material Scope 3 categories, except for Franchises (Category 14) and Investments (Category 15).

We recognize the impact of our Scope 3 emissions, which account for 93.5% of our total carbon footprint. Among the 13 categories we measure, the majority of emissions come from the processing and use of sold products (Category 10) and downstream freight transport (Category 9). These emissions are primarily related to iron ore sales and transportation, whose reduction is not always within our control, as it depends on buyers, steel manufacturers, and a supportive public policy environment.

Since these emissions differ from those under our direct control (Scope 1 and 2), the Company is working on establishing a reduction target for the coming years. Currently, the Group is developing initiatives to lower its Scope 3 emissions and is committed to setting a climate target aligned with its impact and responsibility. This effort requires coordination with stakeholders across our value chain to ensure an ambitious yet viable commitment.

### **Climate Opportunities**

To mitigate its emissions and adapt to transition risks, CAP Group will implement key mitigation measures starting in 2026. One of the most relevant measures is procuring renewable energy for Aguas CAP and CMP. Additionally, in its effort to establish itself as a leader in decarbonization materials both globally and locally, the Group has identified and leveraged various climate opportunities, including:

- A strategic alliance with Aclara for the development of rare earth elements and the acquisition of 10.18% of the company's shares, allowing CAP to expand its presence in the Canadian and Brazilian markets through the Carina project and increase its indirect stake in the Penco Module in the Biobío Region, Chile.
- Water management through the 100% ownership of Aguas CAP, which makes it the sole owner of the desalination plant.
- A strong commitment to biodiversity, with CMP establishing the Cruz Grande Nature Sanctuary as a Private Protected Area (APP, by its acronym in Spanish) for the conservation and restoration of local biodiversity.

### **CAP's Alignment to United Nations (UN) Sustainable Development Goals (SDGs)**

CAP Group has demonstrated a strong commitment to the UN SDGs. As part of the Global Compact Network in Chile, CAP Group subscribes to the UN's SDGs, which provide guidelines for contributing to sustainable development in the territories and communities where the Group operates. The company has focused its efforts on promoting SDGs as strategic priorities, specifically those that are most relevant to contributing to the wellbeing of its stakeholders and the environment.

In the recent version of the United Nations Global Compact Communication on Progress, CAP Group presented a detailed report on its most significant sustainability advancements: 2024 CAP S.A. Communication on Progress.

This communication process included the evaluation and reporting of its efforts in key areas such as climate action, biodiversity conservation, and shared value creation. Through this communication, CAP reaffirmed its commitment to the Sustainable Development Goals (SDGs) and highlighted its leadership in promoting responsible and sustainable business practices.

## ESG Governance

At CAP Group, we are committed to integrating Environmental, Social, and Governance (ESG) principles into every aspect of our operations. Our ESG Governance structure is designed to ensure that we operate responsibly, sustainably, and ethically, creating long-term value for our stakeholders while contributing positively to society and the environment.

- **Board of Directors:** The Board of Directors at CAP Group is responsible for overseeing the company's strategic direction, ensuring compliance with policies and plans, and reviewing relevant activities that materialize strategic commitments and initiatives. The Board is composed of seven members elected at the Shareholders' Meeting for a three-year term, with the possibility of reelection. The Board also relies on various committees to carry out its functions, including the Directors' Committee, Corporate Risk Management Committee, Corporate Finance Committee, and the Corporate Strategy, Sustainability, and Talent Committee.
- **Strategy, Sustainability, and Talent Committee of Directors:** The Strategy, Sustainability, and Talent Committee is composed of representatives from the Board of Directors and deals with the most relevant matters related to the implementation of the 2030 Strategy. This committee defines and follows up on the Strategic Plan for the year and the Group's strategic focuses. It reviews the feasibility of CAP's investment projects and those of the operating companies, ensuring their consistency with the corporate strategy. The committee also monitors progress on sustainability and talent issues at the Group level.
- **Corporate Affairs and Sustainability Committee:** The Corporate Affairs and Sustainability Committee is responsible for leading the implementation of the 2030 ESG Roadmap, aligned with the 2030 Strategy. This committee communicates guidelines from Corporate Affairs and Sustainability Management to the respective business units that lead strategic projects in the Group's companies. The committee ensures that all strategic projects are in line with the ESG commitments and promotes initiatives that contribute to sustainable development.
- **Climate Action and Decarbonization Sub-Committee:** The subcommittee is responsible for overseeing the implementation of initiatives aimed at reducing greenhouse gas (GHG) emissions and increasing the use of renewable energy sources. It ensures that the company's climate strategy is effectively integrated into its overall business operations and that all relevant departments are actively engaged in achieving the set targets. The subcommittee also monitors the progress of various projects and initiatives related to climate action, ensuring that they are on track to meet the company's decarbonization goals.

These committees and the Board work together to ensure that CAP Group's governance structure supports its strategic objectives, sustainability goals, and overall corporate responsibility.

## 3. RATIONALE FOR SUSTAINABLE FINANCE

CAP constantly adapts to the changing realities of the environment, such as digitalization and climate change, seeking to generate shared value and sustainable growth. We identify resources and capabilities in our value chain, from iron ore extraction to the provision of construction solutions, to promote decentralized initiatives that optimize the use of natural resources. Additionally, we are increasingly integrating ESG metrics into our decisions to evaluate the impact of our actions. CAP has set ambitious ESG Goals across our sustainability strategy, shaping the development of new investments, improvements in operations, and the strengthening of powerful sustainability initiatives. To solidify these efforts, CAP has established this Framework to further align sustainability commitments with the financing strategy.

## Sustainability-Linked Financing Framework Overview

The CAP Sustainability-Linked Financing Framework (this “Framework”) has been designed to further demonstrate CAP’s commitment to enter Sustainability-Linked Financing transactions, including Sustainability-Linked Bonds (“SLB”), Sustainability-Linked Loans (“SLL”), and other Sustainable Financing Instruments (hereinafter referred to as “Sustainability-Linked Instruments” or “SLIs”).

This Framework encompasses the following SLIs that may be issued by CAP and all subsidiaries wholly owned by CAP or where CAP has majority ownership and operational control<sup>1</sup>:

- Sustainability-Linked Bonds
- Sustainability-Linked Loans
- Sustainability-Linked Foreign Exchange Derivatives
- Sustainability-Linked Rates Derivatives
- Sustainability-Linked Guarantees

SLIs have financial and/or structural characteristics that can vary depending on whether the issuer achieves predefined Sustainability and ESG objectives. In that sense, issuers are committing explicitly to future improvements in sustainability outcomes, within a predefined timeline, that are relevant, core and material to their overall business. SLIs are a forward-looking performance-based instrument.

CAP has prepared this Sustainability-Linked Financing Framework in accordance with the governance published by the International Capital Markets Association’s (“ICMA”) in the Sustainability-Linked Bond Principles (“SLBP”) 2024<sup>2</sup> with the following five components:

1. Selection of Key Performance Indicators (KPIs);
2. Calibration of Sustainability Performance Targets (SPTs);
3. Financial Characteristics;
4. Reporting;
5. Verification.

CAP has similarly incorporated the key core components of the Sustainability-Linked Loan Principles (“SLLP”) 2023<sup>3</sup>.

As part of CAP's commitment to decarbonization and climate transparency, CAP intends to progressively follow the disclosure recommendations set out by ICMA in the Climate Transition Finance Handbook 2023 (“CTFH”) on a best-efforts basis, considering all relevant conditions and factors involved. CAP will be transparent with regards to its:

1. Climate transition strategy and governance;
2. Business model environmental materiality;
3. Climate transition strategy and targets to be ‘science-based’; and
4. Implementation transparency.

<sup>1</sup> Defined as having over 50% ownership and control.

<sup>2</sup> Sustainability-Linked-Bond-Principles-June-2024.pdf (icmagroup.org)

<sup>3</sup> Published by the Loan Syndications and Trading Association (“LSTA”), Loan Market Association (“LMA”) and the Asia Pacific Loan Market Association (“APLMA”); Sustainability Linked Loan Principles (SLLP) - LSTA.

Relevant disclosures are included in this Framework and can also be found in CAP’s annual integrated report, climate report, investor presentations, or any other publicly accessible document for investors, where relevant.

## I. Summary of Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs)

In alignment with CAP’s sustainability strategy and commitment to generating a positive impact throughout our business, the two KPIs have been included in the Sustainability-Linked Financing Framework<sup>4</sup>. As CAP further develops more ambitious targets, CAP will update the Framework to incorporate revised and/or additional targets, where feasible.

<b>KPIs</b>	<b>KPI 1</b> Scope 1 and 2 Absolute GHG Emissions Reduction	<b>KPI 2</b> Freshwater Extraction Reduction
<b>SPTs</b>	<b>SPT 1:</b> Reduce Scope 1 and 2 GHG emissions by 31% by 2030 versus 2020 baseline	<b>SPT 2:</b> Reduce freshwater extraction by 35% by 2030 versus 2020 baseline
<b>Financial Characteristics</b>	Pursuant to KPI performance, pricing adjustments of either margin adjustments or coupon step-ups, or increased redemption price to be applied - margin or coupon step-ups or step-downs or increased or decreased redemption price	
<b>Reporting and Verification</b>	CAP will produce an annual externally verified report	

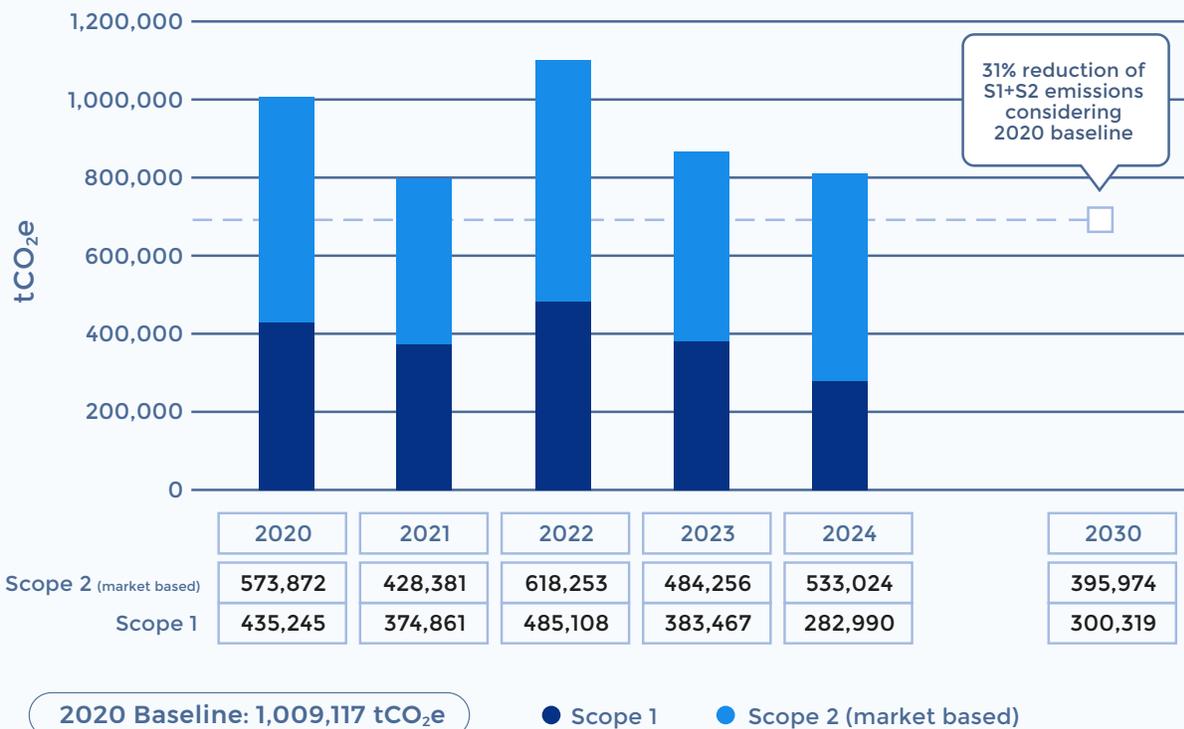
<sup>4</sup> KPI historical data and performance, excludes the Steelmaking Operation of Huachipato (CSH). Targets have been established according to a revised baseline excluding CSH.

## II. Selection of Key Performance Indicators (KPIs)

KPI 1	Scope 1 and 2 Absolute GHG Emissions Reduction
<p><b>Definition / Scope / Methodology</b></p>	<p><b>Definition</b> Scope 1 and 2 absolute GHG emissions measured in tons of CO2 equivalent (tCO2e) covering CAP businesses and activities including those within mining, industrial and infrastructure operations, according to the business units operations, described in the first section.</p> <p><b>Direct Scope 1 Process Emissions</b> Incorporates the GHG emission sources related to Fixed Sources, Mobile Sources, Process Emissions and Fugitive Emissions.</p> <p><b>Indirect Scope 2 Emissions</b> Incorporates GHG emissions generated by electrical consumption using a geographical location-based and market-based focus.</p> <p><b>Methodology</b> CAP Group's carbon footprint calculation methodology considers, as a reference, the most widely used international standard for greenhouse gas inventories, the Greenhouse Gas (GHG) Protocol Standard for Corporates, excluding the use offsets.</p>
<p><b>Rationale / Materiality</b></p>	<p>CAP is committed to limiting the environmental footprint of its operations and products, with reducing emissions being a critical priority. The Climate Strategy, the Sustainability and ESG Policy and the Roadmap 2030 establishes specific goals and actions to reduce greenhouse gas emissions. CAP Group seeks to implement technologies and practices that contribute to mitigating and adapting to climate change, in addition to publicly stating its position on policies related to this phenomenon, in line with the provisions of the Paris Agreement. CAP Group has shown a strong commitment to reducing greenhouse gas emissions and transitioning to renewable energy sources, aligning with the Paris Agreement and Chile's Nationally Determined Contribution (NDC).</p> <p>The perimeter of the KPI covers 100% of CAP's total Scope 1 and 2 emissions footprint. As of December 2024, Scope 1 and 2 emissions represented 6.5% of our total carbon footprint.</p>
<p><b>SDG Alignment</b></p>	<div data-bbox="509 1362 591 1444" data-label="Image"> </div> <p><b>“SDG 13 Climate Action Target 13.3:</b> Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning”</p>

## Historical data and Baseline

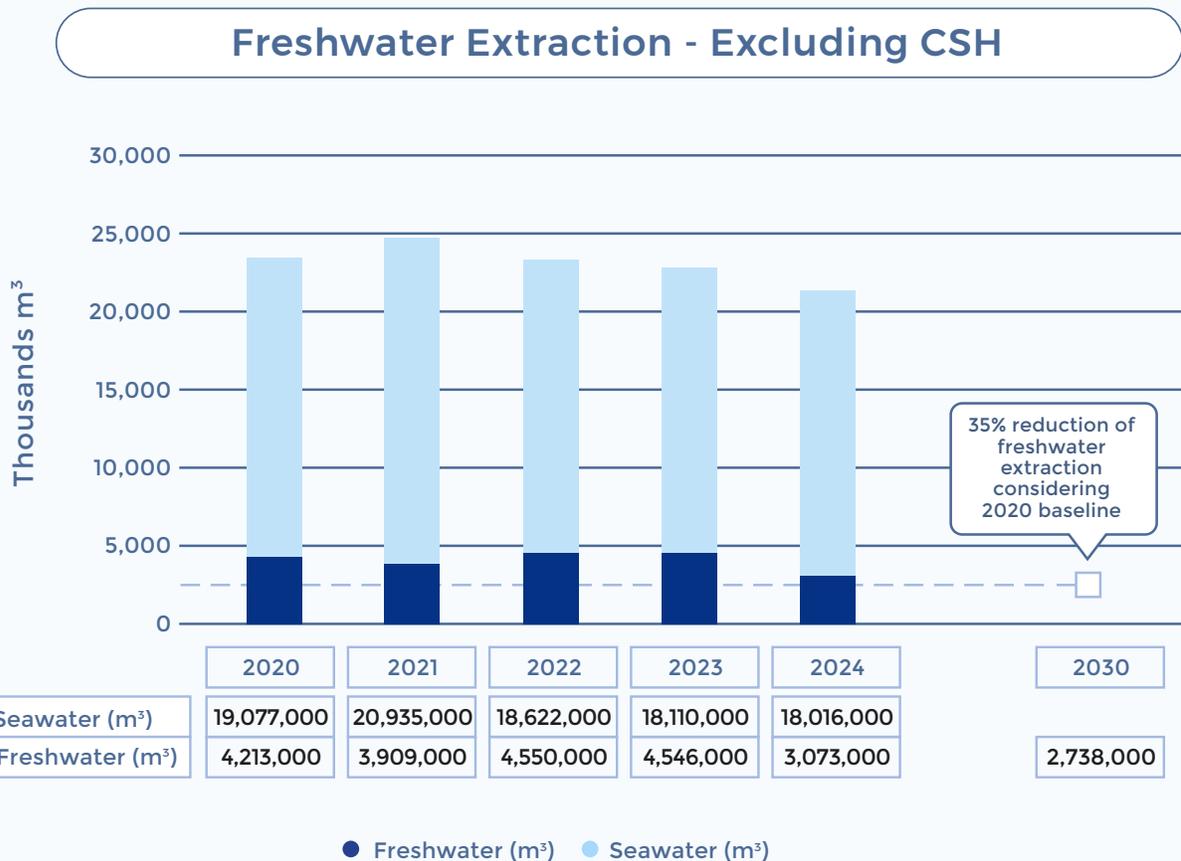
### Scope 1 + 2 Emissions Market Based - Excluding CSH



KPI 2	Freshwater Extraction Reduction
<p><b>Definition / Scope / Methodology</b></p>	<p><b>Definition</b> Freshwater withdrawals measured in thousand m<sup>3</sup> from inland sources<sup>5</sup> calculated as the total of both surface water and groundwater extractions in current projects and operations.</p> <p><b>Scope</b> Freshwater extraction measurement covers projects and operations within mining, industrial and infrastructure operations, according to the business units' operations described in the first section, which the main consumers of water are the mining operations.</p> <p><b>Methodology</b> The methodology for the Freshwater Extraction Reduction KPI is based on steady-state water balances, considering the annual volumes of freshwater extraction, consumption, discharge, and recirculation within operations. It includes only the direct use of freshwater in facilities, excluding indirect uses in the value chain. The reduction is measured as the percentage change in freshwater extraction between two consecutive periods, with flows adjusted to effective operational days or hours if needed. Data is collected and analyzed annually, ensuring alignment with the GRI 303: Water and Effluents 2018 standard.</p>
<p><b>Rationale / Materiality</b></p>	<p>CAP Group's operating companies extract water from different sources depending on their location and their type of production process. Each of them considers the area's water scarcity, with the mining operations in the north of Chile being the ones with the greatest impact. However, the whole Group is determined to decrease the extraction of continental water to cope with water scarcity in the region. The priority is to look for alternatives to reduce the use of continental water.</p> <p>CAP's Environmental Management Policy establishes the following specific commitments in this area:</p> <ul style="list-style-type: none"> <li>• Water conservation: To implement measures to optimize water use in operations.</li> <li>• Water efficiency: implementation of technologies and practices that reduce water consumption and avoid waste.</li> </ul> <p>Protection of water bodies: protecting bodies of water near its operations.</p> <p>Avoid pollution and minimize the negative impact of activities on aquatic ecosystems.</p> <p>The perimeter of this KPI covers 100% of the total freshwater withdrawal from CAP.</p>
<p><b>SDG Alignment</b></p>	<p> <b>“SDG 6.4 Clean Water and Sanitation Target 6.4:</b> By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity”</p>

<sup>5</sup> Inland sources of water: bodies of water that are located within landmasses, as opposed to coastal or oceanic waters. For example: Surface water sources (rivers and streams, lakes, wetlands), groundwater sources (aquifers, springs), glacial and ice sources (glaciers, ice caps and permafrost).

## Historical data and Baseline



### III. Calibration of Sustainability Performance Targets (SPTs)

The methodology used to set the target for the following KPIs is based on:

**KPI1:**

Evaluating the potential reduction of CO<sub>2</sub> emissions (Scope 1 and Scope 2) across various projects.

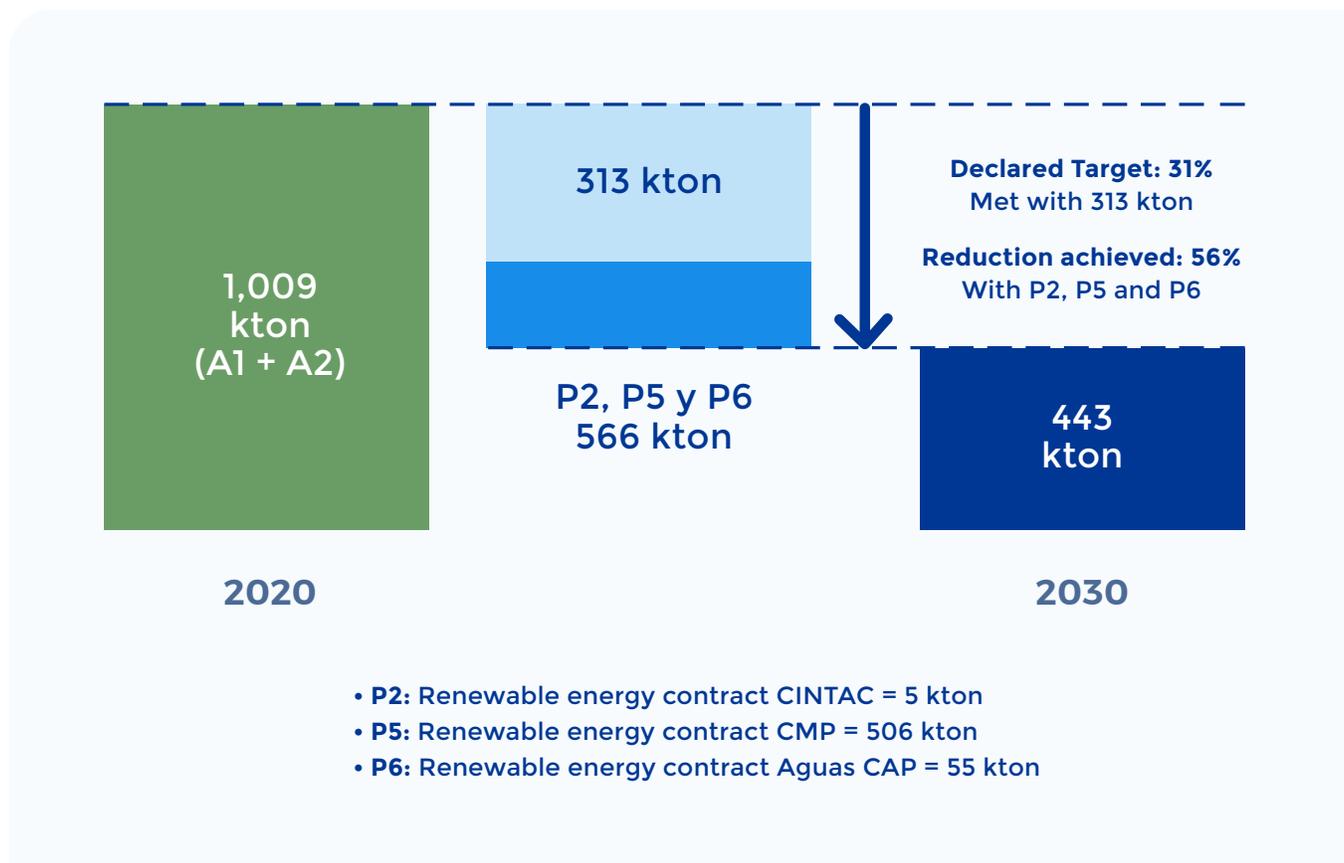
**KPI2:**

Assessing the operational water consumption efficiency practices adopted by the Group's companies.

Where feasible, CAP has assessed alignment of Company targets with relevant industry standards or performance trajectories.

KPI	Unit	Baseline	Target	Target Observation Date
Scope 1 and 2 Absolute GHG Emissions Reduction	% reduction versus baseline	2020 1,009,117 tCO <sub>2</sub> e	SPT -31%	31st December 2030

### 2030 Commitment



**Factors that support the achievement of the targets:**

- Strong commitment and initiative from internal Sustainability Governance, including the Board of Directors;
- Strategy 2030 aligned with Climate Strategy, including mitigation and adaptation actions.
- Management of the CAP Environmental Management Policy;
- Risk mitigation programs at CAP to identify, prioritize, and mitigate substantive risks;
- Optimization of existing equipment;
- Prioritization of new generation equipment that is more efficient;
- Positive context related to public policies and regulation to incentive decarbonization objectives in private sector in Chile
- Prioritization of alternative fuels and renewable energy sources at various operational sites and new projects.
- Increased awareness and training in energy efficiency in facilities and processes;
- Implementation of new energy efficiency standards in the energy service and product procurement process.
- Implementation of renewable energy contracts for CMP and Aguas CAP in December 2024.

**Potential limitations to achieve the targets:**

- Climate risks, such as extreme weather events, can impact operations and infrastructure, hindering CO2 reduction efforts.
- Other type of extreme events, such as pandemics.
- Changes or insufficient integration in emissions-related regulations;
- Marginal change in renewable energy (increased pricing vs traditional electricity supply);
- Macroeconomic considerations that might lead to a focus on investments in other projects or delay projects timelines.
- Technological constraints can hinder the implementation of advanced CO2 reduction technologies.
- Financial barriers may limit the ability to invest in necessary CO2 reduction measures.
- Regulatory and policy challenges can impact the feasibility and timeline of CO2 reduction initiatives.
- Operational limitations may arise when integrating new technologies and processes into existing operations.
- Market dynamics, such as changes in energy prices and product demand, can affect CO2 reduction strategies.
- Supply chain dependencies can pose risks to the timely execution of CO2 reduction projects.

KPI	Unit	Baseline	Target	Target Observation Date
Freshwater Extraction Reduction	% reduction versus baseline	2020 4,213,000 m <sup>3</sup>	SPT -35%	31st December 2030

### Factors that support the achievement of the targets:

- Strong commitment and initiative from internal Sustainability Governance, including the Board of Directors;
- Management of the CAP Environmental Management Policy;
- Risk mitigation programs at CAP to identify, prioritize, and mitigate substantive risks;
- Implementation and advancement of new generation equipment and technology that is more water-efficient;
- Increased use and implementation of recycled or reclaimed water and desalination plant as part of the business line.
- Adoption of sensors and monitoring and reporting systems that optimize water usage and water-saving practices;
- Incentives to support public policy and regulation through organizations or governments;
- Implementation of industry-specific or national standards for water efficiency and consumption;
- Increased awareness and training in water efficiency and management. Alignment with international standards and agreements.

### Potential limitations to achieve the targets:

- Climate risks, such as droughts and extreme weather events, can impact water availability and hinder reduction efforts.
- Other type of extreme events, such as pandemics, that limit implementation of water-efficiency and conservation practices;
- Changes or insufficient integration of water conserving-related regulations;
- Limited availability in alternative water sources or technologies;
- Macroeconomic considerations that might lead to a focus on investments in other projects or that may delay projects timelines.
- Technological constraints can limit the implementation of advanced water-saving technologies.
- Financial barriers may restrict the investment needed for freshwater extraction reduction measures.
- Regulatory and policy challenges can affect the feasibility and timeline of water reduction initiatives.
- Operational limitations may arise when integrating new water-saving technologies and processes into existing operations.

- Market dynamics, such as changes in water prices and demand, can impact water reduction strategies;
- Supply chain dependencies can pose risks to the timely execution of water reduction projects.

#### IV. Financial Characteristics

The proceeds of CAP's SLIs will be used for general corporate purposes or other needs that will be defined in the applicable transaction documents. The financial characteristics of any SLI issued under this Framework will depend on the achievement of the selected SPT(s). A description of the selected KPI(s), SPT(s), step-up margin amount or the premium payment amount following the Target Observation Date(s), as applicable, will be specified in the relevant documentation of the specific transaction (e.g., the prospectus or offering memorandum for the relevant SLI).

CAP will assign structural and/or financial implications to the achievement or non-achievement of the pre-defined SPT(s) at the relevant Target Observation Date(s) specified in the financing documentation of the relevant SLI. These structural and/or financial implications may include, but are not limited to, a coupon step-up, the payment of a premium at maturity of the instrument<sup>6</sup>; or a margin adjustment depending on the nature of the instrument, and will be caused if a Trigger Event occurs. A Trigger Event occurs if:

- One or more of the selected KPI(s) fail to achieve the SPT(s) on the Target Observation Date;
- The verification of the SPT(s) at the Target Observation Date, as detailed in the verification section of this Framework, has not been provided and made public as set out in the External Verification section of this Framework.

The financial characteristics of the SLIs issued under this Framework will be individually linked to each of the KPIs. In other words, the effects of satisfying, or failing to satisfy, their respective SPT(s) are independent of each other. The adjustment or premium payment will be dependent on the tenor of the SLI in relation to the Target Observation Date for each KPI<sup>7</sup>.

Other details, including language that takes into consideration potential exceptional events or extreme events that could impact the calculation of the SPT(s), and/or changes in data availability due to improved data collection processes or accessibility, or the discovery of data errors, will also be provided where applicable.

#### Recalculation Policy

The methodologies and/or scope that CAP uses may change over time, which may impact, positively or negatively, CAP's ability to satisfy the SPT(s).

CAP will recalculate the relevant KPI Baseline(s) against which the SPT(s) are evaluated upon the occurrence of a Significant Event, meaning:

<sup>6</sup> In case of loans, margin step downs are also applicable.

<sup>7</sup> SPT(s) will be measured once at the Target Observation Date for Sustainability-Linked Bonds and annually for Sustainability-Linked Loans.

- (i) a structural change in the composition of the Group's portfolio which may significantly impact the relevant KPI(s) (such as business suspension, business resumption, acquisitions, divestitures, mergers, insourcing or outsourcing, or other corporate actions with similar effects);

Furthermore, CAP may recalculate the relevant KPI Baseline(s) against which the SPT(s) are evaluated upon the occurrence of a Reportable Event, meaning:

- (i) any change to the Calculation Methodology of a KPI which results in an increase or decrease to the value of the KPI by at least 5 percent;
- (ii) any amendment to applicable laws, regulations, rules, guidelines, and policies relating to the business;
- (iii) a significant change in data with respect to a KPI due to better data accessibility.

Furthermore, any recalculation of the relevant KPI Baseline(s) shall be:

- (i) Consistent with CAP's sustainability strategy; and
- (ii) Consistent or more ambitious than the initial target.

CAP shall not be required to make any such KPI Baseline recalculation to the extent, and for so long as, it determines in good faith that it does not have sufficient information to do so. CAP will publish any baseline(s) and/or SPT(s) adjustments, as well as the external verifier's report.

Upon the occurrence of a Significant or Reportable Event, the SPT(s) against which the KPI(s) are tested will remain unchanged. The KPI(s) and SPT(s) set out in the Framework will remain applicable throughout the tenor of any SLI issued under the Framework, regardless of any changes to CAP's sustainability strategy. This includes any changes relating to CAP's general sustainability targets and ambitions or changes in applicable benchmarks or industry standards. Any subsequent Sustainability-Linked Financing Framework, related or not to any future capital markets transactions, shall not have any effects on the SPTs utilized under the current Framework.

## **V. Reporting**

Annually, at least until the Target Observation Date, and in any case for any date/period relevant for assessing the trigger of the SPT performance leading to a potential coupon adjustment, such as a step-up of an SLI, CAP will publish and keep readily and easily accessible on its website an SLI update as part of the annual Sustainability Report and/or a separate report, which will include:

- (i) Updated information on the performance of the selected KPI(s), including the baseline where relevant, accompanied by a verification assurance report relative to the calculation of the KPI(s);
- (ii) A discussion of the progress towards the SPT(s), the related impact, and the timing of such impact on an instrument's financial performance; and
- (iii) Any other relevant information enabling investors to monitor the progress of the SPT(s).

Information may also include when feasible and possible:

- (iv) Qualitative or quantitative explanations of the contribution of the main factors, including M&A activities, behind the evolution of the KPI(s) performance on an annual basis;

- (v) Illustration of the positive sustainability impacts of the improvement in performance;
- (vi) Any re-assessments of the KPI(s) and/or restatements of the SPT(s) and/or pro-forma adjustments of baselines, including baseline recalculations, or KPI scope.

## **VI. Verification**

### **Pre-Issuance External Verification**

CAP has obtained an independent Second-Party Opinion from S&P Global on this Sustainability-Linked Financing Framework, which will be made publicly available on the website.

### **Post-Issuance External Verification**

Annually, until achieving the deadline of the SPT(s), and in any case for any date/period relevant for assessing the SPT(s) performance leading to a potential adjustment of an SLI's financial and/or structural characteristics, an independent External Verifier is expected to deliver a report that sets forth the calculations for the KPI(s) for a specific calendar year.

The External Verifier means any qualified provider of third-party assurance or attestation services appointed by CAP, who will provide a verification report in the form of a "Limited Assurance". The verification of the performance of the KPI(s), along with the External Verifier's verification report, will be made publicly available on CAP's website.

### **Amendments to this Framework**

CAP will review this Framework from time to time, including its alignment to updated versions of the relevant Principles as and when they are released, with the aim of adhering to best practices in the market. CAP will also review this Framework in case of material changes in the scope, methodology, and in particular the KPIs and/or the SPTs calibration. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of the Second Party Opinion provider. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by a Second Party Opinion provider. The updated Framework, if any, will be publicly available on CAP's website and will replace this Framework.