

STAKEHOLDERS Sustainable Index

Methodology Description SSIndex CHILE

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Confidential

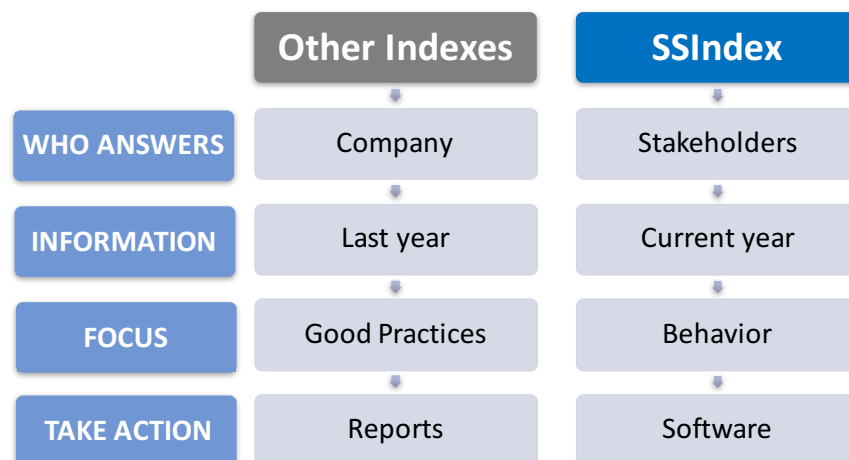
INTRODUCTION

The Stakeholders Sustainable Index (SSIndex) captures the behavioral aspects of environmental, social and corporate governance variables (ESG), cross-analyzing information from stakeholders, including employees, clients, suppliers, communities, investors, and others.

The SSIndex helps investors and lenders to identify which are the companies that are tracking the behavioral risks on ESG, to anticipate: frauds, strategy misalignments, and operational inefficiency. The SSIndex also provides a software tool for companies to help them take immediate action on such behavioral risks with a level of granularity of groups up to 4 people.

Developed under the supervision of Yale University professors' and implemented by ESG COMPASS, the SSIndex complements current sustainability indexes, with information over stakeholders' behavior to identify impact. On that regard, stakeholders might have a positive, negative or neutral definition to the practices and procedures reported, as a line of relevant information to lead market value.

This information becomes very relevant in cases of companies reporting leading good practices to the market, through their Sustainability Reporting, where in reality, those practices might generate a negative effect over their stakeholders, on an immediate time of analysis, ending on operational and reputational risks and the subsequent loss of the company value.



SSINDEX CONSTRUCTION

Eligible Universe

The eligible universe are companies members of Bolsa de Santiago's IPSA and IGPA indexes, that want to anticipate their risks and sustainability impact by cross-analyzing information from their groups of interest (stakeholders) with information in real-time based on ESG data.

Scoring

The SSIndex assess 4 main stakeholders by capturing 59 dimensions, including: 19 for employees, 12 for clients, 14 for suppliers and 14 over the community. Moreover, other relevant stakeholders are included to the analysis, depending on the industry and the materiality analysis of each company.

Scores are captured over a rating that stakeholders make over behavioral ESG aspects, using a Likert Scale and an open text box option, to include additional information over the current topics. Both lines of information are analyzed by a software which determines a score on a scale from 0 to 100% over favorable answers.

The software analyzes also the neutral and negative results to determine the needed level of improvement and the risk magnitude, with a level of granularity of groups of 4 people so that can be both targeted and solved easily.

Construction process

The SSIndex considers three stages of construction: Set-up, Data Collection, and Results.

1. Set-up – Beginning on January and ending on March, on the first quarter of the Latin American fiscal year, the set-up stage considers the selection of a representative sample over the stakeholders that are material to the industry in which the company participates. Materiality criteria is determined and validated through the Sustainability Accounting Standards Board (SASB).

2. Data collection - Beginning on April and ending on September, this stage considers capturing information from the different groups of interest, through email, telephone or face to face surveys, depending on the best way to reach the stakeholder in the analysis.
3. Results – The results of each analysis are being delivered on an average time frame of three weeks to each company, so they can set up lines of action to close the gaps that the index identifies.

Even though results are delivered to companies when they are ready, the consolidated results of the country will be reported on the last quarter of the Latin American fiscal year. In the case of Chile, aggregated results will be reported on October.

RESULTS & CONFIDENTIALITY

Results to companies

Results are delivered to companies in a time frame of three weeks, scores are reported: (1) by stakeholders, (2) ESG risk area and (3) performance dimensions with the objective that companies make real-time improvements.

The results can be analyzed and filtered by a specific segmentation criteria that companies identify, including: business units, the segment of clients, groups of suppliers, community zone, etc.

Country results

On October of each year, the results of the Chilean SSIndex will be reported in an aggregated way, considering relevant scores of the Country, Industry, Stakeholders and ESG dimension.

Confidentiality

Individual results by companies are private and *will not be revealed* without the consent of the company rated.

Investors and lenders will have access to Bolsa de Santiago's web page to identify the companies that are currently participating in the SSIndex, including their stakeholders in the analysis.

On that regard, the value to the market is to know which are the companies tracking the behavioral ESG aspects, which one is certified, and which one has no comparable analysis of their stakeholders to the ESG information.

INDEX UPDATE & MAINTENANCE

Dimensions & Rebalancing

Dimensions and weights are rebalanced once a year, in February. This analysis considers two main factors:

(1) *Materiality variables by stakeholders and by industry*, that were reported in the previous SSIndex exercises using artificial intelligence, this exercise includes monitoring trends and clusters of answers reported by stakeholder and by industry.

(2) *Updates on the methodology of global sustainability indexes and standards*, such as the Dow Jones Sustainability Index (DJSI), Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and Sustainability Development Goals (SDG). The objective is to connect what companies report about good practices and procedures, with the impact of those on the behavior of their stakeholders.

Quarterly analysis

The SSIndex is monitored continuously to identify risks over business sustainability behavior. On this regard, every three months, particularly on March, June, September, and December, the index is analyzed upon the materiality variables that companies and stakeholders by industry report. Announcements, if any, will be made on the months previously described.

SSIndex Committee

Corporate and local based

The SSIndex is composed by a Corporate Committee integrated by professors with Ivy League University backgrounds, including Yale University, Stanford, and Columbia and members of ESG COMPASS, in an equal number of representatives.

The Corporate Committee is responsible for the methodology, including updates on scores, weights, dimensions in analysis, industry materiality and variables connecting with global sustainability indexes and standards.

The Corporate Committee is also responsible for monitoring the overall policy and cross-analyzing the global trends that the index is reporting in each country it operates.

Locally, the SSIndex is operated by ESG COMPASS, through an office based on the country where the analysis is done. This provides specific knowledge of the territory and cultural information that will contribute not only to benefit the companies' assessed but also to report specific variables to the Corporate Committee over the update planning.

ANNOUNCEMENTS & INVITATIONS

Announcements

Announcements, if any, including updates on scores, weights, dimensions in analysis, materiality, and variables connecting with global sustainability indexes and standards, will be reported to constituents and Bolsa de Santiago every quarter, particularly on March, June, September and December.

Invitations

Invitations to participate in the SSIndex are submitted individually and between ESG COMPASS and Bolsa de Santiago between July and September of each year.

Registration

Registrations are open between September and December of each fiscal year.

CONTACT INFORMATION

Corporate Committee Chairs for Latin America

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James Baron, Ph.D. – Chair of the Organizational Behavior Committee

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