



# ESG APPENDIX 2022



2023



# S

Social  
Management  
at ILC



# WORKFORCE BREAKDOWN - GENDER



Category or level:	ILC
Share of women in total workforce (as % of total workforce)	74.4%
Share of women in all management positions, including junior, middle and senior management (as % of total management positions)	48.9%
Share of women in junior management positions, i.e., first level of management (as % of total junior management positions)	55.1%
Share of women in senior management positions, i.e., maximum two levels away from the CEO or comparable positions (as % of total senior management positions)	24.0%
Share of women in management positions in revenue-generating functions (e.g., sales) as % of all such managers (i.e., excluding support functions such as HR, IT, Legal, etc.)	49.5%
Share of women in STEM-related positions (as % of total STEM positions)	20.3%



# GENDER PAY INDICATORS



Indicator	Gap (simple average)
Mean gender pay gap	88.8%
Median gender pay gap	92.4%

Mean gender pay gap (Hourly wage women / men)	ILC	Confuturo	Banco Internacional	RedSalud	Consalud	Vida Cámara	Simple average	Coverage
Senior Executives*	N.A. (only 1 person)	64.8%	71.8%	Uninformed	75.6%	62.0%	68.6%	80.0%
Managers*	109.0%	93.1%	89.7%	84.9%	90.1%	82.0%	91.5%	100.0%
Supervisors*	94.0%	80.6%	89.8%	80.3%	91.5%	109.4%	90.9%	100.0%
Operators				64.3%			64.3%	100.0%
Sales Force		135.4%	91.2%		100.0%	104.9%	107.9%	100.0%
Administrative staff	96.0%	64.9%		85.9%	100.6%	83.8%	86.2%	100.0%
Support staff			96.9%	93.2%			95.0%	100.0%
Other professionals		98.0%	87.9%	64.9%	92.4%	100.1%	88.7%	100.0%
Other technicians		115.8%	89.5%	79.0%		95.2%	94.9%	100.0%

Median gender pay gap (Hourly wage women / men)	ILC	Confuturo	Banco Internacional	RedSalud	Consalud	Vida Cámara	Simple average	Coverage
Senior Executives*	N.A. (only 1 person)	68.1%	75.9%	Uninformed	91.4%	68.2%	75.9%	80.0%
Managers*	117.0%	105.4%	93.6%	88.3%	95.6%	81.8%	97.0%	100.0%
Supervisors*	98.0%	71.6%	96.4%	97.0%	91.2%	104.4%	93.1%	100.0%
Operators				59.7%			59.7%	100.0%
Sales Force		122.0%	93.5%		100.0%	105.2%	105.2%	100.0%
Administrative staff	99.0%			86.7%	100.7%	98.1%	96.1%	100.0%
Support staff		96.9%	98.3%	94.0%			96.4%	100.0%
Other professionals		98.7%	88.1%	78.3%	84.2%	105.1%	90.9%	100.0%
Other technicians		123.4%	94.6%	86.0%		86.1%	97.5%	100.0%

\*Senior management positions

■ There are no employees in the category



# HUMAN RIGHTS – DUE DILLIGENCE



As stated in our 2022 Integrated Report, **ILC conducted a Human Rights Due Diligence process** in 2021, which identified its most significant human rights risks.

The process involved mapping internal operations, suppliers and customers for our five subsidiaries to gauge their commitment to the UN Global Compact Principles and the UN Guiding Principles.

The exercise did not identify any significant or systematic violations. However, priority risks were identified in each line of business along with recommended action plans. Mitigation measures included strengthening complaint channels, introducing flexibility and employee well-being measures, reinforcing transparency, reviewing employee feedback and training processes, improving stakeholder consultation and communication channels, reinforcing internal leadership and increasing personal data protection measures.

ILC reviews its Risk Matrix monthly to ensure ongoing human rights monitoring.

The matrix contains KPIs related to human rights such as:

- Complaints – Ethics Channel
- Complaints – Clients
- Civil and labor lawsuits
- Physical security risk
- Data security risk
- Working environment
- Strikes
- Staff turnover
- etc.

# NEW HIRES - EMPLOYEE TUROVER



New Hires	2022
Total number of new hires	4,639
Percentage of open positions filled by internal candidates	7.8%
Average hiring cost/FTE (CLP \$)	\$109,471

Employee Turnover Rate (%)	2019	2020	2021	2022
Total employee turnover rate	24	14	32	34
Voluntary employee turnover rate	9	5	14	13
Data coverage (%)	100	100	100	100

# EMPLOYEE DEVELOPMENT PROGRAMS & HUMAN CAPITAL RETURN ON INVESTMENT



Evaluation Employee Development Programs	2022
Avanza Program – Banco Internacional	The Business School had an evaluation of 24 out of 25, whereas the Welcome School achieved a score of 70% for very satisfied and 30% for satisfied workers. In addition, 80% and 74% of overall workers ranked as satisfied + very satisfied their perception about trainings and career development in Banco Internacional, respectively, as shown in the SSIndex measurement tool (vs. 75% for both variables in 2021).
RedSalud Academy	RedSalud is starting to measure its training programs according to the Kirkpatrick Evaluation Model, which evaluates 4 levels: satisfaction, learning, behavior and results. In addition, there are coverage KPIs with goals of 60% in development courses and 80% in regulatory courses. In addition, 59% and 61% of overall workers ranked as satisfied + very satisfied their perception about trainings and career development in RedSalud, respectively, as shown in the SSIndex measurement tool (vs. 57% for both variables in 2021).

## Human capital return on investment:

Given that in 2022 the regulator modified the accounts to report income, costs and expenses related to the banking activity, we recalculated figures from previous years to be consistent with this new definition:

CLP\$ thousand	2019	2020	2021	2022
Total Revenue	1,840,608,246	1,814,488,061	2,170,793,914	2,832,138,742
Total Operating Expenses	1,491,173,234	1,478,553,070	2,049,045,794	2,632,197,586
Total Employee-Related Expenses (salaries + benefits)	334,624,028	328,389,289	415,959,442	473,306,126
Total Employees	11,708	12,177	13,368	13,604



# BENEFITS



- **Mental health:**

All our subsidiaries have different mental health programs, including *Estar Bien* (Confuturo), *Orienta* (Banco Internacional), *Cuida tu Mente* (RedSalud) and *Vida Mind* (Vida Cámara).

These programs aim to provide tools, support, educate and empower employees (and, in some cases, their families) to deal with mental health and diseases.

Participation has surpassed 20% in some programs, like *Estar Bien* and *Cuida tu Mente*.



- **Sports:**

All our subsidiaries promote a healthy lifestyle through different types of physical activity benefits, including online classes, sports field rentals and discounts on gym memberships.

In addition, Confuturo and Vida Cámara fund training and participation in the Insurance Olympics.



- **Working Modality:**

100% of our subsidiaries offer remote work alternatives for positions that allow. Some of our companies also have flexible and part-time job options.



- **Babies and Parental Leave:**

Under Chilean law, women can choose between approximately three or six months of maternity leave. Some of our companies offer mothers a flexible return (in terms of hours) to work. Our subsidiaries have agreements with daycare centers, and some organizations, like Banco Internacional, have a feeding room. Finally, Confuturo offers up to two weeks of paid paternity leave over Chile's legal minimum (1 week).

Employee Engagement	2019	2020	2021	2022
Employee Engagement (Likert scale: 1 to 5 □ 1: not engaged at all / 5: very engaged) How to read results: “In 2022, 82% of total employees marked 4 or 5 as their engagement level.”)	77%	84%	85%	82%
Data coverage	86%	100%	100%	100%

Source: SSIndex annual survey

We selected employee engagement as the way to measure employee wellbeing, as engagement is probably one of the most committed status, reflecting a strong relation between the company and the employee.

## OHS Annual Programs:

ILC and its subsidiaries work with an external organization (Mutual de Seguridad CChC) on OHS programs.

Mutual de Seguridad CChC, one of three institutions in Chile's social security field, aims to prevent accidents and occupational diseases in companies and individuals.

To that end, the Mutual de Seguridad CChC developed its PEC programs, which account for the current regulatory framework, guidelines from the authorities and international trends to develop continuous improvement plans for labor protection management systems at companies and workplaces. Each PEC program has a series of modules and requirements adapted to address the gaps identified during the company's Occupational Health and Safety (OSH) review. The programs include operating risk assessments, action plans, audits, OHS governance and training programs.

The PEC program or certification selected depends mainly on the industry and company engagement in terms of OHS:

### Self-Managed PEC (+information: [link](#))

The Self-Managed PEC program establishes a basic OHS management system for small companies.

Affiliated subsidiaries:  
Vida Cámara

### Standard PEC (+information: [link](#))

The Standard PEC program promotes and supports organizational initiatives to improve the working environment, verify OHS legal compliance and control accident rate indicators (e.g., accident rate and occupational diseases, severity and mortality).

Affiliated subsidiaries :  
Banco Internacional  
Consalud ([certification](#))

### Competitive PEC (+information: [link](#))

The Competitive PEC program is for companies with a preventive OHS approach that aims to go beyond compliance with current regulations. It enables companies or workplaces to fulfill their objectives, properly involve senior management and actively engage with stakeholders in keeping with their OHS policy and its continuous improvement.

Affiliated subsidiaries :  
RedSalud ([certification of its largest hospital](#))

### COVID-19 Seal (+information: [link](#))

The COVID-19 Seal promotes safe, healthy spaces for employees and clients in terms of COVID-19. The seal verifies compliance with Health Authority requirements.

Affiliated subsidiaries:  
Confuturo ([certification](#))  
RedSalud ([certification of its outpatient centers](#))  
Consalud



# OHS PROGRAMS AND POLICY



## OHS Annual Programs:

Complementing what is indicated in our 2022 Integrated Report, our subsidiaries have programs derived from their work plans with the security mutual CChC, which include the following aspects

- Internal inspections, with risk and hazards assessments in the workplace
- Setting targets and priorities, with evaluation of progress against those targets
- Procedures to investigate work-related illness and accidents
- Emergency procedures and contingency plans
- Training for our employees to raise awareness in OHS and reduce risks.

The Mutual de Seguridad CChC makes sure to carry out an external verification.

## OHS Policy:

As stated in our Integrated Report, all ILC's subsidiaries count with OHS and management systems. These Operational Health and Safety (OHS) policies and programs have been jointly developed with the CChC Mutual de Seguridad, which has advised each subsidiary on compliance with Law 16,744, which protects employees against the risk of work-related accidents and diseases. This included developing protocols covering accidents, illnesses and emergencies, and evaluating the risks that can lead to such events. It includes various preventive measures such as internal inspections and health and safety awareness training.

It is important to consider that OHS policies and management systems apply to all operations undertaken inside our facilities and offices. Therefore, contractors are part of the scope.

It is important to highlight that all security matters are leaded by the Human Resources Department, being supported by a Safety Committee. This organization is formed by a wide range of employees, being responsible for establishing security standards, identifying risks and report any labor accident, among other responsibilities.

Spirit behind policies and management programs is to achieve a continuous improvement in terms of OHS. This is set up under annual working plans subject to protocols and quantitative KPIs, which are complemented with other tools such as an OHS risk matrix, among other resources. All OHS policies are approved by their respective boards, and implemented by HR, risk and operations areas, depending on the subsidiary.

# ABSENTEEISM



Absenteeism	2019	2020	2021	2022
[Number of days absent in the accounting period / Total days to be worked in the accounting period]	9.0%	16.0%	10.5%	9.8%

Approximately 75% of ILC's workforce belongs to RedSalud, Chile's largest private healthcare network. Absenteeism rates are typically higher in this industry than in the others where ILC operates (insurance and banking).

Due to COVID-19, RedSalud experienced record-high absenteeism rates in 2020, as its medical and administrative staff was highly exposed to COVID infection. Fortunately, rates have begun converging on pre-pandemic levels.

# FINANCIAL INCLUSION



The Corporate Division of Banco Internacional developed a CLP 1 billion program for new entrepreneurs, which the Board approved at the end of 2022. This first financial inclusion initiative offers attractive credit conditions and lower time-in-business requirements.

Banco Internacional has already completed seven operations totaling CLP 128 million and benefitting the transportation, agriculture and trade industries with terms of up to 24 months. Program beneficiaries are assigned to an exclusive business agent who answers any questions the entrepreneurs may have.

The Bank uses state fund regulations and credit principles to assess client eligibility. If the client is eligible, the Bank's Risk Committee evaluates the business and cash generation.

If the initiative succeeds, the program will grow, expanding to other companies and industries.



The 2018 Mercer Marsh Labor Benefits Chile Study revealed that supplementary health insurance was the most valued benefit among Chilean workers. However, the benefit used to be available only to large companies.

In 2019, Vida Camara was the first insurance company in Chile to offer supplementary health insurance for SMEs. Its *Seguro 5/50* (5/50 Insurance) was a policy for companies with between 5 to 50 employees. Importantly, expanding access to health insurance products is a main focus of Vida Camara's sustainability strategy. Approximately 60% of the Vida Cámara policyholders have the mandatory public health insurance. The 5/50 Insurance product facilitates their access to healthcare services.

Other companies in Chile have begun offering this product. As of December 31, 2022, Vida Camara has approximately 400 companies registered and insures 14,754 people. Total premiums amounted to UF 90,021 (approximately US\$4 million and 5% of consolidated Vida Cámara premiums).

Registering for this product is very simple and entirely online. The terms of the policy are public and available [here](#).



# E

## Environmental Management at ILC



# DECARBONIZATION STRATEGY



## Financed Emission Intensity

In 2022, the total carbon footprint of Banco Internacional was 409,956 MTCO<sub>2</sub>e, where financed emissions represented 99.8% of the total.

The absolute financed emissions for Confuturo's fixed and variable corporate investment portfolio increased 34% compared to 2021 due to higher total exposure (+19%), greater emissions intensity at companies where it invests (+12%) and newly covered data. Total financed emissions for the fixed and variable corporate investment portfolio rose from 441,010 to 590,703 MTCO<sub>2</sub>e.

Ongoing measurement of this footprint will allow us to analyze the factors that generate changes (at the company and portfolio levels) and consider how to incorporate these factors into investment decisions, e.g., including greenhouse gas emissions intensity in the investment evaluation.

Coverage for total emissions reported, based on the total exposure, is 87%.

Portfolio	Variable	2022	2021
Banco Internacional	Absolute emissions [MTCO <sub>2</sub> e]	409,956	-
	Exposure [millions CLP]	2,327,488	-
	Coverage	95%	
Confuturo Fixed Returns	Absolute emissions [MTCO <sub>2</sub> e]	579,962	426,569
	Exposure [millions CLP]	4,069,000	3,369,000
Confuturo Variable Returns	Absolute emissions [MTCO <sub>2</sub> e]	10,741	14,441
	Exposure [millions CLP]	46,000	59,000
Confuturo (FR+VR)	Coverage	83%	65%
Emissions Intensity [MTCO <sub>2</sub> e /Exposure in millions CLP]		0.16	0.13

Aligned with the Chilean government's decarbonization plan, **Confuturo** has implemented a comprehensive policy to restrict coal investments in its portfolio, covering all active investments. The company acknowledges the global consensus on reducing fossil fuel usage and has taken significant steps to align its investment strategy with Chile's sustainability goals. This includes limiting high-risk sectors like coal-based power generation, oil and gas exploration and production, refining and marketing, as well as metals and mining. Additionally, Confuturo restricts investments in above-average risk sectors such as chemicals, non-renewable power generation, air freight, logistics, airlines, auto components, automobiles, and oil and gas storage and transportation. These measures demonstrate the company's commitment to supporting the transition to a low-carbon economy and contribute to Chile's successful decarbonization efforts.

While the current agreement targets a complete withdrawal of coal plants by 2040, authorities are considering the possibility of advancing this deadline to 2030 or even 2025, as the nation accelerates its decarbonization journey. By aligning with the national plan and excluding coal investments, Confuturo, as all financial institutions, plays a crucial role in fighting climate change and fostering a more sustainable energy landscape in Chile.



## ESG Investments Policy Limits by Sector :

- **Well-above-average:** < 2.5% of AuM per sector / < 5.5% of AuM aggregated sectors  
Sectors: metals and mining, integrated oil and gas, oil and gas exploration and production, oil and gas refining and marketing, power generation coal.
- **Above-average:** < 2.5% of AuM per sector / < 7.5% of AuM aggregated sectors  
Sectors: chemicals, power generation (not fully renewable), air freight and logistics, airlines, auto components, automobiles, oil and gas storage and transportation.
- **Below average:** no AuM limit

These limits were applied immediately (2021) for new investments and have three-year gradual transition ending in 2024, for its application to the existing investments.

# DECARBONIZATION STRATEGY



The company recognizes the pivotal role that financial institutions can play in shaping a greener future by responsibly investing in sectors that support clean technologies and reduce greenhouse gas emissions. Through these measures, Confuturo showcases its commitment to environmentally responsible practices and contributes to building a more sustainable and resilient economy for Chile and the global community.

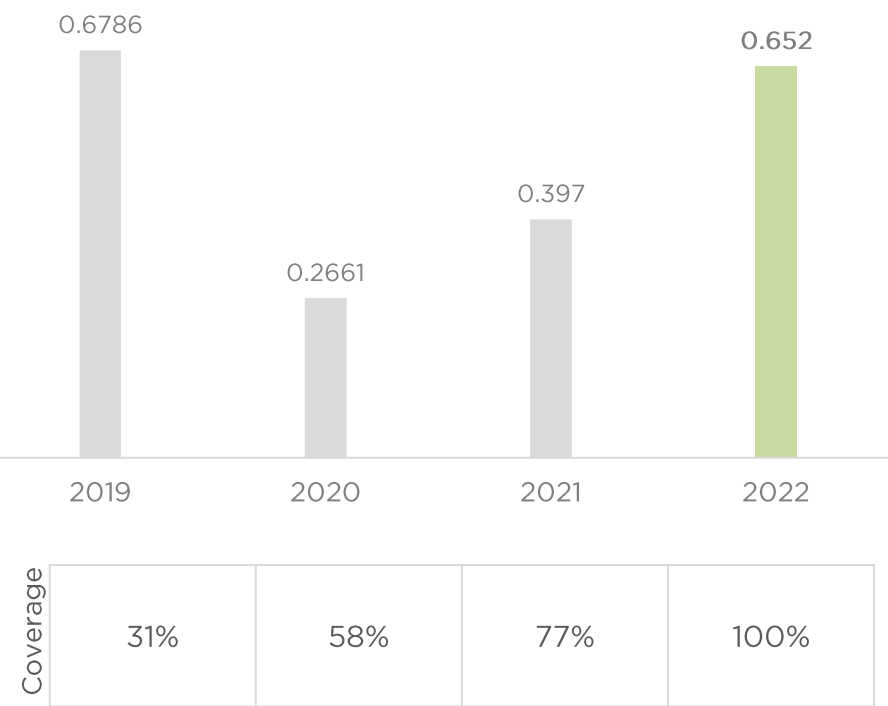
As of December 31, 2022, Confuturo had investments in coal-based power generation companies, equivalent to 0.69% of its AuM. In relation to other sectors whose financing harms climate change, Confuturo had no investments in coal mining and coal infrastructure companies and neither in unconventional oil & gas companies.

**Banco Internacional** has not granted any financing to coal companies or nonconventional oil & gas producers.



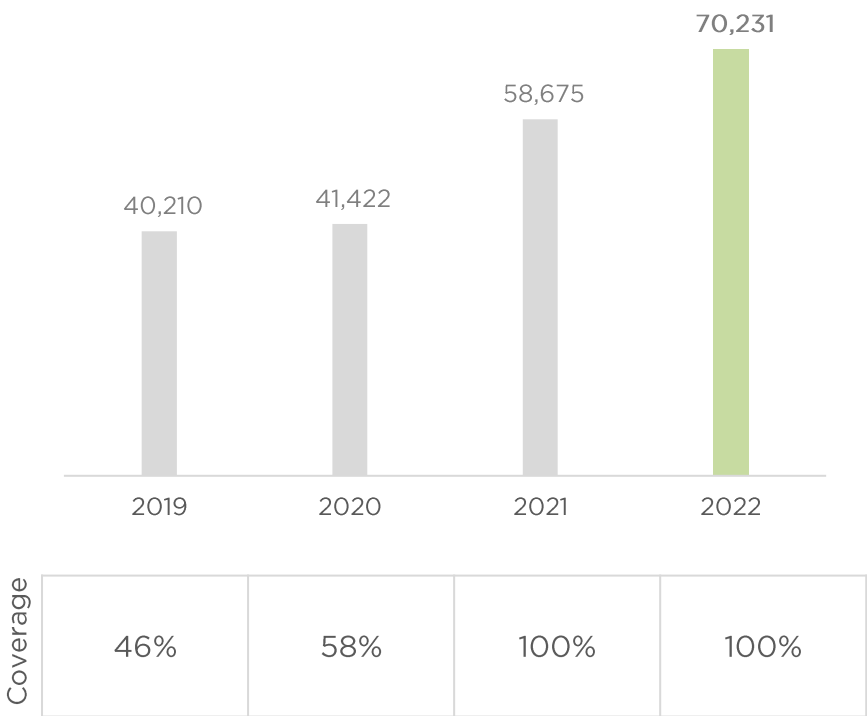
## Water Consumption

Million cubic meters



## Energy Consumption

MWh

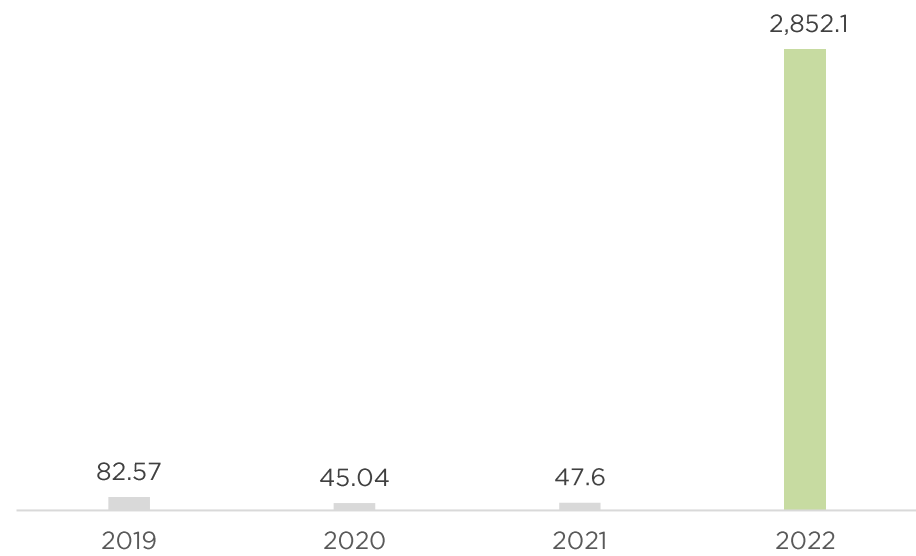


\* Coverage based on number of employees.



## Waste Disposal (100% to landfill)

Metric tons

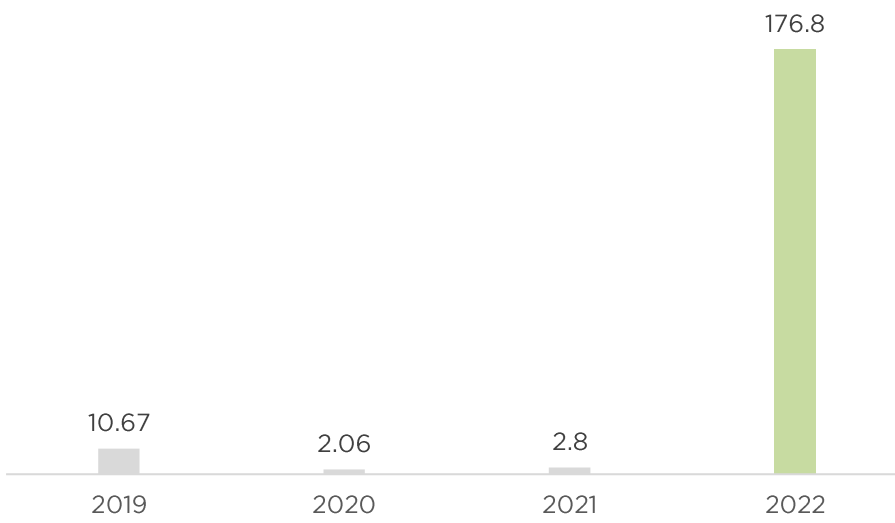


Coverage

8%	8%	9%	69%
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## Recycled Waste

Metric tons



Coverage

8%	8%	9%	56%
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Reporting on non-hazardous waste improved significantly in 2022, as the measurement included RedSalud for the first time. Its inclusion is especially relevant considering that the company employs 76% of the Group's employees, thus explaining the increase in reported tons.

- Coverage based on number of employees.
- During 2022, 0.9 metric tons of waste were generated whose disposal method is unknown. 83.9 metric tons of hazardous waste and 572.2 metric tons of special waste were also generated.

# EMISSIONS: INDIRECT GREENHOUSE EMISSIONS (SCOPE 3)



To address the new investor and stakeholder expectations, in 2022, ILC made progress on disclosing the climate impact of its value chain by including new Scope 3 categories and expanding coverage to report material data. Thus, the emissions Banco Internacional financed were measured for the first time. Furthermore, RedSalud reported on categories that had not been measured in 2021: Category 2: Capital goods, Category 3: Fuel and energy-related activities, Category 5: Waste generated in operations and Category 6: Business travel.

The only other activities that may be material at the Group level are RedSalud's additional Scope 3 categories, particularly in Category 1: Purchased goods and services.

Scope 3 Category	2022 Emissions MTCO <sub>2</sub> e	Coverage
2. Capital Goods	660	RedSalud
3. Fuel and energy-related activities (not included in Scope 1 or 2)	5,002	RedSalud
5. Waste generated in operations	1,434	RedSalud
6. Business travel	301	The entire group
7. Employee commuting	1,596	ILC, CF, BI, CS, VC
13. Downstream leased assets	52,275	CF
15. Investments	1,000,659	BI, CF
<b>Total Scope 3</b>	<b>1,061,927</b>	



# TCFD RECOMMENDATIONS



In 2022 and as part of the Environmental Roadmap's climate change pillar, ILC implemented the TCFD recommendations with the help of an external consultant. First, it performed a diagnostic of the initial state of TCFD data and practices at ILC, analyzing governance, strategy, risk management, metrics, and goals.

A benchmark analysis identified the climate risks and opportunities reported by other companies in the industries where ILC operates. It reviewed the reported climate metrics and considered time horizons and scenarios.

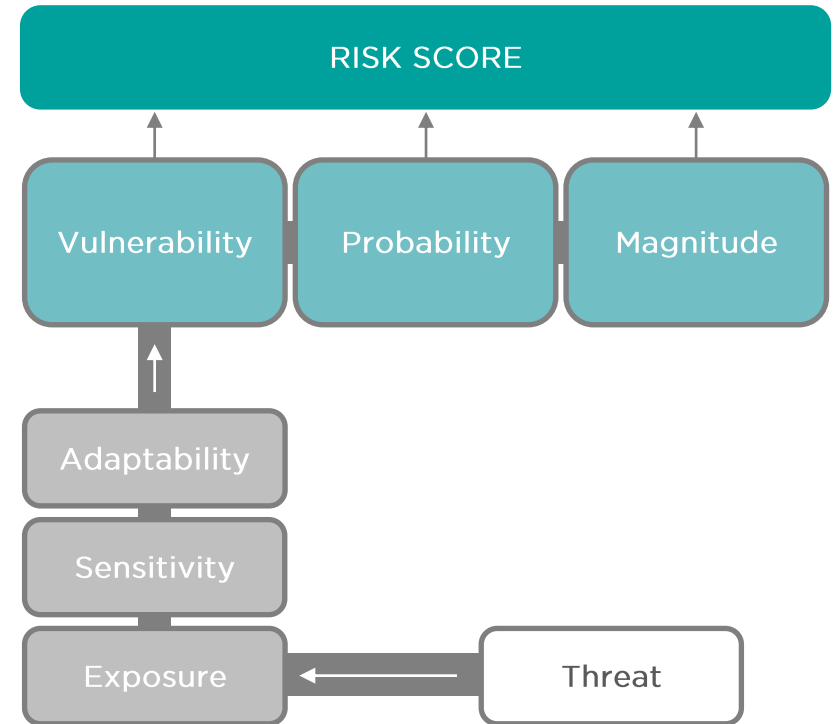
ILC also analyzed national and industry trends and their implications for ILC.

This guided ILC's analysis, revealing a list of potential risks and opportunities for the different subsidiaries to review.

Scenario analyses examined transition (NGFS Net Zero 2050) and physical risks (UN IPCC RCP8.5). The results were reviewed with the subsidiaries in five workshops to identify their impact on the business and the generation of risks and opportunities.

Following the workshops, ILC reviewed the results and generated a list of climate change risks and opportunities for the Group. These were then ranked using an IPCC-aligned qualitative methodology that determines the materiality of a climate risk based on different factors: threat, exposure, sensitivity, adaptation capacity, probability of occurrence, and magnitude of impact. This methodology was applied for different time horizons (short, medium and long term).

The next slide shows the matrix that summarizes the Group's main risks from ILC's perspective.



# ILC GROUP'S CLIMATE RISKS

-  Market Risk
-  Acute Physical Risk
-  Emerging Regulation
-  Chronic Physical Risk



## Portfolio



## Health



## Suppliers and Customers



## Facilities



## Compliance



Reduced customer ability to pay due to physical impacts.

F

Reduced customer ability to pay due to transitional impacts.

T

New compliance, measurement and accreditation costs.

T



Decrease in the portfolio value or volatility in sectors exposed to transitional impacts.

T

Decrease in the portfolio value or volatility in sectors exposed to physical impacts.

F

New compliance, measurement and accreditation costs.

T



Change in the mix of pathologies, resulting in a deficit of specialists for pathologies associated with climate change.

F

Change in the mix of pathologies, resulting in a lower surgical capacity and variability in demand by location and service.

F

Increased medical leave and services for extreme weather events.

F

Operational discontinuity due to increases and uncertainty in energy costs and supplies as a result of regulation.

T

Operational discontinuity: medical staff absenteeism.

F

Operational discontinuity: shortage of inputs and services due to climate events and water stress.

F

Costs to bring facilities into compliance with regulations (efficiency, emissions)

T

Costs for air conditioning and retrofitting of buildings due to increased temperatures and other physical risks

F

New compliance, measurement and accreditation costs.

T



New compliance, measurement and accreditation costs.

T



Less acquisition of policies, as it is an "expendable" product

F

T

New compliance, measurement and accreditation costs.

T

T

**Transition Risk:** towards a low carbon economy, based on regulation and action

F

**Physical Risk:** in a scenario without greenhouse gas mitigation

# CLIMATE-RELATED MANAGEMENT INCENTIVES



At some subsidiaries, a portion of variable compensation (the amount that varies based on performance) is tied to SSIndex results. The SSIndex measures different aspects, including the environment, internal and external social factors, and corporate governance, to assess how well the company is doing in these areas and its impact on clients, employees and suppliers.

Several factors come into play when determining salaries. These include the balanced scorecard, the company's overall results, individual goals that employees are expected to meet, and effective management practices.

Between 10% and 20% of the balanced scorecard is directly linked to the SSIndex. Thus, how well the company performs in the areas assessed by the SSIndex influences the actual amount of variable pay an executive receives.



The Sustainability Index (SSINDEX) helps companies and investors anticipate risks and reduce costs by cross-analyzing ESG information from employees, customers, suppliers, communities and investors.

# G

Governance  
at ILC



# BOARD STRUCTURE



## Board Composition

- ILC has a **single-tier board**, comprised as follows:

	Number of Members
Executive Directors	0
Independent Directors*	7
Other Non-Executive Directors	0
<b>Total Board Size</b>	<b>7</b>

## Roles

- The ILC Board of Directors is led by a non-executive, independent\* chairperson.

# INDEPENDENT DIRECTOR CRITERIA



Independent Director Criteria*	Patricio Donoso T.	Juan Armando Vicuña M.	Antonio Errázuriz R.	Iñaki Otegui M.	Michele Labbé C.	Fernando Coloma C.	René Cortazar S.
<b>Criteria 1</b>							
1. The director must not have been employed by the company in an executive capacity within the last year.	OK	OK	OK	OK	OK	OK	OK
2. The director must not accept or have a "Family Member who accepts any payments from the company, any parent or subsidiary of the company in excess of \$60,000 during the current fiscal year."	OK	OK	OK	OK	OK	OK	OK
3. The director must not be a "Family Member of an individual who is employed by the company or by any parent or subsidiary of the company as an executive officer."	OK	OK	OK	OK	OK	OK	OK
<b>Criteria 2</b>							
1. The director must not be (and must not be affiliated with a company that is) an adviser or consultant to the company or a member of the company's senior management.	OK	OK	OK	OK	OK	OK	OK
2. The director must not be affiliated with a significant customer or supplier of the company.	OK	OK	OK	OK	OK	OK	OK
3. The director must have no personal service contract(s) with the company or a member of the company's senior management.	OK	OK	OK	OK	OK	OK	OK
4. The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.	NO	NO	NO	NO	NO	OK	OK
5. The director must not have been a partner or employee of the company's external auditor during the past year.	OK	OK	OK	OK	OK	OK	OK
6. The director must not have any other conflict of interest that the board itself determines to mean they cannot be considered independent .	OK	OK	OK	OK	OK	OK	OK
<b>Participation on Company Boards</b>							
Board participation at fewer than three Chilean publicly listed corporations	OK	OK	OK	OK	OK	OK	OK

\*This declaration of independence applies only for the purposes of applying to the DJSI index, as the Company is governed by the rules established in Chilean law.

# COMPENSATION POLICY



## Management Compensation

At ILC, senior executive and CEO compensation has a variable component. The Board of Directors has established metrics to determine the variable component, including financial targets (e.g., return on equity, company value and share price) and the implementation of strategic initiatives, including efficiency projects, new businesses, sustainability management, and long-term financial and operations planning. This variable compensation bonus encourages achievements aligned with board expectations and ILC's long-term strategic objectives.

As of December 31, 2022, remunerations paid to ILC management and executives (excluding the CEO) amounted to CLP 583.046 million. The company's executive compensation policy is governed by market parameters, which include objective metrics, and personal and corporate performance indicators.

Some executive team members own shares in the company, as shown in our 2022 Integrated Report (page 200). The average multiple of the base salary ave is 0,014.



# MATERIALITY



This process identifies and prioritizes the most important issues for the company, and identifies those that most concern stakeholders, measured by their impact on the company's value and its ecosystem. The materiality process forms the basis for ILC's sustainable strategy. The pillars of the sustainability strategy were defined during the materiality process in 2019, with the objective of managing the issues raised by its stakeholders.

ILC and its subsidiaries performed another materiality process in 2022 to update the previous process and identify the issues where the company can make the greatest internal and external impact. It will be updated on an as-needed basis, approximately every two years. This process required collecting the perspective of all stakeholders including employees, customers, suppliers, regulators, civil society and investors. The double materiality method was used, which is based on the GRI guidelines developed in 2021.

The result of this process can be seen in the following materiality matrix:



# MATERIALITY



The main material issues for the company's value creation are:

	Ethical and Transparent Behaviour	Sustainable Results	Demographic Changes
Why is it a material issue?	We operate in industries related to health, insurance, banking and pensions, which are subject to strict regulation in the Chilean context. We also have a large customer base that we serve on a daily basis. Risks associated with ethical breaches in our subsidiaries can lead to severe consequences, both in regulatory terms with the authorities and reputational terms with users.	As an investment firm, ILC operates in industries that have experienced difficult times. In the area of health, the post-pandemic scenario has implied new challenges, especially associated with the costs of new illnesses and deterioration of mental health. The financial segment has also operated in a difficult context, marked by inflation and risks associated with solvency and credit risk.	We are in a national and global trend of population aging, leading to changes both in the labor markets and in the needs of consumers. ILC and its subsidiaries can play an important role in the financial, pension and healthcare sector to improve the welfare of senior citizens. This entails an opportunity to integrate services and products based on the demands of the elderly.
How is it addressed?	As noted in our 2022 Integrated Report, ILC has a series of institutions, documents and policies to align the ethical behavior of our directors, collaborators and suppliers, including the code of ethics. It also has tools that include training and complaints to deepen the ethical culture in the company. The main tool is the risk matrix in ILC and its subsidiaries, which incorporates indicators related to ethical behavior.	ILC has investment plans where it seeks to ensure its solvency levels, and generate a resilient business strategy, especially considering its diversification. Each subsidiary also has business plans that seek to align with the financial sustainability model of its parent company.	IL has the objective of being a benchmark in the integration of older people in the private sector, by improving its image and treatment within ILC and its subsidiaries. From there, actions related to the diagnosis of the experience of the elderly client have been undertaken, as well as promoting good treatment and integration within companies.
What are the main objectives?	As an objective, we always seek to obtain 0 sanctions from regulatory entities, where we monitor potential gaps in regulatory terms and those associated with our internal codes. Another relevant indicator is the SSIndex, which includes metrics related to Integrity. We also seek to certify the Crime Prevention Model, being an annual goal with a projection to 2025. Our financial subsidiaries incorporate executive variable compensation linked to ethical behavior.	The main objective to ILC is to maintain the annual ROE. Also, ILC and its subsidiaries constantly review budget compliance. It is important to mention that the financial performance affects executive compensation for ILC and its subsidiaries.	At our Confuturo subsidiary, the sustainability strategy includes quality and access to older adults in its pillar of inclusion. This entails a goal for the year 2025 of having 10% of its staff of older people. The sustainability strategy is part of executive remuneration.

# MATERIALITY



The main material issue for the external stakeholders is the Access to Good Quality Healthcare:

Access to Good Quality Healthcare	
Why is it a material issue?	ILC, through its health affiliates, has a diversification of services and products associated with promoting access to quality health care at an affordable cost. In contexts such as the pandemic, these services have been essential to generate proper access for customers and society.
How is it addressed?	In The Strategic Plan "Challenge 2025" RedSalud, has sought to offer institutional health care, with standardized procedures that apply throughout the network and in each process. For its part, Consalud implemented a successful strategic plan focused on cost efficiency to reduce losses and be able to continue provided coverage to its more than 640,000 beneficiaries. Vida Cámara for its part, has focused on increasing its digital channels and offering new products to individuals and SMEs.
What are the main objectives?	A constant objective is to provide quality care at an affordable cost to the thousands of users who access health services, from RedSalud, Consalud and Vida Cámara. SDG 3- Health and Well-being is considered as a parameter to generate actions that increase this access, especially for vulnerable segments

During 2021, ILC sought to measure the social impact of the products and services provided by its health affiliates: RedSalud, Consalud and Vida Cámara, observing how they contribute to SDG 3- Health and Well-being, considering at least 1.5 million people achieved thanks to the benefits of these 3 companies.

The impact assessment considered the following indicators: reduction of barriers to people in the public health system of FONASA, access to health services and savings for SMEs, impacts associated with psychological support programs, increase in life expectancy and decrease in cases. of gastric and colorectal cancer. These kpis have served as inputs to monitor the impact of our services towards clients and society.

# RISK AND CRISIS MANAGEMENT



ILC operates in several segments, including pension, life insurance, banking, healthcare and health insurance. Consequently, it requires a comprehensive and robust model to identify, control and monitor the wide range of risks that can affect its business.

The model's associated policies, procedures and practices form part of ILC's General Corporate Governance Policies and Procedures Manual. The core of the risk management system, the matrix, is updated monthly with data from ILC and all its subsidiaries, the regulatory framework, the domestic context and environmental, social and corporate governance criteria.

At ILC, risk management is a systematic activity of a strategic nature that begins at the highest level of the organization: the Board of Directors and its committees (the Directors' Committee and the Sustainability, Investments, and as of 2023, Risk Committees.)

## Sensitivity Analysis

The company's risk management procedures include sensitivity analysis for each risk category in the 2022 Report:

- a) Insurance Business Risk: Confuturo has adopted the ORSA methodology as the main strategic risk management tool. ORSA uses projections and sensitivity to predict probable current and future solvency based on the company's risks and capital adequacy. The Vida Cámara subsidiary also uses the methodology for stress testing market, credit and technical insurance risks.
- a) Banking Business Risk: Banco Internacional has under a model that establishes different lines of defense. Banco Internacional uses a Comprehensive Risk Measurement under qualitative and quantitative evaluations that evaluates its materiality in terms of its impact classification and its categorization within the risks established within the Updated Compilation of Risk Standards. Banks (RAN) by the regulatory entity. With this, the company carries out sensitivity and tolerance analyzes against credit, market, operational, strategic, compliance and ESG risks, among others.
- a) Insurance Business Risk: Insurance Business Risk: Consalud has considered materiality and financial resilience variables to determine its risk appetite, tolerance and capacity. It uses that parameter to conduct sensitivity analyses for financial, operational (including cybersecurity), legal, and reputational risks. RedSalud conducts analyses several times during the year, including:
  - o 60-day cash flow projections (presented to the Board of Directors and Finance Committee every month)
  - o Impact of price-level restatement units on profit due to variation in inflation
  - o In credit risk, it analyses the collections and cash impact as well as the result of the potential bankruptcy or insolvency of private insurers.

## Risk Culture

Through its subsidiaries, ILC has several mechanisms to further the culture of proper risk management, the framework within which the company can establish employee roles and responsibilities. These mechanisms include:

- **Incentives and variable compensation that account for risk issues:** Confuturo's annual incentive system accounts for risk management and includes specific compensation for risk managers and assistant managers. Banco Internacional has modified its compensation structure to include risk management performance measures. Vida Cámara includes risk indicators among management and middle management's annual targets.
- **Training:** All our subsidiaries offer various training and awareness-raising activities related to operational risks like cybersecurity. Courses on market behavior and the Crime Prevention Model have also been offered. For example, Banco Internacional offers two annual regulatory operational risk courses. The first addresses processes, continuity and external services, while the second focuses on Information Security and Cybersecurity.
- **Performance evaluation:** Risk management is an evaluation category for employees at ILC and its subsidiaries, where performance evaluations include specific variables. For example, Consalud evaluations include cybersecurity and HR (operational risk) indicators, while Banco Internacional's expected conduct section is configured to mitigate organizational risks.
- **Participation and continuous improvement:** ILC promotes proactive reporting of risks through the corporate whistleblower channel or subsidiary channels and mechanisms. Confuturo offers rewards for process modification proposals that measurably improve efficiency and expand the scope of risk control. Meanwhile, Vida Cámara's post-incident surveys and monitoring allow employees to harness lessons from the incident to propose improvements to the company's practices and thus reduce the company's future risk.

## Risk Culture

- **Product approval:** ILC does not have customers; however, its subsidiaries have generated product approval procedures that integrate risk considerations. For example, Banco Internacional's committee for investment projects and new products considers credit, financial, operational and crime prevention risk criteria in its evaluations. At RedSalud, medical management assesses the structure and associated manuals for new services. The new product development process at Vida Cámara requires that technical, legal, operational and market risks be identified and assessed as stipulated in the Product Development Policy.
- **Significant innovation:** Confuturo identified and analyzed the main processes involving cash disbursements that could be susceptible to fraud in the form of obtaining a personal benefit to the detriment of the company's interests. RedSalud is in the process of standardizing clinical processes (medical, nursing and general), including risk prevention and damage mitigation.

# CODES OF CONDUCT AND ETHICS



## Codes of Conduct and Ethics Topics

Topic / Subsidiary	ILC	Confuturo	Banco Internacional	RedSalud	Consalud	Vida Cámara	Coverage
Corruption and bribery	✓	✓	✓	✓	✓	✓	100%
Discrimination	✓	✓	✓	✓	✓	✓	100%
Confidentiality of information	✓	✓	✓	✓	✓	✓	100%
Conflicts of interest	✓	✓	✓	✓	✓	✓	100%
Antitrust/anticompetitive practices	N/A*	✓	✓	✓	✓	⊘**	80%**
Money laundering and/or insider trading/dealing	✓	✓	✓	✓	✓	✓	100%
Environment, health and safety	✓	✓	✓	✓	✓	✓	100%
Whistleblowing	✓	✓	✓	✓	✓	✓	100%

\* Given its holding company structure, ILC does not include antitrust/anticompetitive practices clauses. (It does not have commercial activity or customers.)

\*\*Vida Cámara does not address antitrust/anticompetitive practices in its Code of Conduct. However, it has a special Free Competition Policy.

All Codes of Conduct for ILC and its subsidiaries establish responsibilities, accountability and reporting channels for effective enforcement. They set forth tools to promote a comprehensive understanding of the respective codes, ethics hotlines to report violations and potential disciplinary actions in the event of violations. The codes are certified by BH Compliance, an external auditing firm. (RedSalud is currently in the process of certification.)



# CODES OF CONDUCT AND ETHICS



## Mechanisms to ensure effective Code of Conduct and Ethics adoption

- ILC and its subsidiaries know that merely publishing codes and policies does not guarantee ethical conduct. Thus, all companies have specialized units and departments responsible for addressing compliance issues, hotlines and helpdesks for handling stakeholder complaints and queries.
- All parties participating in our operations must abide by the guidelines or be subject to disciplinary measures ranging from warnings to contract termination.
- All our subsidiaries have or are in the process of earning third-party certification through BH Compliance, the entity that certified the ILC crime prevention model.
- Our financial subsidiaries also have procedures for evaluating employees' compliance with ethical values and guidelines. These evaluations also influence compensation.

## Crime Prevention Model - Banco Internacional

- Completing our 2022 Integrated Report, Banco Internacional has adopted the The “Know your client” concept, which constitutes the base of Banco Internacional’s money laundering and terrorism financing prevention system. The Know your Client concept establishes rules that allow a better knowledge of clients and the operations that are normally carried out with the Bank, in order to facilitate the identification of suspicious operations.
- One of the most effective ways to minimize the risks derived from money laundering and terrorism financing is to ensure the real identity and source of income of the clients is known, for which it is the duty of the Bank to identify and know their customers. For this, it must apply due diligences that allows knowing the activities carried out by its clients, the most relevant characteristics of the operations they carry out and the foundations on which they are based.
- For this purpose, Banco Internacional has a PLAFT Manual, Policy and Committee (Asset Laundry & Terrorism Financing Prevention) where they establish several mechanisms and its governance, in order to avoid any potential threat in these fields. These documents consider, among other topics: Customer due diligence: the Bank establishes a protocol that includes (for both face-to-face and non-face-to-face), Information and minimum documentation required for new clients and the operations carried out by them, know your client forms and documentation, declarations of final beneficiaries, background updates / continuous due diligence, procedures for natural or legal persons outside the Bank’s target segment, risk matrix and document retention, among others.
- Blacklist – Terrorism: the Bank monitors clients to identify all those who have negative information related to the crimes of money laundering and financing of terrorism. This is done automatically, in real time and on a daily basis, through a technological tool connected to the Bank’s system. Politically exposed persons (PEPs): the Manual considers policies and procedures for PEP, where it addresses actions such as the Administration can unsubscribe PEP clients or other clients from countries, businesses and products with a higher risk of money laundering / financing of terrorism. Senior Management is responsible for disaffiliating customers on these lists.
- The Manual addresses several aspects such as: application areas, regulatory framework, international context, definitions, crime prevention model, roles and responsibilities, know your client and due diligence processes, higher risks clients, specific products and services, regulatory reports, suspicious operations, correspondent, code of conduct and ethics, among other aspects.

# CONTRIBUTIONS AND DONATIONS



## Main Contributions (Consolidated Figures in millions of CLP)

Activity	2019	2020	2021	2022
Lobbying, interest representation or similar	0	0	0	0
Local, regional or national political campaigns / organizations / candidates	0	0	0	0
Trade associations	533,2	610,7	702,6	608,1
Think tanks and public policy centers	8,0	41,1	53,5	37,2
Other (e.g., spending related to ballot measures or referendums)	0	0	0	0
<b>Total contributions</b>	<b>541,2</b>	<b>651,9</b>	<b>756,1</b>	<b>645,2</b>
Coverage	100%	100%	100%	100%

### Our largest expenditures for FY 2022 were as follows:

Organization	Amount Spent in 2022 (millions of CLP)
Chilean Association of Clinics	\$ 224,7
Chilean Association of Insurers (AACH)	\$ 211,7
ISAPRES Association	\$ 145,9

- Importantly, ILC and its subsidiaries' donations and sponsorships are regulated by their respective Crime & Prevention Models and Donations Policies. The entire group is forbidden from making political contributions, and charitable contributions are strictly regulated to prevent potential corruption or bribery.

# CLIMATE CHANGE ALIGNMENT IN OUR PUBLIC DEBATE ACTIVITIES



Responsible investment is a pillar of ILC's Sustainability Strategy. We strive to incorporate ESG factors into our investment management and businesses, to invest responsibly and be a responsible ESG investment. As page 50 of our 2022 Integrated Report shows, this pillar aligns with two SDGs: 8) Decent Work and Economic Growth and 13) Climate Action. The latter is directly related to **taking action against the effects of climate change in consideration of the Paris Alignment**, where businesses have a primary role in limiting global temperature rise and moving towards a sustainable model.

This pillar gives rise to a series of actions and programs to reduce the impact of operations through eco-efficiency and for our financial subsidiaries to contribute to financing and green investment. As a parent company, **ILC has established guidelines within which companies can draw up their roadmaps and set measurable, achievable objectives** with which to align all their procedures. Through the Board Sustainable Committee at each subsidiary, ILC monitors those processes where mismatches with the established roadmaps may occur.

Under this framework, **ILC has examined each subsidiary's main industry association contributions, observing how they align with the company's climate objectives**. It is important to mention that none of our companies contributed to lobbying associations. Thus, we excluded these organizations from the following exercise.

Company	Name of Industry Association	Industry Association's Position on Climate Change and Paris Alignment	Links
Confuturo	Asociación Chilena de Aseguradores, AACH	The association has a series of articles on the implications of climate change on the insurance industry, along with papers and articles from other relevant sources, such as Swiss Re, The Geneva Association and Kennedys Law. These publications mention, for example, the insurance market implications of increased catastrophes and the new reportability standards proposed at COP 26. No position contrary to the Paris Agreement or Confuturo's environmental objectives was identified.	<a href="https://portal2.aach.cl/">https://portal2.aach.cl/</a> <a href="https://www.genevaassociation.org/sites/default/files/research-topics-document-type/pdf_public/climate_risk_3_report.pdf">https://www.genevaassociation.org/sites/default/files/research-topics-document-type/pdf_public/climate_risk_3_report.pdf</a> <a href="https://www.swissre.com/dam/jcr:b851c59c-d3e0-4f87-817c-62691b985bc5/2023-01-sri-expertise-publication-climate-change-impact-en.pdf">https://www.swissre.com/dam/jcr:b851c59c-d3e0-4f87-817c-62691b985bc5/2023-01-sri-expertise-publication-climate-change-impact-en.pdf</a>

# CLIMATE CHANGE ALIGNMENT IN OUR PUBLIC DEBATE ACTIVITIES



Company	Name of Industry Association	Industry Association's Position on Climate Change and Paris Alignment	Links
Banco Internacional	Asociación de Bancos e Instituciones Financieras, ABIF	The association actively commits to aligning with the SDGs, the Paris Agreement and other relevant climate change frameworks. The association's website features publications on which it has partnered with other parties to promote a more sustainable industry and mitigate negative impacts. For example, the association participates in the public-private Green Finance Roundtable, led by the Chilean Ministry of Finance and is also a signatory of the Green Agreement.	<a href="https://www.abif.cl/">https://www.abif.cl/</a> <a href="https://www.abif.cl/destacada/principios-de-banca-responsable-transformando-las-finanzas/">https://www.abif.cl/destacada/principios-de-banca-responsable-transformando-las-finanzas/</a>
RedSalud	Asociación de Clínicas	Although the association's work does not allude to climate change directly, it has researched certain effects associated with the occurrence of diseases. There is no misalignment with the company's environmental objectives or the Paris Agreement.	<a href="https://www.clinicasdechile.cl/">https://www.clinicasdechile.cl/</a> <a href="https://www.clinicasdechile.cl/noticias/cambio-climatico-erosion-social-y-enfermedades-infecciosas-entre-los-mayores-riesgos-para-el-planeta/">https://www.clinicasdechile.cl/noticias/cambio-climatico-erosion-social-y-enfermedades-infecciosas-entre-los-mayores-riesgos-para-el-planeta/</a>
Consalud	Asociación de Isapres	The association's work does not reference climate change. However, no misalignment with the company's environmental objectives or the Paris Agreement has been identified.	<a href="http://www.isapre.cl/home">http://www.isapre.cl/home</a>
Vida Cámara	Asociación Chilena de Aseguradores, AACH	The association has a series of articles on the implications of climate change on the insurance industry, along with papers and articles from other relevant sources, such as Swiss Re, The Geneva Association and Kennedys Law. These publications mention, for example, the insurance market implications of increased catastrophes and the new reportability standards proposed at COP 26. No position contrary to the Paris Agreement or Vida Cámara's environmental objectives was identified.	<a href="https://portal2.aach.cl/">https://portal2.aach.cl/</a> <a href="https://www.genevaassociation.org/sites/default/files/research-topics-document-type/pdf_public/climate_risk_3_report.pdf">https://www.genevaassociation.org/sites/default/files/research-topics-document-type/pdf_public/climate_risk_3_report.pdf</a> <a href="https://www.swissre.com/dam/jcr:b851c59c-d3e0-4f87-817c-62691b985bc5/2023-01-sri-expertise-publication-climate-change-impact-en.pdf">https://www.swissre.com/dam/jcr:b851c59c-d3e0-4f87-817c-62691b985bc5/2023-01-sri-expertise-publication-climate-change-impact-en.pdf</a>

Thus, **ILC has determined that subsidiary participation does not contradict the proposed Responsible Investment objectives or international parameters such as the Paris Agreement.** For its part, ILC advocates that public policies on climate change in Chile align with international standards, like TCFD – which our company is in the process of implementing.

# TAX ANALYSIS



## Tax Figures for ILC Subsidiaries

ThCh\$, 2022	Confuturo	Banco Internacional	RedSalud	Consalud	Vida Cámara
Primary activity	Life Insurance	Corporate Banking	Healthcare Network	Mandatory Health Insurance	Supplementary Health Insurance
% ownership (ILC)	100%	67%	100%	100%	100%
Location of operations	Chile	Chile	Chile	Chile	Chile
Employees	424	708	10,298	1,894	258
Revenue (these subsidiaries represented 99% of ILC's consolidated revenue)	997,432	131,964	627,441	703,674	74,279
Profit (loss) before taxes	123,024	52,032	21,303	(35,617)	3,074
Income tax paid	10,117	(4,505)	(8,698)	14,236	196
Income tax accrued	(5,795)	(4,505)	(19,267)	(12,124)	(11,447)

ThCh\$, 2021	Confuturo	Banco Internacional	RedSalud	Consalud	Vida Cámara
Primary activity	Life Insurance	Corporate Banking	Healthcare Network	Mandatory Health Insurance	Supplementary Health Insurance
% ownership (ILC)	100%	67%	100%	100%	100%
Location of operations	Chile	Chile	Chile	Chile	Chile
Employees	461	710	9,689	2,253	234
Revenue (these subsidiaries represented 99% of ILC's consolidated revenue)	645,377	111,103	567,057	608,504	120,759
Profit (loss) before taxes	134,860	41,498	32,769	(114,552)	7,480
Income tax paid	(12,134)	(8,469)	(8,698)	32,090	(1,667)
Income tax accrued	(10,783)	(8,469)	(4,903)	(9,999)	(17,006)

# TAX ANALYSIS



## Tax Analysis for ILC Subsidiaries



ThCh\$	2022		2021	
Profit (loss) before taxes	Rate	123,024	Rate	134,860
Tax expense (@ legal rate of 27.0%)	(27.0%)	33,216	(27.0%)	(36,412)
Permanent differences	37.35%	(41,567)	19.9%	24,293
Single tax (rejected expenses)	(0.02%)	26,549	(0.01%)	14
Other	1.61%	(1,793)	0%	0
Effective rate and income tax expense	11.94%	10,117	(9.0%)	(12,134)

### 2022 vs 2021:

In 2022, tax expenses at Confuturo fell ThCh\$22,251 compared to 2021. The difference between the legal and effective rate is mainly attributable to dividends and capital gains (not taxable) as well as permanent differences from previous years.



ThCh\$	2022		2021	
Profit (loss) before taxes	Rate	52,032	Rate	24,755
Tax expense (@ legal rate of 27.0%)	(27.0%)	14,049	(27.0%)	(11,205)
Permanent differences	(18.26%)	(9,504)	9.8%	4,075
Single tax (rejected expenses)	0.00%	-	0.0%	-
Deferred tax adjustment (previous years)	0.41%	(215)	(3.8%)	(1,574)
Other	(0.49%)	255	(0.6%)	235
Effective rate and income tax expense	(8.66%)	(4,505)	(20.4%)	(8,469)

### 2022 vs 2021:

In 2022, tax expense at Banco Internacional was down ThCh\$3,964 from 2021. This was mainly explained by income from tax-deductible bonds (Article 104) and inflation for the period.



ThCh\$	2022		2021	
Profit (loss) before taxes	Rate	21,303	Rate	32,769
Tax expense (@ legal rate of 27.0%)	(27.0%)	(5,752)	(27.0%)	(8,848)
Price-level restatement of tax capital	76.9%	16,383	22.5%	7,364
Price-level restatement of permanent investments	(41.6%)	(8,863)	(12.9%)	(4,223)
Other	(2.3%)	(489)	(0.2%)	(60)
Difference in paid taxes	0.0%	-	0.04%	(15)
Deferred tax adjustment (previous years)	(0.3%)	(56)	0.5%	(172)
Tax loss	(11.3%)	(2,402)	8.4%	(2,745)
Total adjustments for tax rate difference	21.5%	4,574	0.5%	149
Effective rate and income tax expense	(5.5%)	(1,178)	(26.5%)	(8,698)

### 2022 vs 2021:

In 2022, tax expense at RedSalud amounted to ThCh\$1,178. Taxes fell in 2022 compared to 2021 mainly as a result of a lower tax base and greater 2022 price-level restatement due to the inflation for the period.



# TAX ANALYSIS



## Tax Analysis for ILC Subsidiaries



ThCh\$	2022		2021	
Profit (loss) before taxes	Rate	(35,617)	Rate	(114,552)
Tax expense (@ legal rate of 27.0%)	(27.0%)	9,617	(27.0%)	30,929
Permanent differences	13.0%	4,619	(1.0%)	1,161
Effective rate and income tax expense	(40.0%)	14,236	(28.0%)	32,090

### 2022 vs 2021:

In 2022, Consalud had a tax credit of ThCh\$14,236 as a result of a non-recurring, one-time operating loss due to the effects of COVID-19 on the health insurance industry.



ThCh\$	2022		2021	
Profit (loss) before taxes	Rate	830	Rate	7,480
Tax expense (@ legal rate of 27.0%)	(27.0%)	1,002	(27.0%)	(2,020)
Permanent differences	(32.6%)	24	4.9%	368
Additions or deductions	(0.8%)	(307)	(0.2%)	(15)
Single tax (rejected expenses)	(0.02%)	-	(0.0%)	(0)
Effective rate and income tax expense	(6.4%)	196	(22.3%)	(1,667)

### 2022 vs 2021:

In 2022, tax expense at Vida Cámara was ThCh\$196. The ThCh\$1,471 drop compared to 2021 primarily reflects the lower operating income.

# TAX ANALYSIS



## Tax Analysis for ILC

Year	2021	2022
Profit (loss) before taxes	101,292	148,166
Reported taxes	2,852	16,519
Effective tax rate	2.8%	11.1%
Cash taxes paid	-22,699	-49,337
Cash tax rate	-22.4%	-33.3%

In 2022, consolidated tax expenses for ILC amounted to ThCh\$16,519 (credit), recording a ThCh\$13,667 positive variation compared to the ThCh\$2,852 credit expense recorded in 2021. The legal tax rate in Chile was 27.0% for both periods.

It is important to highlight that all material operations occurred and taxes were paid in Chile. Finally, the cash tax rate was 33.3% in 2022 and 22.4% in 2021.

The difference between the corporate and effective tax rates is detailed in Notes 11, 55 and 66 of ILC's 2022 Financial Statements ([link](#), page 144, 269 and 284, respectively). The differences between these figures are mainly a result of:

- First, and importantly, tax principles differ from financial accounting principles in Chile, so differences may occur.
- The following tables show the main items that explain the 2022 differences. If these items were reversed, the 2022 effective tax rate would be 26.1% (slightly below Chile's 27.0% corporate tax rate).

ILC's 2022 Financial Statements (ThCh\$)				Adjustments (ThCh\$)					
	Profit Before Taxes	Taxes (t)	Source (ILC's Financial Statements)	Deferred Taxes* (a)	Net Price-level adjustment (Investments in businesses)** (b)	Financial profit or loss under the equity method *** (c)	Adjusted Taxes (t)+(a)+(b)+(c)	Adjusted effective tax rate	Source (Financial Statements)
Non-Financial Non-Banking Activity	(25,223,006)	10,581,067	Page 6	(24,181,203)	9,919,880	(13,607,564)	(17,287,820)	-68.5%	Page 144
Insurance Activity	111,594,770	10,278,578	Page 7	(20,347,933)			(10,069,355)	-9.0%	Page 269
Banking Activity	61,794,530	-4,340,825	Page 8	(7,004,055)			(11,344,880)	-18.4%	Page 284
<b>Total</b>	<b>148,166,294</b>	<b>16,518,820</b>		<b>(51,533,191)</b>	<b>9,919,880</b>	<b>(13,607,564)</b>	<b>(38,702,055)</b>		
<b>Effective tax rate reported</b>			<b>11.1%</b>	<b>Adjusted effective tax rate</b>					<b>26.1%</b>

\*Deferred tax adjustment: the amount of income tax payable/receivable in future periods for taxable temporary mismatches.

\*\*Price-level restatement, investments in businesses - Price-level restatement for taxable equity: inflation effect over investments, net of financing

\*\*\*Equity method financial results: tax on non-consolidated investments (less than 50% stake). Companies considered are listed in [Note 14, Page 152](#)

The Group's concern for information security and cyber-security has grown, especially with the accelerated digitalization of recent years. Both issues are integrated into the corporate risk matrix, monitored by the Directors' Committee and managed by the Internal Control Department and the Compliance Officer. The Group's External Information Security Officer identifies gaps at ILC and its subsidiaries, submits recommendations and implements any improvements required.



## Policies and Procedures

The nature of the information our subsidiaries handle requires cyber-security and information security policies and control procedures suitable to each line of business. All employees receive training on these topics.

At ILC, safeguarding information is a shared responsibility. Employees must report any suspicious activity. Some subsidiaries have incident management procedures and protocols, which include direct IT support channels. Banco Internacional's performance evaluations now include transparency, which considers compliance with policies and procedures, including information security. RedSalud and Consalud have performance evaluations for their operational, risk and technology areas.



## Process and Infrastructure

As noted in our 2022 Integrated Report, our subsidiaries have procedures to examine information security system resilience and contingency plans and procedures. For example, RedSalud has three operational continuity plans (the ransomware playbook, phishing playbook and Kaspersky DRP DRP), which it tests every six months. Companies like Confuturo and Consalud work with external companies to analyze vulnerabilities, including using ethical hacking to simulate attacks.

The Banco Internacional Awareness program for Information Security and Social Ethics involves phishing and physical security exercises. For its part, Vida Cámara carries out DRP exercises annually.

ILC, through its subsidiaries and associates, **is the leading institutional investor nationwide**.\*

This bears a certain financial responsibility as the company contributes to sustainable development in Chile and the rest of the world through resource allocation.

In light of this challenge, **Sustainable Investment is one of the four pillars of ILC's Sustainability Strategy**.

Accordingly, in September 2019, ILC became the second IPSA company to issue a social bond under the International Capital Markets Association's Social Bond Principles (SBP).

## Investments with a Vision for the Future

As an institutional investor dealing in long-term liabilities (annuity reserves), Confuturo knows that a portfolio of sustainable investments will have a higher payment capacity and offer greater returns, making this a very material matter.

**In 2020, Confuturo embarked on the process of incorporating ESG criteria into its investments. It drafted an Investment Policy with ESG criteria, which it expanded and improved in 2021. As of 2022, Confuturo classifies its entire financial portfolio according to ESG criteria and promotes triple-impact investment by investing in four NCRE projects.**

The Investment Policy plays an important role in investment risk assessment by introducing sustainable investment criteria with economic, social and environmental guidelines that contribute to future development.

The policy applied to the investment portfolio immediately; however, Confuturo was given three years to adjust its portfolio holdings to the established guidelines.

This Investment Policy was approved by the Investment Committee and endorsed by the Board of Directors. The (i) Financial Investments, (ii) Real Estate Income Management and (iii) the Risk and Finance Management departments are responsible for its implementation and control.

The policy applies to the entire investment portfolio.

\*This statement includes AFP Habitat, Chile's largest pension fund manager. Habitat is not consolidated for reporting purposes as ILC holds a 40% stake.

## >>> Confuturo's Investment Policy states:

- As a financial broker, the company recognizes and assumes a commitment to [allocate investments in sectors that do not violate environmental or social principles](#) and to steer resources toward counterparts whose ESG risk management meets acceptable standards.
- [In 2020, Confuturo established an exclusion list](#), prohibiting investments in sectors or companies that violate responsible investment principles.
- The [company will move toward a high standard for evaluating ESG factors in terms of individual counterparts and the aggregated portfolio](#). The policy sets asset allocation limits, thereby reducing exposure to low-scoring ESG companies and industries.
- Confuturo reviews its counterpart's ESG performance as part of the [investment risk assessment process](#). For the fixed-income portfolio, it uses the S&P ESG Score or performs internal evaluations for issuers without a public rating. For real estate investments, it conducts an internal evaluation based on public company information and a questionnaire.

## >>> Main sources of ESG information:

- S&P (which covers approx. 60% of Confuturo's fixed-income portfolio)
- PRI signatory status
- Issuer-disclosed information
- Reinforcement of internal risk teams
- Real estate questionnaire

## >>> General considerations:



### Environmental considerations:

1. Measurement: energy consumption; water consumption; solid waste generation; waste management; GHG emissions (Scope 1, 2, 3; Financial Inst.: Scope 3)
2. Goals: energy consumption; water consumption; solid waste generation; waste management; GHG emissions
3. Climate Change and Environmental Management Policy; environmental impact protection and mitigation (natural resource protection, flora and fauna, reforestation)
4. Associations related to climate change; recognitions



### Social considerations:

1. People: Diversity and inclusion
2. Labor aspects: schedule flexibility; Remunerations/Salary Equity Policy; occupational health and safety
3. Training and benefits
4. Outsourcing; stakeholders; supplier relations
5. Community and third-party engagement; contributions/charitable donations; indigenous peoples
6. Joint Hygiene and Safety Committee; Work Emergency Program/Plan; recognitions



### Governance considerations:

1. Composition of the Board of Directors
2. Board review of sustainability aspects and/or SDGs; climate change; human rights (strategic objectives)
3. Sustainability Policy - environment and/or climate change - human rights protection - stakeholders - human capital (R&D; Inclusion)
4. Non-Financial Risk Management
5. Crime Prevention Model and Committee/Code of Ethics/Conduct
6. Board committees
7. Others: performance - contingency - executives



### Excluded Sectors:

Situations that are illegal under the country's laws or regulations or international conventions and agreements. This includes, but is not limited to, host country requirements related to environmental, health and safety, and labor aspects/arms and ammunition/tobacco/gambling, casinos and similar companies. Companies that operate under tight regulatory safeguards are excluded along with wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) /radioactive materials except those required for medical applications/unlimited use of asbestos fibers/commercial logging operations or the purchase of commercial logging for in tropical rainforests/forestry projects or operations lacking sustainable management, forestry projects in areas of high ecological value, with the exception of preservation or light, non-extractive use of forest resources/planting projects that require removing existing non-degraded natural forests/polychlorinated biphenyl compounds (PCBs)/pharmaceuticals subject to international bans or prohibitions /pesticides/herbicides subject to international bans or elimination/ozone-depleting substances subject to international phase-out/fishing activities using marine driftnets longer than 2.5 kilometers/cross-border trade in waste or waste products, except non-hazardous waste earmarked for recycling/persistent organic pollutants (POPs) /failure to comply with fundamental principles and labor rights/involuntary resettlement /significant degradation of a national park or similar protected area/negative impacts on the environment or sensitive social groups (i.e., people living in poverty, indigenous peoples, etc.) that are not significantly mitigated.

## >>> General considerations:



### ESG Risk:

- **Well-above-average risk sectors:** metals and mining, integrated oil and gas, oil and gas exploration and production, oil and gas refining and marketing, coal power generation
- **Above-average risk:** chemicals, power generation (not fully renewable), air freight and logistics, airlines, auto components, automobiles, oil and gas storage and transportation



### Limits:

- **By sector:**
  - **Well-above-average:** < 2.5% of AuM per sector / < 5.5% of AuM aggregated sectors (1<sup>st</sup> and 2<sup>nd</sup> quartile determined by S&P CSA + exceptionally 3<sup>rd</sup> quartile when the issuer's ESG trend is positive)
  - **Above-average:** < 2.5% of AuM per sector / < 7.5% of AuM aggregated sectors (1<sup>st</sup> and 2<sup>nd</sup> quartile determined by S&P CSA + exceptionally 3<sup>rd</sup> quartile when the issuer's ESG trend is positive)
    - **Below average:** no AuM limit (1<sup>st</sup> and 2<sup>nd</sup> and 3<sup>rd</sup> quartiles determined by S&P CSA)
- **Real estate:** ESG score > 20/100 based on analysis of public information



### Financial Assets:

Establishes limits by sector and issuer based on ESG risks



### Alternative assets:

Includes only PRI signatories or the equivalent.  
As of June 2021, 93% of asset managers met this requirement



### Categories of Assets Covered:

- Listed equity, fixed income, private equity, infrastructure (funds and alternative assets), real estate, derivatives and alternative investments
- Sovereign bonds, syndicated loans and infrastructure (direct allocations) will be addressed in a second stage



### Specific guidelines for real estate portfolio:

Real estate financing was segmented by type of asset based on the most relevant subfactors for each asset class.



### Impact investments:

- Active search for positive-impact investments aligned with SDGs, especially in infrastructure projects with a positive environmental and social impact (SDGs 1, 6, 7, 11, 12, 13, 14 and 15)
- Goal: Impact investment portfolio by at least 2% of AuM

## Sustainable Stewardship - Confuturo

**Developing an ecosystem of impact projects is a pillar of Confuturo's ESG Investment Policy.** On the one hand, the company invests in projects and sectors that contribute positively to the environment. On the other, it strives to encourage sustainable practices at certain companies where it invests.

The company has drafted a **questionnaire to engage with companies in its real estate portfolio** in order to understand their realities and support them in identifying critical ESG gaps. The questionnaire is based on national parameters (e.g., recent CMF 461 regulations) and international standards (SASB).

To focus the evaluation on the important aspects, questionnaire application varies as a function of exposure (which influences requirements), the type of asset or business (land, warehouses, shopping centers, etc.) and the materiality of the topics.

The questionnaire addresses environmental, social and governance factors, including health and safety, talent management, bribery, anti-competitive practices, climate change risks, eco-efficiency, and impact on the natural environment.

The results allow Confuturo to assess the degree of ESG risk facing its real estate assets. They also enable the companies that own the assets to identify and prioritize action plans to address any identified gaps.

### Questions

- The questionnaire addresses governance aspects like board composition, sustainability governance and related policies. It also includes questions about codes of ethics and the identification and management of physical impacts of climate change.
- Questions about the social aspect include labor compliance, remunerations and occupational health and safety policies, service quality, supplier relationships and community engagement.
- On the environmental dimension, the questionnaire asks about topics including environmental management, energy and water consumption figures, greenhouse gases, waste management, the surface area exposed to climate events (e.g., floods), environmental compliance, and energy and water efficiency projects.



## Sustainable Stewardship - Confuturo

Confuturo invests in Ameris Capital's Impact Management Area, FIS Ameris. **The FIS 3.0 and FIS 2.0 Investment Committees are comprised of social and financial experts and representatives from fund investors, including Confuturo through its Head of Credit Risk and Variable Income Portfolio Manager**, respectively ([FIS Ameris' 2022 Impact Report](#)).

**Confuturo has guidelines for its votes on the projects up for financing through these funds.** The business model of each institution in the portfolio is tied to the SDGs, reflecting an understanding of the importance of the global effort. The company's Ameris votes must be consistent with the SDGs integrated into the Confuturo Investment Policy as parameters.

The SDGs can also involve a holistic assessment in terms of social (e.g., SDG 1- End Poverty), environmental (e.g., SDG 13- Climate Action) and governance factors (e.g., SDG 16- Peace, justice and strong institutions.)

The 17 SDGs and their 169 indicators provide a framework for analyzing social and environmental impact against pre-selected impact objectives. Institutions can select one or more SDGs that align with their impact objective.

Projects undergo internal and external socio-environmental evaluations based on their Theory of Change, the SDGs, the IRIS+ metrics and other industry indicators before they are presented to the investment committee where Confuturo votes.

## Responsible Banking

Banco Internacional has played an important role in the industry's implementation of Law No. 20,845 by financing school real estate acquisition. The regulation establishes a state benefit for subsidized schools needing to purchase the property where they currently operate. The bank is crucial in providing the school's legal representative comprehensive advising services regarding this type of long-term financing. Implementation of the new law has had a significant social impact in Chile, enabling subsidized schools to continue offering their educational project to the community while complying with the letter and spirit of the new legislation.

Banco Internacional has vast experience in financing acquisitions for educational establishments under Law No. 20,845. Granting loans guaranteed by the School Infrastructure Guarantee Fund, it and Bano Estado are the only two banks in Chile supporting subsidized schools in purchasing the buildings where they operate. Banco Internacional also advises them on transforming into non-profit foundations, as the law requires.

In 2022, it granted over Ch\$52 billion (1.5 million UF) in loans to purchase school buildings.

For more information, see [Banco Internacional's 2022 Annual Report](#)

# CUSTOMER PRIVACY



The clients/patients of our subsidiaries as of December 31, 2022, are approximately:

Confuturo: 140,000

Banco Internacional: 17,000

RedSalud: 2,700,000

Consalud: 640,000

Vida Cámara: 400,000

In the case of RedSalud, the data entered for secondary purposes is monitored for all patients, for example, for studies and health trends, where the company always seeks to protect their sensitive data.



# ESG APPENDIX 2022



ILC Integrated Reports are available  
at the following link:  
[Reports Link](#)

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