

CORPORATE **ESG** MANAGEMENT FRAMEWORK

CAP S.A.'s Corporate ESG Management Framework establishes the guidelines, principles, and practices that guide the integration of environmental, social, and governance criteria across the company. This framework functions as a specific internal regulation and is structured around two key components:

- 1. Social Management:** guidelines, processes, and tools to engage with stakeholders in a transparent, proactive, and collaborative manner, ensuring the management of impacts, risks, and commitments in the territories where CAP operates.
- 2. ESG Guidelines for the Supply Chain:** standards and practices to ensure that suppliers and contractors carry out their activities under ethical and sustainable principles, aligned with CAP's corporate strategy and standards.

Through this framework, CAP seeks to align social management and supply chain sustainability with its business strategy, contributing to the economic, social, and environmental development of the territories where it operates. This approach is consistent with CAP's 2030 Strategy and the United Nations Sustainable Development Goals.

I. SOCIAL MANAGEMENT

1.1 Introduction

CAP S.A. is the parent company of CAP Group; a Chilean economic group engaged in industries such as iron ore mining and steel processing. The Group also operates various infrastructure assets that support its core businesses, including seawater desalination plants, power transmission lines, and port terminals across Chile. Through its operations, CAP generates shared value for all its stakeholders, fostering the economic and social development of the communities where it operates, while upholding the highest standards of corporate governance.

CAP Group recognizes that inclusion, engagement, collaboration, and ongoing communication with its stakeholders are a fundamental component of business performance. Accordingly, the company has established a framework of action designed to strengthen its credibility, trust, and acceptance both within society at large and in the territories where it operates and generates benefits. Within this framework, CAP Group directs its efforts toward the participatory identification and monitoring of impacts, the generation of information to improve understanding of its productive activities, and the transparent disclosure of its social and environmental results and commitments. In parallel,

the company advances in the establishment of criteria, priorities, and protocols that enable collaboration with diverse stakeholders for the development of the communities in which it operates, while also addressing global challenges through the adoption of the United Nations 2030 Agenda for Sustainable Development¹.

In this context, the objective of this framework, and in particular this section on social management, is to describe the minimum and necessary processes for implementing such management in the communities surrounding CAP Group's operations, with the purpose of aligning this management with the company's business strategy and sustainability strategy.

1.2 Scope

This corporate framework establishes the guidelines, minimum requirements, responsibilities, and standard terminology that constitute the social management process for CAP Group companies, without prejudice to the specific policies, procedures, and methodologies that each company within the Group may implement for social management. Each CAP Group company may apply its own methodologies, provided they comply with the minimum standards set forth in this document.

It is noted that this document does not replace or exempt compliance with the applicable legal and administrative regulations in the country where the operating company is located.

1.3 Key Terms and Definitions

To facilitate the implementation of this Corporate Framework, the following definitions are established:

Social Management

A process designed and planned by the company, carried out within its area of influence. This process is based on the management of impacts, social risks, stakeholders, consultations and claims, active communication and transparency, and social investment.

¹ Also referred to as the Global Goals, they were adopted in 2015 by all United Nations Member States as a universal call to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030.

Area of Influence or Social Interest

The territory and localities where the company's activities generate, or may generate, permanent or occasional perceptions and/or impacts as a result of its operations or the development of different project stages.

The area of influence or social interest is defined not only by the impacts that operations may cause, but also by social risks, reputational factors, political dynamics, and opportunities for territorial development. In other words, areas of influence are not determined solely by a geographic space where specific groups may perceive one or more impacts on their livelihoods and customs, but also by a broader space where the company may develop social programs.

Stakeholder

A stakeholder, or social interest group, refers to individuals, groups, or institutions that are affected by, or can affect, the development of certain activities; that possess information, resources, experience, connections, or networks; and that have some degree of power to influence the actions of others, either in favor of or against a project, company, or activity.

This includes both individuals, with or without formal representation, and organizations, as in different contexts either may become relevant. At times, institutional roles acquire particular significance when they hold decision-making authority, regardless of who occupies the position. In other cases, individuals beyond the institution itself may have the ability to mobilize an issue or resources within an organization.

Stakeholder groups may be community-based, social, academic, political, or economic, among others. For the purposes of social management, stakeholders include communities, social organizations, functional organizations, authorities, contractors and subcontractors, media outlets, NGOs, educational institutions, and others.

Stakeholder Map (Map of Actors or Interest Groups)

A tool designed to identify, analyze, and prioritize individuals and organizations that can affect the company or be affected by it, with the purpose of developing relationship strategies based on this information. It is the core tool for social management, as it provides the basis for establishing participatory processes, dialogue and communication mechanisms, identifying risks, preventing potential conflicts, and minimizing possible crises, among other uses.

Social Impact

Refers to the alteration of the livelihoods and customs of human groups, caused directly or indirectly by the company's activities in a given area. This includes environmental and surrounding components that may be used by people for economic, cultural, social, or spiritual activities.

More specifically, it refers to any change, potential or actual, in the physical, natural, or cultural environment that affects surrounding communities as a result of business activity.

- **Low:** Impacts that can be discerned but are unlikely to materially affect the livelihoods and/or quality of life of more than a few individuals.
- **Moderate:** Evident impacts, potentially harmful or beneficial, that affect the livelihoods and/or quality of life of some individuals.
- **High:** Impacts expected to materially affect the livelihoods and/or quality of life of many individuals or the majority of them.
- **Insignificant:** Impacts that are not perceptible.

Social Risk

According to CAP Group's Risk Management Framework, the social risk dimension is defined as: conflicts with stakeholders that may jeopardize the license to operate existing assets or obtain approval for the development of new projects. Within this context, CAP Group defines a social risk as an actual, potential, or future event arising from a stakeholder or social actor that may result in a loss of value for the company in terms of reputation or the trust established between the company and its stakeholders.

Social Commitments

Commitments with the company's external stakeholders, established through agreements and arrangements resulting from dialogue processes and working groups with public, private, and/or social institutions.

Social Investment

CAP Group defines social investment as contributions in resources, funds, or in-kind,

aligned with the Group's Sustainable Growth Strategy, supporting business objectives and aimed at promoting sustainable development and benefiting society, with a particular focus on communities located in its areas of operation and projects.

Consultation, Complaint, and Suggestion System or Mechanism

A platform composed of multiple channels or access points that enables community members and other stakeholders to express their concerns, inquiries, and complaints regarding actual or perceived actions carried out by CAP, its operating companies, and projects.

Transparency

Within the framework of social management, transparency² refers to the possibility that accurate company information can be accessed by the different parties affected by it, enabling them to make informed decisions without information asymmetry. For information to be considered transparent, it must be truthful, relevant, understandable, useful, verifiable, complete, accurate, timely, and easily accessible. It should be provided voluntarily and go beyond what is required by regulation.

1.4 Social Management Guidelines

Social management is defined by seven main processes:

- Stakeholder and Key Actor Management
- Social Impact Management
- Social Risk Management
- Social Investment Management
- Management of Consultations, Complaints, and Suggestions
- Social Management of Communication and Transparency
- Indigenous Peoples Management

Each of the processes is interconnected and includes specific means and activities for their implementation. In addition, the processes must be documented in the Social Management Plan of each operating company.

² Excerpt from OECD definition.

To achieve excellence in social management, it is essential to keep up to date the tools that support the analysis for identifying, characterizing, and managing stakeholders, social risks, and social impacts for the facilities. These tools are as follows:

- Stakeholder and key actor map, including the specific identification of Indigenous Peoples.
- Social impact matrix of the operation, specifically including impacts on Indigenous Peoples.
- Consultation, Complaint, and Suggestion System for stakeholders.
- Social risk matrix.

1.5 Stakeholder and Key Actor Management

The core tool for the stakeholder management process is the stakeholder map. This map is the result of a process that requires examining the territory and the dynamics of its inhabitants, with the objective of identifying, understanding, and prioritizing all individuals or organizations that may be affected, perceive themselves as affected, or may positively or negatively affect the project, the company as a whole, or a specific activity.

For CAP Group companies, the content of a stakeholder map should address aspects such as perceived impacts, stakeholders' interests in relation to the company or project, their concerns, fears, and needs, the relationships of connection and power among actors in a given territory, and their position (in favor, against, or neutral) regarding the company and the project.

The stakeholder map is a "snapshot" of a given moment; therefore, periodic updates are necessary, as interests, positions, and points of view, among other factors, may change over time.

Stakeholder management involves, at a minimum, the following activities:

- a) Identification:** : preparing a simple list of individuals, leaders, representatives of organizations, and communities present in the area of influence of the project, company, or operation.
- b) Characterization:** developing a description, which requires gathering information on their composition, internal dynamics, and organizational structure.
- Classification:** organizing the information obtained from characterization in order
- c) to clarify,** for example, the level of support or opposition to the company, operation, or project; the degree of influence over other relevant actors or the community;

and the expectations or opportunities for engagement with that specific stakeholder or actor.

- d) **Definition of engagement strategies:** based on classification, establishing prioritization and identifying strategies and actions for stakeholder engagement.

1.6 Social Impact Management

To maintain the social license to operate, it is essential to fully understand the positive and negative impacts that activities may have on the communities within the area of influence. The effective management and mitigation of these impacts is the primary responsibility of the Group's companies and requires joint efforts across all areas of the business.

Social impact management refers to a continuous, dynamic, and evolving process, based on the identification, analysis, and management of consequences—intended or unintended, negative or positive—arising from operations.

This management also includes control and/or mitigation measures, whether mandatory (as set forth in the Environmental Qualification Resolutions, RCA, of the operations) or voluntary (commitments undertaken for the development of the project or operation), aimed at supporting the operational continuity of the facilities.

CAP Group principles for social impact management

- **Participation:** Inclusion of affected or potentially affected individuals in the identification of impacts generated by operations and in their monitoring and follow-up.
- **Socio-environmental transparency:** Provision of accurate and timely information regarding impacts and the mitigation measures adopted.
- **Feedback:** Use of tools that proactively capture stakeholders' concerns, complaints, and perceptions, as well as their evaluation of the company's performance in managing its impacts.
- **Proactive management:** Recognition that the company's primary responsibility is to understand its impacts on people and the environment and to manage them proactively.

Minimum Activities

Social impact management involves, at a minimum, the following activities:

- a) Participatory identification, both internal and external.
- b) Preparation and updating of a social impact matrix at least once a year, using, among other inputs, feedback obtained through the consultation, complaint, and suggestion mechanism, as well as engagement activities such as working groups, meetings, interviews, etc.
- c) Preparation and updating of a management plan for the most relevant impacts, considering elimination, mitigation, or compensation as appropriate, using engagement tools as a space to build solutions collaboratively.
- d) Monitoring of community impacts, through the implementation of measurement systems and participatory monitoring of those impacts that stakeholders identify as of concern or priority.

1.7 Social Impact Management

Social management seeks to control social risks in order to enable operational continuity and the development of new projects. To achieve this, it is necessary to develop and maintain up-to-date tools that support the analysis, identification, characterization, and management of social risks for operations.

According to CAP Group's Risk Management Framework, the social risk dimension is defined as conflicts with stakeholders that may jeopardize the license to operate existing assets or the approval of new projects. In this context, CAP Group defines a social risk as an actual, potential, or future event arising from a stakeholder or social actor which, if it materializes, may result in a loss of value for the company in terms of reputation or the trust generated between the company and its stakeholders. In other words, social risk is a business risk associated with external stakeholders.

For an operation to maintain its social license to operate, it must have a thorough understanding of current and emerging social risks, identify and manage critical risks, understood as those that, if they occur, may generate a loss of value from both an economic and reputational standpoint.

The purpose of social risk management is to identify, describe, assess, and establish control

measures for social risks that may affect the company's social license, reputation, or relationships with relevant stakeholders.

For effective management, it is necessary to consider the sources of social risk, which include all areas of the company, internal or external, that may generate threats of loss or obstacles to achieving the objectives described above, among them:

- Social consequences of aspects derived from activities, products, and services over which the company has control or influence, including those carried out directly or through third parties.
- Social consequences of community relations management.
- Consequences for operational continuity or project development due to social changes in the surrounding environment.

Minimum Activities

Social risk management involves, at a minimum, the following activities:

- a) Assessment of social risks in accordance with the Corporate Risk Management Framework.
- b) Preparation and ongoing update of a report on socio-environmental conflicts.
- c) Reporting critical risks, plans to address them, and socio-environmental conflicts to CAP's Risk Committee and to the corresponding committee of each operating company.
- d) Issuing an alert to the company's Communications area and to the Corporate Affairs and Sustainability Department in the event of identifying a potential reputational impact.
- e) Updating risks annually or whenever a significant change occurs in the company, its operations, or its environment.

1.8 Management of Consultations, Complaints, and Suggestions

The management of consultations, complaints, and suggestions at the facilities seeks to address emerging issues of concern raised by local stakeholders, identify such matters of interest, prevent conflicts, and contribute to operational improvement in order to

minimize potential unforeseen impacts.

The purpose of the consultation, complaint, and suggestion system of any CAP Group company is to provide any person with a channel to raise concerns, complaints, suggestions for improvement regarding the activities of CAP, its operating companies, and projects under development.

CAP Group considers that a complaint, consultation, or suggestion can represent an opportunity to review and improve its operations. Accordingly, their management must be addressed with a proactive and preventive approach, seeking to avoid escalating potential conflict whenever possible. Likewise, CAP aims to facilitate stakeholders' formal expression of concerns, providing a valuable feedback channel that contributes to identifying opportunities for improvement.

Minimum Activities

The management of consultations, complaints, and suggestions involves, at a minimum, the following:

- a) Establishing a user-friendly procedure, with appropriate internal and external dissemination, to ensure that CAP is the primary channel for submitting a consultation, complaint, or suggestion.
- b) Defining a specific procedure for the mechanism, adapted to the context of each company. At a minimum, the mechanism implemented must establish an action protocol, response times, responsible persons, and procedures to address and close complaints.
- c) Implementing a system appropriate to the conditions of the different stakeholder groups, enabling the timely collection of local information.
- d) The mechanism must include multiple access channels to encourage its use. These must include, at a minimum, one channel free of charge for users, one channel that allows for anonymous complaints, and alternatives for individuals who do not have direct contact with a CAP employee or who are not participants in a working group.
- e) Ensuring dissemination and awareness among stakeholders of the mechanism, its channels, timelines, and procedures for complaint management.
- f) Establishing an internal management and monitoring system that enables timely and satisfactory responses and provides systematized information on complaints, consultations, and suggestions received.

- g) Issuing internal monthly reports and quarterly reports to CAP Group's Corporate Sustainability and Corporate Affairs Department.

1.9 Communication and Transparency in Social Management

CAP Group declares transparency toward its stakeholders as a pillar that supports the building of long-term relationships, recognizing that the greater the clarity of the company, the stronger the trust of its stakeholders. Accountability strengthens confidence between organizations and their stakeholders, and for it to be effective, CAP Group ensures that stakeholders have easy access to clear and timely information on various aspects of the activities and operations of its companies.

Communication and transparency actions toward the community are activities carried out to report to stakeholders in the area of influence information that is of interest to them, such as socio-environmental impacts and their management, contributions to community development, economic and operational results, and other matters defined through engagement mechanisms.

Transparency is based on the following principles:

- **Opportunity:** Relevant information for stakeholders is disclosed voluntarily and in a way that addresses their needs, anticipating explicit requests and requirements.
- **Access:** The mechanisms implemented take into account stakeholders' limitations in accessing them.
- **Active listening:** Inclusion of tools that allow the company to listen to and understand stakeholders' concerns and issues regarding its various activities.
- **Cultural relevance:** Information is delivered in a way that is understandable to all audiences who will access it, respecting different educational levels and cultural backgrounds, and in particular Indigenous Peoples and vulnerable groups.

Minimum Activities

The social management of communication and transparency involves, at a minimum, the following activities:

- a) Provision of ongoing information: All companies, projects, and new businesses, in addition to the information required by law, must proactively, permanently, and with

updated data, make available information of interest to the population residing in their area of influence.

At a minimum, information is expected to be provided on:

- Relationship and social investment plans and programs, and the activities carried out, with their results.
 - Code of Ethics.
 - Projects initiated.
 - Results of monitoring of relevant impacts available and of interest to stakeholders.
 - Consultation, complaint, and suggestion channels in place and the way to access them.
 - Reporting channels for breaches of the Code of Ethics.
- b) Open House of Operations: To strengthen its relationship with stakeholders, CAP Group entities are expected to open their doors to the public to showcase, in person, their realities and projects, products, and services. This means inviting community stakeholders to see the production process “with their own eyes.” The objective is for participants to gain firsthand knowledge of the activities being carried out and to form a well-informed opinion of the company, its operations, and their impacts.

1.10 Social Investment Management

Social investment refers to an initiative, or a set of collaborative initiatives, that contributes to the sustainable development of the territories where an operation or project is located. These initiatives are based on the existing capacities, potential, and opportunities of the territory and its relationship with CAP Group companies.

Social investment must be consistent with the reality, scale, and impacts of each operating company or project; aligned with the Company’s strategic objectives and sustainability strategy; supported by social impact measurement indicators; generated by a need and/or interest of the communities; focused on a specific group of beneficiaries; and ideally co-financed through strategic partnerships and incorporating a gender perspective.

The guidelines and instructions on Social Investment Management are set forth in the Corporate Social Investment Policy, which forms an integral part of the Social Management Framework.

1.11 Indigenous Peoples Management

Operating companies or projects may be located in territories inhabited by Indigenous

Peoples. Given their distinctive way of life and their often vulnerable position within society, it is increasingly necessary for companies to recognize and respect the social, economic, environmental, and cultural interests of Indigenous Peoples

CAP Group bases its approach on respect for national legislation referring to Indigenous Peoples, as well as international treaties ratified by the State of Chile, such as the United Nations Universal Declaration of Human Rights and ILO Convention No. 169 on Indigenous and Tribal Peoples.

In line with the above, CAP Group considers that proper management of relationships with Indigenous Peoples located within the area of influence of a company or project involves, at a minimum, the following activities:

- a) Identification of actors: through the development of a specific Stakeholder Map that includes Indigenous Communities, Associations, and Leaders within the area of influence for engagement.
- b) Identification and management of impacts: specifically identifying and managing impacts in cases where the operation or project is located near Indigenous lands, Indigenous communities, Indigenous associations, or other traditional Indigenous organizations, at least in situations where:
 - The activity affects the livelihoods and customs of Indigenous Peoples.
 - The activity affects productive activities dependent on the extraction and/or use of natural resources by Indigenous communities (gathering, herding or livestock farming, fishing, agriculture, etc.), or disrupts grazing circuits (transhumance).
 - The activity affects or disrupts rituals, religious festivities, manifestations, or practices of Indigenous cultures.
 - The activity affects or could affect Indigenous archaeological heritage.
 - The activity takes place within a Marine Coastal Area of Indigenous Peoples (ECMPO).
 - The activity could hinder or prevent access to the gathering of medicinal plants or food sources.
- c) Identification and management of resettlements: determining whether, as a result of the operation or project, it has been or will be necessary to resettle Indigenous

communities. In such cases, a plan must be in place, in accordance at a minimum with national regulations and international conventions ratified by the country, and it must include traceability to allow for potential auditing.

- d) Grievance mechanism: the consultation, complaint, and suggestion mechanism specified in section 4.4 of this Framework must include a method to specifically identify and report when a grievance is submitted by a member of an Indigenous People.

1.12 Annual Social Management Plan

All operating companies must prepare an annual Social Management Plan that is proportional to the stage of development of the business, project, or operation, and to the identified social impacts and risks. This plan must include:

- Identification and analysis of stakeholders (stakeholder map).
- Identification, assessment, and control of social risks.
- Identification, assessment, and control of social impacts.
- Identification of social commitments.
- Planned engagement and communication activities.
- Objectives, roles and responsibilities, resources, budget, implementation program, and monitoring mechanisms required for effective implementation.

1.13 Traceability of Social Management

Throughout the entire social management process—both in stakeholder dialogue and in the development of social programs, contributions, and initiative, it is necessary to generate documentation and verification records that demonstrate their progress. Means of verification may include reports, minutes and/or records specifying when and where the activity took place, who participated, the topics discussed, and the outcomes of the conversation, as well as photos, videos, and other supporting evidence.

Operating companies must have the following documentation or instruments:

- Stakeholder map updated at least once a year.
- Record of activities and supporting documentation related to participatory identification of impacts and participatory monitoring.
- Updated record of social risks and the status of progress on elimination or mitigation measures.

- Record of the consultation and complaint mechanism, including complaints received and response times.
- Internal procedures to receive, authorize, assess, document, and respond to requests for social investment.
- Record of contracts, agreements, arrangements, and/or minutes of delivery of social investment contributions.
- Record of due diligence processes for social investment contributions, in accordance with the Corporate Social Investment Policy and the Crime Prevention Manual.
- Supporting documentation for accountability and closure of social investment contributions.
- Social Management Plan.

1.14 Social Management Reporting

Operating companies must submit, on a quarterly basis, to CAP's Corporate Affairs and Sustainability Committee:

- Report on relevant social activities and social commitments with key social stakeholders.
- Follow-up on complaints, consultations, and suggestions.
- Report on relevant social investment activities and initiatives (projects, programs, contributions) with key social stakeholders.

1.15 Social Management KPIs

INDICATORS	WHAT IS MEASURED	FREQUENCY
Results of perception studies	Level of engagement and perception in the areas of influence	Annual
Number, type, characteristics, and outcome of community conflicts	Number of very serious conflicts	Quarterly
Level of compliance with agreements and commitments with the community	% of compliance with commitments	Quarterly
Social Investment	In accordance with the Corporate Social Investment Policy	

II. ESG GUIDELINES FOR CAP GROUP'S SUPPLY CHAIN

2.1 Introduction

This section of the ESG Management Framework sets out the ESG guidelines for the supply chain, with the objective of integrating environmental, social, and governance criteria across our entire value chain. The framework seeks to ensure that the activities of our suppliers are carried out under principles of ethics and sustainability, in alignment with our 2030 Strategy.

2.2 Scope

This corporate framework establishes the guidelines, minimum requirements, responsibilities, and standard terminology that make up the ESG guidelines for CAP Group's supply chain.

Likewise, this framework applies to all future CAP Group projects, ensuring that environmental, social, and governance criteria are integrated from the outset of any new project, thereby guaranteeing compliance with the highest standards across all company activities.

This general framework is designed to be applied throughout all stages of the decision-making process that affect our supply chain, from bidding and contracting processes to the procurement of products and services, as well as the ongoing monitoring and evaluation of these processes.

2.3 Gradualness and Flexibility

This framework provides guidelines and recommendations designed to ensure that each operating company within the Group develops strategies that enable it to advance toward supply chain sustainability in a gradual and effective manner, without compromising competitiveness or profitability. The actions described below are conceived to be applied flexibly and adaptively, allowing for adjustments according to the needs and evolving market realities of each operating company and/or ongoing projects.

2.4 Key Terms and Definitions

Supply Chain

The supply chain encompasses the activities required to deliver goods or services to the

consumer and constitutes an integrated system that includes all stages of the life cycle of a product or service, from procurement to delivery to the end consumer.

The following are the different processes involved in a Supply Chain:

- **Selection:** Selection is the process of identifying and evaluating potential suppliers. During this stage, suppliers' capabilities, the quality of their products or services, reliability, and credentials are examined to ensure they meet the organization's requirements and standards. Selection may be carried out through bidding processes or direct purchases, depending on the specific needs of the service.
- **Contracting:** Once selected, suppliers undergo a contracting process that formalizes the commercial relationship. This process includes the negotiation of terms and conditions, the drafting of contracts and/or agreements, and the formalization of mutual commitments to ensure effective and transparent collaboration. The types of contracts may vary depending on the commercial relationship established, ranging from specific purchases and short-term contracts for particular supplies to long-term agreements involving broader and more strategic commitments.
- **Evaluation:** Evaluation is the ongoing process of monitoring and analyzing supplier performance. This includes reviewing their ability to meet contractual terms, the quality of the products or services delivered, compliance with deadlines, and responsiveness to the organization's needs. Regular evaluation helps identify areas for improvement and ensures high quality across the supply chain.
- **Support and Training:** Supplier support and training consist of providing continuous assistance and development opportunities to enhance their capabilities and align them with the organization's standards. This process includes the provision of resources, workshops, advisory services, and other support mechanisms to help suppliers meet expectations and contribute to mutual success.

ESG Criteria in the Supply Chain

The acronym ESG represents three key dimensions of sustainability management: Environmental, Social, and Governance.

- **Environmental Dimension:** Focuses on an organization's impact on the environment, as well as on the risks and opportunities associated with environmental issues. It includes measures to protect natural resources and mitigate the negative effects of business activities. Among the aspects considered are:

- Energy consumption and efficiency

- Carbon footprint
 - Waste management
 - Air and water pollution
 - Biodiversity loss
 - Environmentally unauthorized deforestation
 - Depletion of natural resources
- **Social Dimension:** Addresses how an organization interacts and engages with its employees, customers, suppliers, and the broader community. This includes fair and equitable treatment, as well as the positive social impact of its operations. Key aspects include:
 - Fair pay for employees
 - Diversity, equity, and inclusion programs
 - Talent development
 - Local development
 - Occupational health and safety
 - Respect for human rights and labor standards
 - **Governance Dimension:** Refers to how an organization is managed and controlled to ensure compliance with applicable regulations and corporate policies. This includes practices that promote transparency and ethical business conduct. Relevant aspects include:
 - Financial transparency
 - Risk management initiatives
 - Ethical business practices
 - Standards on corruption, bribery, and political donations
 - Whistleblowing programs

In the context of the supply chain, ESG criteria are crucial to ensuring that suppliers and contractors operate in a sustainable and ethical manner.

From an environmental perspective, this includes considering how suppliers manage natural resources and their impact on the environment. Key aspects include waste management, emissions, energy efficiency, and the use of renewable energy.

From a social perspective, suppliers' labor practices must be evaluated, ensuring safe and

fair working conditions, diversity and inclusion in the workplace, and respect for human rights. In addition, community development and corporate social responsibility should be promoted.

From a governance perspective, it is important that suppliers uphold high standards of ethics and compliance. This includes operational transparency, anti-corruption measures, risk management, and the implementation of clear and effective corporate

2.5 ESG Guidelines for Supply Chain

Baseline Conditions

For gradual and flexible implementation according to the reality of each company within the Group, it is essential that procurement areas understand the importance of promoting sustainable strategies within the supply chain and have the capacity to carry them out. Therefore, whenever possible, training procurement staff in ESG aspects is fundamental to ensuring that these policies can be implemented effectively.

In addition, it is necessary to classify suppliers and contractors according to their ability to comply with and follow different sustainability standards. Having such a categorization will make it possible to adapt ESG policies and develop specific action plans for each group of suppliers and contractors, ensuring efficient and sustainable supply chain management.

a) Priority Suppliers for the Implementation of ESG Guidelines

In line with CAP Group's values, the priority suppliers for the implementation of this framework are:

- **Micro and Small Enterprises (SMEs)** According to the SME Statute:
 - Microenterprises: Companies whose annual income from sales, services, and other business activities did not exceed 2,400 UF in the last calendar year.
 - Small enterprises: Companies whose annual income from sales, services, and other business activities is greater than 2,400 UF but less than 25,000 UF in the last calendar year.
- **Local Suppliers:** Companies that, while legally incorporated and operational, have their tax domicile and conduct their business activities primarily within the boundaries of a specific region. These companies contribute to the economic development of their area, generate local employment, and are often integrated into

the regional value chain, offering products and services that respond to the needs and characteristics of the local market.

b) Suppliers and/or Contractors Complementary to the Implementation of ESG Guidelines

In addition, there are suppliers and contractors to whom the Group's companies, based on their own strategic decisions and operations, may introduce sustainability criteria according to their needs, capacity, and feasibility. Examples of other types of suppliers and contractors include labor-intensive companies, suppliers with large and long-term contracts, and international companies, among others.

Understanding the specific characteristics of each group of suppliers and contractors enables each company to establish a roadmap with activities tailored to each type of supplier. This facilitates a gradual approach, starting with those most in need of ESG criteria integration, allowing for effective implementation adapted to the reality of each company.

Proposed Activities

The following are proposed activities within the different processes that make up the supply chain, as defined above. Given the diversity of business models within the Group, the activities described below are indicative and intended to serve as a practical guide. In this regard, each company must assess and select the actions it deems most appropriate and best suited to its specific needs.

The following are primary activities that most companies should be able to implement gradually at the initial stage, taking into account their current reality and the composition of their procurement processes. In addition, secondary activities are suggested to allow companies to further strengthen their sustainability practices.

i. Selection

Primary activities:

- Select suppliers and contractors that ensure compliance with environmental and social regulations, including those related to safety management and labor standards.
- Prioritize the purchase of goods and services from local suppliers and contractors to strengthen the regional economy. Only when demand cannot be met locally—whether due to availability, expertise or specialization, demonstrated

quality, or other factors—should options outside the regions of the country or at the international level be considered.

- Value suppliers and contractors that promote gender equity and respect for human rights.
- Request, where applicable, solid waste management plans and/or water resource management plans from suppliers and contractors with a presence in operations and/or projects.
- Request suppliers and contractors to share their ongoing sustainability initiatives so that this criterion can be included in the evaluation and potential synergies or collaborations can be identified to advance sustainability.
- Positively value suppliers and contractors that offer innovative sustainability solutions, such as the use of recycled materials or cleaner production technologies.

Secondary activities:

- Establish a formal sustainability criterion in the evaluation matrix, assigning a specific weight—ideally no less than 25% of the total score. These dimensions may include, for example, the percentage of local workforce, the percentage of local procurement, the percentage of female workforce, and the environmental management practices of the supplier or contractor.

ii. Contracting

Primary activities:

- Add a sustainability section to the Code of Conduct, outlining the importance of social and environmental responsibility.
- Establish payment terms that support SMEs, ensuring their financial stability.
- Include preferential—particularly short-term—payment terms for priority suppliers (micro and small enterprises, and local suppliers). To this end, measures should be developed to reduce administrative processing times prior to issuing Purchase Orders (POs) and to set maximum deadlines for validating the receipt of products or services.
- Explicitly state in contracts that non-compliance with ESG policies may result in a review of the contractual relationship, up to and including possible contract termination and supplier disengagement.

Secondary activities:

- Establish incentives for suppliers that comply with ESG standards, such as the possibility of longer-term contracts or improved commercial conditions.
- Provide additional incentives for suppliers that demonstrate continuous improvements in their sustainability practices, such as discounts on contract renewal costs or preferential access to future bidding processes.
- Formalize penalties for suppliers and/or contractors in the event of non-compliance with safety requirements, standards, or ESG policies. These may include fines, reduction of contractual benefits, or even contract termination.
- Implement periodic reviews of contracts to ensure that terms and conditions remain aligned with ESG policies and adjust them as necessary.

iii. Evaluation and Monitoring

Primary activities:

- Define specific Key Performance Indicators (KPIs) to measure the progress and compliance of suppliers and/or contractors in relation to ESG criteria. Examples of such indicators include greenhouse gas (GHG) emissions, the percentage of solid waste destined for reuse or recycling, and the number of negative environmental incidents generated by the supplier and/or contractor.
- Establish an annual ESG evaluation process for suppliers and/or contractors that have influence on environmental impacts in operations and/or projects, including monitoring of the defined indicators.

Secondary activities:

- Conduct ESG evaluations more frequently and extend the evaluation process to other types of suppliers and/or contractors.
- Carry out independent audits of selected suppliers and/or contractors to verify compliance with ESG standards and ensure an objective assessment.
- Request periodic evaluation reports from suppliers and/or contractors, detailing their progress and challenges in sustainability, and providing evidence and documentation of their ESG practices.

- Implement a continuous feedback system for suppliers based on evaluations, providing clear recommendations for improvement and encouraging the development of corrective action plans.

iv. Evaluation and Monitoring

Primary activities:

- Provide ESG training to procurement officers to ensure they understand and can effectively implement sustainability policies.
- Develop and distribute general training on the ESG concept for all suppliers and/or contractors. This may include creating an educational video that explains the importance of sustainability and how suppliers and/or contractors can contribute.

Secondary activities:

- Provide training to each supplier and/or contractor on how to incorporate ESG guidelines into their processes. This may include workshops, webinars, and individualized advisory support to address the specific needs and challenges of each supplier.
- Establish a mentorship program in which suppliers and/or contractors with strong ESG practices can share their experience and knowledge with other suppliers that are beginning to implement these guidelines.
- Create and distribute educational materials such as guides, manuals, and case studies that provide practical examples and strategies for implementing sustainable practices.
- Develop an online learning platform where suppliers and/or contractors can access courses, seminars, and additional resources on sustainability and ESG practices.
- Implement periodic evaluations of the effectiveness of training programs and adjust them based on the results and feedback received from participants.

2.6 Measurement and Evaluation

As a publicly listed company, CAP is required to report its results publicly. In this context, the evaluation and monitoring of sustainable strategies in the supply chain are essential

to demonstrate the company's commitment to ESG principles and to measure progress toward sustainability. These processes make it possible to identify areas for improvement, ensure compliance with established standards, and foster a culture of accountability and transparency throughout the supply chain.

To measure progress toward sustainability, it is crucial that procurement areas are able to evaluate their advancement in the gradual and flexible integration of ESG guidelines, based on the conditions of each CAP Group company. While each company must define its own implementation process and evaluation method, the following Key Performance Indicators (KPIs) are presented to monitor the implementation of this framework:

KPI	DIMENSION	DESCRIPTION	UNIT
Local Suppliers and/or contractors	Social	Proportion of suppliers and/or contractors operating within the same region as the operating company's site.	%
Payment to SMEs and priority suppliers within 30 days	Social	Proportion of compliance with payment within 30 business days to priority suppliers.	%
Average time from delivery of product/service to Purchase Order (PO) issuance	Social	Average number of days the company takes to issue the PO after the product or service is delivered.	Days
Average Payment Terms	Governance	Average number of days the company takes to pay its suppliers and/or contractors.	Days
Suppliers meeting Safety Standards	Governance	Proportion of suppliers and/or contractors that comply with safety standards established by CAP.	%
Suppliers with Environmental Certifications	Environmental	Proportion of suppliers and/or contractors holding recognized environmental certifications, such as ISO 14001 or others.	%
Carbon Emissions attributable to supplier and/or contractor operations	Environmental	Amount of carbon emissions generated by processes implemented by suppliers and/or contractors	Tons of CO2
Participation in ESG Training Programs	Social	Proportion of suppliers and/or contractors participating in ESG training programs offered by CAP.	%
Social Impact Assessment of suppliers	Social	Evaluation of the social impact of supplier activities, including contributions to community development and inclusion and equity policies.	Score