

Environmental and Social Review Summary (ESRS) AZVI's Supply Chain Finance Facility – CHILE and MEXICO (REGIONAL)

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1 General Information of the Project and Scope of Environmental and Social Review

The Azvi Group, through its subsidiary Construcciones Urales Chile, S.A. (the Agency) and Construcciones Urales, S.A. de C.V. (“AZVI” or the “Company”), has requested IDB Invest's financial assistance to set up an uncommitted reverse factoring revolving credit facility (the "Facility") to finance the Company's suppliers in Chile and Mexico, through the acquisition of collection rights (the “Transaction”). Initially, the facility will benefit 3 airport expansion concession projects¹ and 2 public works projects to improve road connections² (together, the “Project”).

The environmental and social due diligence (ESDD) process included the review of complementary information, such as policy, plans, manuals and environmental management procedures; human resources policies (HR); occupational health and safety (OHS) programs; waste management (hazardous, non-hazardous and special handling waste); follow-up and monitoring of environmental conditions and within workplaces (e.g., air emissions, noise and effluents); and emergency response plans, among other documentation.

Given the nature of this financing, the review focused on: i) AZVI’s environmental and social management and labor and working conditions; and (ii) the evaluation of AZVI’s supplier management programs and their fulfillment of basic environmental, social, and OHS requirements under Chilean and Mexican law.

2 Environmental and Social Categorization and Rationale

The Project has been classified as Category B according with IDB Invest’s Environmental and Social Sustainability Policy, as its environmental and social (E&S) and OHS impacts and risks are expected to be largely reversible and can be mitigated with measures that are readily available using current technologies. These impacts and risks include: (i) soil substrate modification due to excavation and compaction processes; (ii) noise pollution and vibrations; (iii) the generation of both hazardous and non-hazardous solid waste; (iv) pollutant emissions into the atmosphere, primarily combustion gases from construction and maintenance machinery and equipment; (v) an increase in risks to the health and safety of workers; (vi) potential community health and safety repercussions related to the increase in heavy vehicle traffic and partial road closures, and due to electrified infrastructure; and (vii) an increase in resource use, primarily water and energy. Most of these impacts and risks are deemed to be of medium to low intensity.

¹ Concesión Red Austral de Aeropuertos, which includes the Punta Arenas and Balmaceda airport expansions; and the La Florida Airport concession in La Serena.

² Corral - Valdivia Highway Improvement; and Improvement of the Highway Connection through Corral.

The Project will trigger the following International Finance Corporation (IFC) Performance Standards (PS): PS1: Assessment and Management of Environmental and Social Risks and Impacts; PS2: Labor and Working Conditions; PS3: Resource Efficiency and Pollution Prevention; and PS4: Community Health, Safety, and Security.

3 Environmental and Social Context

The Azvi Group is a business group with more than 100 years of experience in the construction, promotion, and development of infrastructure projects and services in Europe, Latin America and the Middle East. It is a modern, diversified, and international group that brings together AZVI and its respective parent companies' century-old experience. They, in turn, comprise its business areas: (i) construction, with AZVI; (ii) concessions, with Cointer; (iii) rail transport, with Traccion Rail; (iv) railway electrification, with Ispalvia; (v) maintenance, overhaul, and repair of machinery, with Manfevias; and (vi) management of urban services and the environment, with Azsuma.

AZVI's corporate culture is based on satisfying its stakeholders through a dynamic and efficient organization, and a firm commitment to continuous improvement as a socially responsible company, integrating economic, governance, E&S, OHS, ethics, and transparency criteria into its business management activities, to promote sustainable development.

All companies that are part of the Azvi Group share its corporate culture, values, and commitments from the moment they are acquired or formed.

In 2021, the Azvi Group became a Signatory Partner of the Global Compact through the Spanish Global Compact Network, an ethical commitment initiative promoted by the United Nations to implement sustainability principles in business practices. With this commitment, the Azvi Group undertakes to support and put into practice the ten ethical principles on which this initiative is grounded, based on universal declarations and conventions that are grouped into four categories: (i) human rights; (ii) labor standards; (iii) environment; and (iv) anti-corruption. This commitment is set out in its Code of Ethics and is part of its inspiring Principles³. In addition, in 2021, Construcciones Urales, the Mexican construction subsidiary, was awarded the Socially Responsible Company (ESR, for its acronym in Spanish) seal by the Mexican Center for Philanthropy (Cemefi), which will remain valid until this 2023.

4 Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks and Impacts

4.1.a Environmental and Social Management System

The Azvi Group's corporate culture, based on its different stakeholders' satisfaction, is based on a strong customer focus and respect for the environment, through the establishment of alliances with its suppliers to achieve business excellence. In this sense, the Azvi Group promotes the development of its

³ The inspiring principles are those on which the Azvi Group bases its values and commitments from a legal, ethical, and civic perspective.

Environmental Management System (EMS) in line with the ISO SO 14001:2015 standard⁴, certified by AENOR⁵, both in Spain and in its international activities.

The Group has an Environmental Handbook with the following goals: (i) to establish the EMS as an integrated part of the Quality System; (ii) to identify the main environmental challenges associated with its activities; (iii) to identify any applicable legal requirements; and (vi) to define goals and appropriate measures to ensure the continuous improvement of its environmental performance.

4.1.b Policy

The Azvi Group has an Environmental Policy that establishes the Group's Senior Management's commitment to environmental protection and sustainability, compliance with environmental legislation, and the principles of impact minimization, rational use of natural resources, pollution prevention, protection and conservation of biodiversity, the fight against climate change, and stakeholder communication and collaboration.

Additionally, the Azvi Group has the following policies associated with environmental, social, and OHS performance: the Occupational Health and Safety Policy, the Healthy Company Policy, and the Road Safety Policy, among others. It also has specific procedures to manage and control the main risks inherent to its operations in terms of E&S, OHS, human rights, anti-corruption and bribery, and tax issues.

The dissemination of these corporate policies is entrusted to the Director of Quality, Prevention, and Environment by the Group's Chairmanship, which is also responsible for the continuous improvement, through annual reviews, of the Environmental Management System in place.

4.1.c Identification of Risks and Impacts

The Ministry of Public Works (MOP, for its acronym in Spanish)⁷ in Chile approved AZVI's projects through its Environmental Qualification Resolutions (RCA, for its acronym in Spanish) where, as part of the environmental impact studies⁸, it identified and evaluated the environmental and social risks derived from its operations, carried out the required public consultations, and followed up on its previous E&S commitments. The Company has also developed and is implementing OHS risk identification and assessment procedures.

4.1.c.i Direct and Indirect Impacts and Risks

Based on the EMS and the Environmental Handbook, AZVI maintains a catalog of its main business risks at the project level, including environmental and social risks. This catalog helps it to evaluate how its operations, including its supply chain and services, are managed.

⁴ UNE-EN-ISO 14.001:2015, "Environmental management systems. Requirements and guidance for use."

⁵ AENOR is a commercial body that operates in the fields of compliance assessment (certification), education (training), and publishing sales (<https://www.aenorcentroamerica.com/>).

⁷ The MOP acts as the Promoter of Projects in Chile.

⁸ Environmental Impact Statement, as such.

As per the general "Risk and Opportunity Management" procedure, the actions taken by AZVI to address risks and opportunities are proportional to the environmental impact generated by its projects, works, or service contracts. These impacts and actions are included in the "General EMS Risk Assessment" documents of the different companies.

Similarly, the Company has established, implemented, and maintains an "Identification and Evaluation of Environmental Aspects" procedure, where it identifies: i) the environmental aspects of its activities that it can control; ii) the environmental aspects that it can influence; iii) the environmental impacts associated with its activities, products, and services; iv) any significant impacts, taking into account actual conditions (normal and abnormal) and potential scenarios that may arise, such as in the case of an emergency.

Similarly, AZVI has the "Requirement Identification and Access" procedure, which identifies the legal requirements applicable to the environmental aspects of its activities and determines how they apply to its companies.

4.1.c.ii Gender Risks

In Latin America, there is significant gender inequality, defined as differential and unequal access to labor, educational, economic, and political participation opportunities based on sex or gender. This inequality, which is reinforced by widespread cultural norms regarding acceptable roles for men and women and exacerbated by weak legal protections or inadequate social response, results in gender discrimination, unequal access to public services, educational differences, wage, and labor inequality, and lagging rates of political participation. The gender gap index for Chile is 0.74⁹, which places it in 11th place out of 22 Latin American countries¹⁰, and for Mexico it is 0.76, which places it in 23rd place.

Gender-Based Violence and Harassment (GBVH) is also a significant problem in Latin America and the Caribbean, which has the highest rate in the world¹¹. Although Chile has laws¹² and institutions¹³ that ensure the protection of women, in 2021 the femicide rate was 0.5, i.e., in that year there was one

⁹ This means that, on average, Chilean women have -26% less opportunity than men in education, health, economics, and politics.

¹⁰ ["Gender gap index in Latin America 2022", Statista.](#)

¹¹ In 2021, Brazil, Mexico, Argentina, Peru, El Salvador and Bolivia accounted for 81% of the world's femicide cases.

¹² Law on Domestic Violence (Law No. 20,066); Law on Femicide (Law No. 20,480), which amends the Criminal Code and Law No. 20,066 on Domestic Violence, establishing "Femicide", increasing the penalties applicable to this crime and reforming the rules on parricide; Gabriela's Law (Law No. 21,212), which amends the Criminal Code, the Code of Criminal Procedure and Law No. 18,216 regarding the classification of femicide; among others.

¹³ Ministry of Women and Gender Equity (MinMujeryEG); National Service for Women and Gender Equity (SERNAMEG) of the MinMujeryEG; Women's Institute Foundation; Chilean Network to Combat Violence against Women; among others.

femicide¹⁴ for every 200,000 women¹⁵. Mexico also has laws¹⁶ and institutions¹⁷ that ensure the protection of women, yet the number of reported cases of femicide in Mexico (943) is the second highest in Latin America.¹⁸ Gender-based violence and harassment escalated during the COVID-19 pandemic; in Chile, calls to the sexual violence hotline increased by 70% in the first weekend of the quarantine, and in Mexico they increased by 25% compared to 2019 rates¹⁹.

Nevertheless, due to the type of activity and industrial line of business, in addition to the fact that the Project is located in or near urban areas, the gender risk is estimated to be low and can be mitigated by applying the principles contained in the Company's Code of Ethics and Equality Policy.

4.1.c.iii Climate Change Exposure

Overall, the Project infrastructure is moderately exposed to physical risks and hazards from climate change, as follows: (i) according to a global climate model, a high exposure to droughts and a moderate exposure to changes in precipitation patterns and earthquakes; and (ii) a high exposure to droughts, with a tendency to increase moderately under the RCP 8.5 climate change scenario²⁰.

Nevertheless, climate change exposure risk is expected to be addressed by the measures proposed in the Emergency Plan and Contingency Program specific to each project.

4.1.d Management Programs

AZVI's Environmental Policy encompasses the precautionary principle applied through the EMS, which identifies environmental risks, threats, and opportunities, assessing each of them and establishing management plans to mitigate risks and enhance opportunities.

The Company plans actions to address its significant environmental aspects, applicable requirements (including legal requirements), risks, and opportunities, as per the procedures "Identification and Evaluation of Environmental Aspects", "Requirement Identification and Access" and "Risk and Opportunity Management" of the different companies. Actions are planned through Environmental Management Plans (EMPs) for projects, works, or service contracts, so that the actions are integrated and

¹⁴ Although it varies widely in Latin American countries' legal frameworks, femicide can be defined as the murder of women or girls based on their gender.

¹⁵ ["Femicide rate in Latin America Countries in 2021", Statista.](#)

¹⁶ Federal Law to Prevent and Eradicate Discrimination; General Law for Equality between Women and Men (2006); General Law for Women's Access to a Life Free of Violence (February 2007), and Rules of Procedure for the General Law for Women's Access to a Life Free of Violence (March 2008).

¹⁷ National Women's Institute (Inmujeres); National Commission to Prevent and Eradicate Violence against Women (CONAVIM); National Council to Prevent Discrimination (CONAPRED); National Human Rights Commission (CNDH); among others.

¹⁸ ["Number of femicides in Latin America by country 2019", Statista.](#)

¹⁹ ["COVID-19: rise of gender violence in Latin America in 2020," Statista.](#)

²⁰ A Representative Concentration Pathway (RCP) is a greenhouse gas concentration pathway (not emissions) adopted by the IPCC. The pathways describe different climate futures, all of which are considered possible depending on the volume of greenhouse gases (GHGs) emitted in the coming years. RCPs, originally RCP 2.6, RCP 4.5, RCP 6, and RCP 8.5, are labeled from a possible range of radioactive forcing values in the year 2100 (2.6, 4.5, 6, and 8.5 W/m², respectively).

implemented as part of the EMS or in other business processes, with their efficiency measured through internal and external audits.

As part of these management plans and to improve its environmental performance, AZVI has implemented a series of environmental initiatives to minimize environmental risks, ensure compliance with environmental legal requirements, prevent pollution, adopt energy saving and efficiency measures, preserve biodiversity, improve waste management, and increase environmental training and awareness, among others. In 2021, it provided 2,292 hours of environmental training to its 6,911 employees, distributed in a total of 771 training actions.

4.1.e Organizational Capacity and Competency

The Azvi Group has a Quality, Prevention, and Environment Department that reports directly to the Chairman of the Group and is independent from the CEO's office and the other departments and divisions of the companies. The Quality, Prevention, and Environment Director, together with the Quality and Environment Manager, the Environment Manager, and the Quality and Environment Technicians, are responsible for monitoring environmental compliance in the countries where AZVI operates. At the project, work, or service contract level, there are Quality Managers and Environmental Coordinators who report directly to the Quality and Environment Officer and oversee the Environmental Unit in a company, area, project, work, or service contract, regardless of production.

In OHS matters, the Quality, Prevention, and Environment Director is supported by the Quality, Prevention, and Environment Director to monitor compliance with the Occupational Health and Safety Management System at Construction Sites (OHSMS-CS), as well as to advise Country Managers and Delegates on the implementation of emergency preparedness and response procedures.

AZVI has a General Training Management Procedure to support organizational competencies, which, inter alia, determines the necessary competencies of the people who perform work with a focus on measuring the performance and effectiveness of the Environmental, Quality, Occupational Health and Safety, and Research, Development, and Innovation Management Systems, among others.

4.1.f Emergency Preparedness and Response

The OHSMS-CS establishes that each workplace must have: (i) a Fire Prevention and Protection Program, which, in compliance with workplace health regulations (Art. 44 of Decree No. 594²¹), establishes the need for all workplaces to implement fire prevention measures, control fuel loads and heat sources, and inspect facilities through a pre-established program; and (ii) a Contingency Program, which, in compliance with the labor code (Art. 184), seeks to guarantee the necessary elements so that workers, in the event of an accident or emergency, can access timely and adequate medical, hospital, and pharmaceutical care. Likewise, the OHSMS-CS establishes an accident investigation and reporting mechanism to determine the causes and propose corrective or preventive measures to avoid a recurrence of any accidents.

In addition, each project has an Emergency Plan that establishes the internal organization to coordinate actions designed to preserve the integrity of human and material resources at the Company's facilities in

²¹ Decree No. 594 of the Ministry of Health, which approves the Regulation on Basic Sanitary and Environmental Conditions in Workplaces (latest version June 20, 2019).

the event of any type of emergency, establishing standards appropriate to the facilities and delegating responsibilities for action and coordination.

The Emergency Plan establishes the need for and frequency of drills at each work center. It also defines the equipment required to respond to an emergency, the training required for each of its components, and how to contact external entities (civil protection, fire department, etc.).

The Risk Prevention Department, together with the Work Center Manager, is responsible for managing the preparation of the Emergency Plan for each work center and providing the resources for its fulfillment and implementation; the plan must be adapted to the particular conditions of the environment and the country's regulations. Nevertheless, the Site Risk Prevention Expert of the work center is in charge of: (i) identifying potential emergencies and environmental impacts; (ii) establishing an Emergency Plan and preparing an appropriate emergency response; (iii) establishing the operation, management, and control methodology to be applied during an emergency; (iv) establishing the appropriate management of the resources needed in the emergency; (v) establishing, describing, and arranging the protective measures and evacuation procedure; (vi) conducting drills as determined by the work site; (vii) determining the need for emergency response; (viii) implementing the emergency plan, deploying the appropriate emergency response teams, and contacting the appropriate people; (ix) establishing internal and external communications according to the emergency and what is required; (x) reviewing emergency preparedness and response procedures after an emergency occurs and the emergency situation is mitigated; (xi) scheduling Emergency Plan training and associated courses; and (xii) posting emergency telephones in the meeting room, bulletin board, guard house, and public areas; among other responsibilities.

4.1.g Monitoring and review

One of the Azvi Group's objectives is to monitor compliance with all applicable environmental legal provisions. For this reason, and to avoid sanctions, it plans and conducts environmental audits as part of its EMS to ensure legal compliance by means of a systematic, objective, and evidence-based review that guarantees compliance with the legal requirements applicable at each work center. A total of 5 environmental oversight visits and internal audits were conducted in 2021.

Nevertheless, AZVI will prepare²² a consolidated annual report on the compliance status of all E&S and OHS policies and measures applicable to the Project, including the progress of EMS and EMP actions, with respect to the established key performance indicators (KPIs); as well as on the compliance status of the IDB Invest Environmental and Social Sustainability Policy.

4.1.h Stakeholder Engagement

The corporate culture of the Azvi Group is based on satisfying its stakeholders through a dynamic and efficient organization, and a firm commitment to continuous improvement, integrating, as a socially responsible company, economic, governance, E&S, OHS, ethics, and transparency criteria into the management of its activities, in order to achieve sustainable development.

²² Either internally (internal audit) or through an independent external E&S expert (external audit).

In this sense, for the Azvi Group, its stakeholders include employees, investor analysts, the media, clients, local communities, public administrators, non-governmental organizations (NGOs) and other members of civil society, and suppliers and contractors.

For the Project, as part of the EMP, the Company has developed a Citizen Participation Plan for each project and each stage of its life cycle. The plan establishes mechanisms and procedures to: (i) identify stakeholders and public concerns during the development of the project; (ii) establish communication channels to identify possible concerns, interests, and perceptions of the community; (iii) provide stakeholders with information on the project, significant changes and measures that present benefits, impacts, risks, and results; (iv) consider the opinions expressed in each phase of the project for the selection of alternatives; and (v) identify potential conflicts in advance, while promoting measures for their proper management.

4.1.h.i Disclosure of Information

The Company implements and maintains timely, accurate, and transparent communication with the most important social stakeholders, groups, and grassroots organizations in the communities in its area of influence. This is done in two stages: i) the first, called "Initial", where trust is generated through dialogue, and ii) the second or "Intermediate" or "Involvement Phase", which takes the form of working groups, periodic advisory and follow-up meetings, participation in traditional fairs and training workshops, among other initiatives, once an atmosphere of trust has been generated.

4.1.h.ii Informed Consultation and Participation

The MOP, as part of the environmental evaluation process and to obtain the RCA for the project, carried out a consultation and informed participation process, in compliance with the environmental legislation in force.

4.1.i External Communication and Grievance Mechanisms

4.1.i.i External Communication

The Azvi Group considers communication to be an essential element in its operations, because it improves its organization's competitiveness and adaptability to changes in the environment, facilitates the achievement of the objectives it has set for itself, and satisfies its own information needs and those of its stakeholders. At the same time, it serves as a tool for employee motivation, commitment, responsibility, involvement, and participation, which serves to build and strengthen its corporate identity.

AZVI has established, implemented, and maintains a "General Communication Procedure" as part of the EMS, which regulates internal downward and upward communication between the various levels and functions, as well as the receipt, documentation, and response to relevant communications from external stakeholders (external communication). This procedure, which determines what, when, to whom, and how to communicate, considers the applicable requirements in the internal and external communication processes, and ensures that the environmental information communicated is consistent and reliable.

The Operational Program of the Citizen Participation Plan seeks to guarantee opportunities for citizen participation, so that: (i) the beneficiaries are informed and feel as responsible and active participants in

the development process; and (ii) the necessary synergies are created with the different social sectors involved, whether authorities, territorial organizations, or neighbors in general. This process, aimed at maintaining adequate communication and coordination of the technical agencies involved in the works, seeks to ensure an adequate flow of information to the community.

The means used by AZVI to reach out to the community include radio ads, flyers, door-to-door canvassing, and social media posts.

4.1.i.ii Grievance Mechanisms for Affected Communities

The Azvi Group has an Ethics Channel, through which any person can report to the Commission for the Prevention and Detection of Criminal Acts (CPDHD for its acronym in Spanish) and the Regulatory Compliance Department (DCN, for its acronym in Spanish) any alleged irregularities committed by employees and business partners (contractors and subcontractors). The information received is handled confidentially and anonymously (if so desired by the claimant) and recorded in a "Contact Form"²³, through an email²⁴ specifically enabled for this purpose, or a postal mail.

The Project has a Citizen Participation Plan for its works, which seeks to obtain feedback from the communities through observations, suggestions, and complaints, and then meetings so that the progress and the incorporation of observations in the works' execution programs can be verified. The mechanism for receiving such feedback is the "Suggestions and Consultations Logbook".

4.1.j Ongoing Reporting to Affected Communities

AZVI, through its website²⁵, provides information on the Company's environmental and social performance. In addition, for the last 20 years, the Azvi Group²⁶ has published an Annual Report where it discloses information about the Company, including, among others, its contribution to the Sustainable Development Goals (SDGs), its environmental and social performance, and its corporate governance.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

The Azvi Group has a global workforce of around 2,000 employees distributed among its different international subsidiaries. In Chile, it has 94 employees, 17 of whom are women. All employees are nationals (95% local and 5% from neighboring regions). According to future projections, the direct workforce will grow by about 200 jobs by 2023, generating approximately 300 indirect jobs.

The Company has internal procedures that allow for suitable talent identification within the workforce and better management of internal promotion processes, thus promoting the optimization of its professional capabilities. It also has collaboration programs with the main academic centers in the

²³ <https://www.azvi.es/canal-etico>

²⁴ comisionprevenciondelitos@contactogrupoazvi.es

²⁵ <https://www.azvi.es/responsabilidad-social>

²⁶ <https://www.azvi.es/memorias>

countries where it operates, to foster the development of young professionals and promote generational change in key areas of the organization.

AZVI has made a significant commitment to the promotion of women's employment, which is evidenced by female recruitment in management positions²⁷ and the formalization of internal policies focused on gender equality and equity. Through its Equality Plan, the Company compiles a set of measures that support its commitment to gender equality, non-discrimination, reconciliation of personal, family, and work life, and protection against harassment.

4.2.a.i Human Resources Policies and Procedures

The Company's Code of Ethics seeks to ensure that all employees, contractors, and suppliers—regardless of the country or activity they work in—adhere to AZVI's ethical principles and behavioral values, in order to create a culture of legal compliance and zero tolerance for illegal activities. The code, as required by national laws and international conventions and treaties on labor and human rights signed by each country where the Company operates, establishes and ensures the employee a dignified treatment, a healthy working environment, a good quality of life in the Company, and optimal working conditions, considering aspects such as: (i) respect for the rights of people and workers; (ii) upright and exemplary behavior in business; (iii) defense of free competition, markets, and consumers; (iv) use of new technologies and protection of research, development, and innovation; (v) prevention of money laundering and illegal financing of political parties and terrorism; (vi) compliance with obligations to public administrations; and (vii) protection of the environment and compliance with urban and land use planning regulations.

The Company's Health and Safety Policy seeks to achieve and maintain the highest degree of safety and health of all its employees, with a firm commitment to continuous improvement and compliance with the legal requirements of each country where it operates and agreements that it signs. All the principles contained in this policy apply to all the Group's business areas and all its employees.

The Azvi Group also has an Equality Policy and a Human Resources Policy.

4.2.a.ii Working Conditions and Terms of Employment

By applying its Internal Rules of Order, Hygiene, and Safety ("Internal Labor Regulations" or "ILR"), AZVI complies with the requirements of the labor regulations²⁸ of the countries where it operates. The ILR sets out the standards, conditions, and regulations on matters such as: personnel recruitment and hiring; working days, hours, and breaks; paid annual leave; paid and unpaid leaves of absence; flexible work schemes to promote collaboration and productivity; wages and benefits; employer and employee rights and duties; conduct expected of employees and disciplinary measures; asset security; risk prevention; and workers with disabilities, among others.

²⁷ AZVI's Director of Studies is a woman.

²⁸ Under Chilean labor regulations, as established in Article 153 of the Labor Code, the main company that normally employs ten or more permanent workers is required to prepare an internal regulation for order, hygiene, and safety that contains the obligations and prohibitions to which employees are subject in relation to their work, permanence, and life in the company.

AZVI recruits' talent using transparent, confidential, and rigorous processes that ensure respect for the principles of equality and non-discrimination.

The Human Resources area, with the collaboration of the Quality, Prevention, and Environment Management, is responsible for coordinating the implementation and development of training plans to meet the training needs of personnel in E&S and OHS matters. All Company employees receive training according to their job position and the legal regulations in force, which allows them to perform their work safely from the very moment they start their jobs. The Office of the Chairman of the Azvi Group provides the necessary means for implementing the training plans.

4.2.a.iii Workers' Organizations

Chile and Mexico are signatories to several international conventions and treaties of the International Labor Organization (ILO) relating to workers' rights, including Convention No. 87 concerning Freedom of Association and Protection of the Right to Organize and Convention No. 98 concerning the Right to Organize and Collective Bargaining. In this regard, AZVI, through its initiative to respect freedom of association described in its Code of Ethics, supports the rights of association, union representation, and collective bargaining of all its employees, pursuant to the regulations of each country.

4.2.a.iv Non-discrimination and Equal Opportunity

Chile and Mexico are signatories to several international conventions and treaties of the ILO relating to workers' rights, including Convention No. 100 concerning Equal Remuneration for Men and Women Workers for Work of Equal Value and Convention No. 111 concerning Discrimination in Respect of Employment and Occupation. In this regard, AZVI, complying with Law No. 20.609 (Anti-discrimination Law²⁹), international treaties in force, and its Equality Policy, establishes, through the Code of Ethics and its ILR, that all employees enjoy equal opportunities for the development of their professional career, and respects the principle of non-discrimination based on racial, ethnic or national origin, socioeconomic status, language, ideology or political opinion, religion or beliefs, union membership or participation in trade organizations or lack thereof, sexual orientation or identity, marital status, age, affiliation, personal appearance, and illness or disability.

4.2.a.v Retrenchment

This operation does not involve retrenchment. Nevertheless, the ILR establishes guarantees regarding the termination of the employment contract.

4.2.a.vi Grievance Mechanism

The Azvi Group has an Ethics Channel by means of which any person can report to the Commission for the Prevention and Detection of Criminal Acts (CPDHD, for its acronym in Spanish) and the Regulatory Compliance Department (DCN, for its acronym in Spanish) any alleged irregularities committed by employees and business partners (contractors and subcontractors).

²⁹ Law No. 20,609, the Antidiscrimination Law, guarantees to all persons, with no arbitrary discrimination, the enjoyment and exercise of their rights and freedoms recognized by the Political Constitution of the Republic, the law, and international treaties ratified by Chile and which are in force.

In terms of OHS, AZVI has a General Procedure for Information, Queries, and Participation, which, in addition to receiving all the necessary information on OHS issues, establishes the channels for employee consultation and participation in matters affecting their health and safety. This procedure specifies how employees can present their claims, requests, queries, and suggestions, as well as the participation and representation bodies³⁰. Contacts, both by telephone and e-mail, are available to employees on the bulletin boards and in the information dossiers that are periodically published at the worksites.

4.2.b Protecting the Workforce

4.2.b.i Child Labor

Chile and Mexico are signatories to the ILO Convention No. 105. Consequently, its legislation prohibits child labor, except, in Chile, for minors between the ages of 15 and 18 performing certain types of light work, provided that all of the following conditions are met: (i) the proposed tasks are not harmful to their health or their physical or mental development; (ii) their parents, relatives, or guardians have authorized them to work; (iii) the proposed work does not interfere with their studies; (iv) the number of hours worked does not exceed 30 per week, if the minor in question is studying; and (v) working hours do not exceed 8 hours at any time. Nevertheless, the Company generally does not hire persons under the age of 18.

4.2.b.ii Forced Labor

Chile and Mexico have ratified ILO Convention 105. Accordingly, their legislation prohibits forced or unpaid labor, as well as discrimination against workers based on race, skin color, sex or sexual orientation, ancestry, marital status, religion, political participation, and nationality, among others. AZVI, through its Code of Ethics, establishes the principles of protection and empowerment of human capital, as well as regulatory compliance, quality, diligence, and good work.

4.2.c Occupational Health and Safety

The Azvi Group's Occupational Health and Safety Policy is a fundamental part of its Occupational Health and Safety Management System (OHSMS). With these instruments, the Company complies with the legal requirements concerning occupational risk prevention in both Chile and Mexico, supported by an organizational structure led by the Quality, Prevention, and Environment Management, in-country and on-site support units (Risk Prevention Departments and Joint Committees), and external prevention services.

The internal requirements that arise from the OHSMS exceed those established by the legislation of the countries where AZVI operates. In this sense, as part of its commitment to prevention and the continuous improvement of its OHSMS, the Azvi Group has adapted and certified its Health and Safety Management System according to the requirements of the ISO 45:001:2018 standard³¹. In line with the above, the

³⁰ The participation and representation bodies are the Site Joint Committee or the Joint Health and Safety Committee, depending on the number of workers working at the site, for periods of more than one month.

³¹ ISO 45001 is the international standard for occupational health and safety management systems, designed to protect workers and visitors from occupational accidents and illnesses.

Company has defined a Road Safety Management System under ISO 39001:2012³² in order to contribute to reducing the number of deaths and serious injuries resulting from traffic accidents among its employees. Currently, AZVI has achieved certification in Spain for the aforementioned standard, whose scope has been defined to include the conservation and maintenance of roads, freeways, and highways.

Since 2009, the Company's Prevention Service has been approved by the Construction Labor Foundation³³ to provide training activities in occupational risk prevention under the sector's agreement. During 2021, a total of 7,759 hours of training in safety, hygiene, and ergonomics were conducted for 728 workers. The Azvi Group has a specific OHS website accessible to all its employees, which contains safe work procedures, technical instructions and guides, equipment use authorizations, prevention sheets, and technical notes focused on occupational risk prevention.

Additionally, the Azvi Group is committed to the criteria established by the World Health Organization (WHO) on occupational health issues. Thus, various activities aimed at promoting healthy habits among all employees of the Group and its companies are carried out in coordination with its Health Surveillance Service.

4.2.d Workers Engaged by Third Parties

AZVI takes the necessary measures to ensure that employees, contractors, suppliers, and collaborating companies comply with the provisions of its Code of Ethics and its Occupational Health and Safety (OHS) Policy. For this reason, it has a specific procedure on "Business Coordination", the priority objectives of which are to ensure that (i) subcontracted workers are adequately informed about the risks to which they are exposed in their respective jobs, as well as about the protection and prevention measures that they must apply; and (ii) subcontractors effectively assume their responsibility, taking the necessary measures and making available to their workers the appropriate means to ensure their safety.

Furthermore, through the dissemination of its Code of Ethics and OHS Policy, the Company seeks to guarantee to its own employees, suppliers, contractors, and collaborating companies sufficient and appropriate occupational health and safety training for the successful execution of their work.

4.2.e Supply Chain

AZVI has a Purchasing Requirements Procedure to evaluate, select, monitor the performance, and re-evaluate external suppliers based on their ability to provide processes, products, and services as required by the established external supplier controls. In addition to detailing the processes, products, or services to be provided and the information of each person responsible for the Management System³⁴, the information provided to the external supplier includes the applicable environmental, OHS, Research,

³² ISO 39001 is the international standard for road safety management systems to help organizations reduce, and ultimately eliminate, the incidence and risk of road traffic fatalities and serious injuries.

³³ The Foundation is a benchmark in the construction sector, where it works to ensure that occupational risk prevention, training, employment, innovation, sustainability, and new technologies help to create a more professional, safe, skilled, and future-oriented sector (<https://www.fundacionlaboral.org/>).

³⁴ Management representative responsible and authorized to implement the different management systems of the Azvi Group (Quality, Health and Safety, Environment, Organization, R+D+i, Crime Prevention and Detection, BIM Information Management...) expressly named in the different management manuals of the Azvi Group.

Development, and Innovation (R&D&I), and crime prevention and detection requirements according to the type of service.

To select external suppliers, AZVI's purchasing manager carries out an initial evaluation and analysis of their capacity, based on the commercial conditions (guarantee to provide a product or service, delivery conditions and deadlines, price, previous works, and references) and the results of the due diligence processes conducted by each person responsible for the management system. In addition, by virtue of the provisions of its Code of Ethics, the Company, when establishing business relationships with other companies or professionals (suppliers or contractors), may consider as a selection and assessment criterion the fact that potential suppliers have adopted behavior and management criteria like those set forth in said code.

The purchasing manager monitors the performance of external suppliers, assessing aspects such as: compliance with deadlines; the documentation provided for the product or service; the quality of the product or execution of the service; environmental performance based on AZVI's Environmental Policy; compliance with occupational health and safety requirements; prevention and detection of criminal acts; etc.

4.3 Resource Efficiency and Pollution Prevention

As this is one of the principles on which its Environmental Policy is based, AZVI promotes and encourages the rational use of natural resources as a means to achieve sustainable development.

4.3.a Resource Efficiency

4.3.a.i Greenhouse Gases

AZVI, aware of its responsibility in the fight against climate change, has a Greenhouse Gas (GHG) Emissions Reduction Plan 2018 – 2022, which aims to establish a GHG emissions reduction target and define a series of actions to achieve this goal. These include the following: (i) continuing to improve on more efficient driving habits, vehicle and machinery maintenance, and fuel consumption reduction; (ii) promoting the installation of concrete, asphalt, and crushing plants on site, to promote the reuse of materials left over from the work (aggregates) and reduce emissions associated with transportation (both of raw materials and of the manufactured product); (iii) including its suppliers in the fight against climate change, implementing measures to promote the calculation and reduction of their carbon footprint; (iv) implementing measures to improve the energy efficiency of offices and warehouses, through changes in lighting and air conditioning systems (LED lighting, photovoltaic panels, etc.) and raising awareness of responsible energy consumption; (v) replacing fuel-powered vehicles with electric, hybrid or liquefied or natural gas-powered vehicles; and (vi) reusing waste, mainly concrete, asphalt, earth, ballast and railway material, on site or on land adjacent to the construction site, instead of taking it to landfills, to reduce emissions associated with waste transportation.

The AZVI Group's GHG inventory is verified annually by AENOR³⁵ as per the UNE-EN ISO 14064-1:2019³⁶ standard for all Azvi Group companies that have calculated their carbon footprint. In this regard, by developing the activities of the GHG Reduction Plan in 2021, AZVI managed to avoid a total of 2,886 tons of CO₂e.

4.3.a.ii Water Consumption

Water resource management continues to be one of AZVI's main goals and commitments. For this reason, and in line with its Environmental Policy and the UN Sustainable Development Goals (“SDGs”), the Company works continuously to reduce its water consumption (responsible consumption) and to promote R&D&I projects for water purification, potabilization, and storage³⁷. While construction work is in progress, the Company implements a Water Quality Monitoring Plan to measure and monitor the water quality of surface resources that could be affected by the Project.

AZVI verifies that the quality of its discharges complies with the regulations of the country where it operates (Chilean Standard 1333³⁸ and NOM-001-ECOL-1996³⁹ and NOM-002-ECOL-1996⁴⁰, for Mexico) through its treatment plant processes and water quality measurement systems, as required for irrigation water, water for recreation and aesthetics, and water intended for aquatic life.

4.3.b Pollution Prevention

4.3.b.i Waste

AZVI's R&D&I activities seek to create a cross-sectoral circular economy, identifying how to optimize natural resource use, waste recovery and reuse as raw materials, the prioritization of recycling and reuse of waste, and the inclusion of eco-design criteria.

AZVI has a General Waste Management Procedure which, in line with the legislation in force in each country where it operates, establishes the requirements to be followed to manage and dispose of waste in accordance with the criteria of: (i) prevention at source, to avoid or minimize waste; (ii) recovery, recycling, or reuse, based on prioritization for waste recovery; and (iii) disposal, for those wastes that cannot be recovered, recycled, or reused and must be disposed of by confinement procedures or making

³⁵ AENOR is the leading certification body in Chile for management systems, products, and services, and is responsible for the development and dissemination of UNE standards (a set of standards created by the Technical Standardization Committees of the Spanish Association for Standardization, whose main purpose is to guarantee safety and quality levels).

³⁶ Spanish standardization of ISO 14064, which is an international standard that establishes the basis for accrediting and guaranteeing the calculations for GHG reporting by organizations and is used as a methodology for calculating the carbon footprint. As of January 2022, auditing companies will only verify the calculation of the Carbon Footprint on the UNE EN ISO 14064 -1:2019 standard.

³⁷ COMPOSITO: Project carried out through the INNOGLOBAL call for proposals in collaboration with Mexican entities, which consists of applying composite materials in the manufacture and construction of reinforced concrete tanks for water purification, potabilization, and storage.

³⁸ Chilean standard that regulates water quality requirements for different uses.

³⁹ Mexican standard that establishes the maximum permissible limits of pollutants in wastewater discharges into national waters and property.

⁴⁰ Mexican standard that establishes the maximum permissible limits of pollutants in wastewater discharges to urban or municipal sewage systems.

their hazardous components inert prior to disposal in controlled landfills. For highway connection improvement projects, the Company has developed, as part of its EMP, a specific Construction and Demolition Waste Plan (CDWP) based on this procedure.

According to AZVI's 2021 Annual Report, the Company has recovered (reused or recycled) more than 73 thousand tons of construction and demolition waste, wood, plastics, paper and cardboard, metal waste, plant debris, and tires.

4.3.b.ii Hazardous Materials Management

AZVI, complying with the environmental legislation applicable in each country where it operates, reports the generation, storage, and management of hazardous waste, as well as its transfer and the records of the companies providing management services for such waste. All hazardous waste is delivered to an authorized manager or managed by subcontractors, who must justify their management to the Company. In 2021, approximately 14 tons of hazardous waste were reported to be generated at construction sites (45% less than the previous year), of which 35% was used oil, 21% contaminated packaging; 13% contaminated soil; 11% filters and absorbents; 9% batteries, and the remaining 11% miscellaneous (unclassified).

The activities, resources, responsible parties, estimated compliance date, and hazardous waste management status are established as part of the General Waste Management Procedure and within the CDMP of each project, in addition to the environmental KPI for the generation of such hazardous waste. This plan defines the guidelines for (i) identifying, controlling, minimizing, valuing, and integrally managing hazardous waste; (ii) promoting a culture of reduction by eliminating the use of this type of waste or replacing it with non-hazardous products; (iii) determining the measures for internal collection and transportation to a temporary storage space for each type of hazardous waste; and (iv) safely storing hazardous materials as required by regulations, the safety data sheets for each product, and official safety standards and procedures.

4.4 Community Health, Safety and Security

4.4.a Community Health and Safety

AZVI, through its Environmental and OHS Policy, shows its commitment to conducting its activities in such a way as to minimize negative environmental impacts and achieve a high level of safety in its processes, facilities, and services, paying special attention to the protection of its employees, suppliers, customers, and the local environment.

4.4.a.i Infrastructure and Equipment Design and Safety

The Project's new works (expansions, repairs, infrastructure replacement, equipment, etc.) will be designed and constructed by competent and reputable contractors with experience in installing and operating this type of works, using international best practices and complying with applicable national and international construction and safety guidelines, standards, and codes. In this sense, all works and equipment include safety factors that exceed those usually used in the design of this type of facilities. Their infrastructure complies with the life and fire safety (L&FS) requirements of the IFC General Guidelines on Environment, Health, and Safety and the international L&FS codes of the National Fire

Protection Association (NFPA⁴¹), to the extent applicable, and also complies with the fire safety regulations in the countries in which they operate.

4.4.a.ii Hazardous Materials Management and Safety

Although the industry uses only minimal quantities of hazardous materials, the Company has optimized their management through: (i) ongoing process control to avoid waste generation; (ii) the use of only the quantities required; and (iii) the implementation of OHS measures during storage.

4.4.a.iii Community Exposure to Disease

The Company, per se, has not exacerbated the risk of exposure to disease in the community. However, to prevent the transmission of COVID-19, despite the various periods of easing restrictions experienced in the final stage of each wave, the level of alert remains firm since 2021, in order to avoid new contagions due to overconfidence.

4.4.a.iv Emergency Preparedness and Response

The Company, as part of its Emergency Plans, has considered the community in the identification and evaluation of its operations' risks. Thus, annual drills are carried out with the participation of the Emergency Services of the area, in order to detect any possible risk situation for the community not contemplated in these Emergency Plans. The participation of Emergency Services is incorporated into the annual drill program, when applicable, and an update of the risk identification and evaluation process is performed every year, every time there is a significant operational change, or when some type of emergency has occurred. However, the Company will continuously inform the communities of the results of the risk assessments and drills conducted, should a situation arise that requires it.

4.4.b Security Personnel

AZVI has yet to decide whether it will need to hire security personnel to protect its assets during the construction of the Project. Should this prove necessary, the Company will ensure that the corresponding service contracts include provisions that allow it to: (i) conduct reasonable investigations to ensure that security personnel do not have criminal records and have not been involved in cases of abuse; (ii) verify the details of the necessary training on the use of force; (iii) verify the restrictions or procedures used for the use of firearms; and (iv) identify the details of environmental training and social awareness, including the issue of respect for human rights⁴².

⁴¹ Chilean regulations are found in several laws, regulations, and standards of different bodies, which are: Ministry of Housing and Urban Development; Ministry of Public Works, Ministry of Economy; Ministry of Health; and National Institute of Standardization. Mexico has Official Mexican Standard NOM-002-STPS-2010, Safety conditions - Fire Prevention and Protection in the Workplace.

⁴² Based on the IFC's "Good Practice Handbook. Use of Security Forces: Assessing and Managing Risks and Impacts. Guidance for the Private Sector in Emerging Markets."

4.5 Land Acquisition and Involuntary Resettlement

Since the activities to be developed by AZVI are associated with existing concessions and public works and the works will be carried out within the concessioned lands and public road easements, the Company, in general, will not require the acquisition of land, nor will it generate any material involuntary physical or economic displacement of the population.

Nevertheless, prior to acquiring land for the execution of the works or for any Project infrastructure that may be required, the Company will verify that: (i) negotiated agreements are carried out in a free market condition and with the informed consent of participants; and (ii) there is no physical (relocation or loss of dwellings) or economic (loss of assets or loss of access to assets that results in the loss of income or other means of livelihood) displacement of people, even in the event that they do not have any formal rights over the land they occupy or use, or which enables them to access other resources.

4.6 Biodiversity Conservation and Management of Natural Resources

Since the Project does not contemplate the development of new sites and construction work will be carried out primarily within existing, previously disturbed concession lands and road easements, no significant impacts to plant life that could result in material alterations to biodiversity are foreseen.

Nevertheless, as biodiversity protection and conservation is one of the principles on which AZVI bases its Environmental Policy, the Company will promote, when necessary, flora and fauna prospecting, rescue, relocation, and repelling actions and ecological restoration to mitigate any impacts caused, including, among others, landscape restoration, surface revegetation (transplanting and planting of trees and shrubs, hydroseeding, among others), and restoration of areas temporarily used in its operations.

4.6.a General

Each element of the Project will be designed to avoid or minimize impacts on areas with plant cover upon its implementation. If areas with vegetation still persist, prior to their removal or alteration, the Company and its contractors shall obtain the corresponding environmental permits from the competent authority.

4.6.b Protection and Conservation of Biodiversity

The sites where the Project will be developed consist mainly of previously intervened land and public road easements, which could present some interference from plant life (tree branches, bushes, grasses, etc.) and which, for safety reasons, will have to be removed. Thus, according to the Construction Procedures, prior to the removal or clearing of plant life, the Company will obtain the corresponding pruning or felling permit from the competent environmental or municipal authority and will dispose of the material in an appropriate manner.

4.6.c Management of Ecosystem Services

Since the Project will be developed mainly within previously intervened public lands and road easements, it is not expected to materially affect the ecosystem services of the areas to be intervened.

4.6.d Sustainable Management of Living Natural Resources

The Project will not have a material effect on living natural resources.

4.6.e Supply Chain

In line with biodiversity and ecosystem conservation laws in the countries where it operates, AZVI verifies that all locally sourced elements or raw materials have been properly extracted or manufactured. Due to the difficulty of doing so, however, it does not do so for items or materials produced outside the country.

4.6.f Supply Chain

The Azvi Group is aware of the need to control and influence the environmental and social impacts of its suppliers. Therefore, some of the criteria that the Group considers when evaluating potential suppliers are: (i) the measures adopted to reduce their GHG emissions, in particular the size of their carbon footprint (CO_{2e} emissions); (ii) compliance with the environmental and legal requirements associated with developing their business activity and applicable to the products or services contracted; and (iii) the training and awareness of personnel in environmental aspects associated with the work contracted and compliance with any requirements.

AZVI evaluates the performance of suppliers and subcontractors, based on their degree of: (i) compliance with the environmental requirements included in the documents pertaining to the activity carried out (purchase specifications, environmental commitments of the contract, construction procedures, good environmental practices, etc.); and (ii) employee awareness training to achieve a greater commitment to environmental prevention.

4.7 Indigenous Peoples

The Project does not generally involve the development of new sites, so no impacts to Indigenous peoples' lands or resources are expected.

4.8 Cultural Heritage

The Project does not generally involve the development of new sites and, therefore, all construction work is carried out within the boundaries of previously intervened concessioned land and public road easements, so no impact on cultural heritage is foreseen.

5 Local Access of Project Documentation

Additional sustainability information concerning the Azvi Group can be accessed at the following link: <https://www.azvi.es/responsabilidad-social>