

# SUSTAINABILITY REPORT

# 2019 2020





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2019



1,473  
EMPLOYEES

# SIERRA GORDA SCM KEY FIGURES



RECORD TRANSPORT  
**of 80,000  
WMT**  
of concentrate

2020



1,418  
EMPLOYEES



Tons of fine  
copper  
processed



Tons of  
fine copper  
processed

2020

- Published **SGSCM's Diversity and Inclusion Policy**
- Achieved **100% fulfillment of the APL Mining Logistics commitments**

Commitment to reaching  
**100% renewable energy**  
by 2023





## AWARDS AND RECOGNITIONS

2019



**Sonami Annual Award**, Large Producers Category.



**Tren de Oro** —the highest distinction—was awarded to Carlos Rojas Pizarro, External Affairs and Communities Manager of Minera Sierra Gorda, “for his invaluable dedication and unconditional support” to the residents of Baquedano and Sierra Gorda.

2020



**World Record:** Loading 230,400 tons of material in 24 hours, recognition received by the Maintenance and Mine Operations team and the Komatsu Maintenance team.

# OUR CONTRIBUTION DURING THE PANDEMIC



2020 was a challenging year on a global level. The Covid-19 pandemic and the resulting health emergency made it necessary to rethink structures, objectives, and resources. In this regard, our priority at Sierra Gorda SCM was people: we implemented internal measures to ensure the safety of our workers, as well as external initiatives that were in line with our deep commitment to the community in which we are immersed.

## Internal initiatives:

### COVID-19 PREVENTION PROTOCOL



This established how to proceed within the Company. It included a preventive campaign as well as new successive measures that were updated as the pandemic progressed.

### COVID-19 CRISIS COMMITTEE



The Covid-19 Crisis Committee is in charge of developing and implementing the necessary measures to prevent infections at the worksite.

### CONTINGENCY MEASURES



**Rules to live by during COVID for all members of the Company.** Preventive health measures, social distancing, hygiene and sanitization, transportation, and field measures.

+More information in the chapter

**Our Workers**

### COMMUNICATION AND FEEDBACK



Two-way channel to keep in contact with the people who make up our company. We do this mostly through e-mails to answer any underlying questions.

### MESSAGES FROM LEADERS AND EMPLOYEES



Senior executives shared messages to promote self-care and encourage compliance with all prevention protocols.

### ON-SITE INFOGRAPHICS



Animated informational videos to raise awareness of all preventive measures in the workplace as well as on-site posters and infographics highlighting practical messages.

## External initiatives



### RAPID TESTS



Contribution of 600 rapid tests for the municipal health team and 2,000 rapid tests for the Calama hospital.

### HAND SANITIZER STANDS



Donation of 10 hand sanitizer stands for the residents of Sierra Gorda and Baquedano.

### MASKS



Delivery of 800 reusable masks and 1,500 paper towels to institutions such as the I Compañía de Bomberos Caracoles de Sierra Gorda (Fire station of Sierra Gorda), health officials, Carabineros de Chile (uniformed national police), Neighborhood Councils, and different senior citizen organizations in Sierra Gorda and Baquedano.

### CLEANING AND SANITIZATION KITS FOR PUBLIC SPACES



Delivery of 200 cleaning kits, 400 disposable masks and gloves, and sanitization of public spaces in the towns of Sierra Gorda and Baquedano.

+More information in the chapter

**Communities**



# MESSAGE FROM THE CEO

102-14

DEAR ALL,

I am pleased to share with you Sierra Gorda SCM's second Sustainability Report, where we present the main results of our environmental, social, and economic management for 2019 and 2020.

This has certainly been an exceptional period for everyone. In particular, it was marked by the health emergency caused by the global Covid-19 pandemic, which joined the social crisis that unfolded in our country at the end of 2019. This imposed unprecedented challenges on us. In the face of these, we sought to adapt in the best way possible, always putting the health and safety of our workers first and seeking to be a pillar of support for the communities in which we are immersed during this uncertain scenario.

What is certain is that our road has had ups and downs in the seven years since commissioning the worksite, which we have overcome thanks to the commitment of our employees and contractors. This is reflected in the fact that, in 2020, our copper production increased by 35% compared to 2019 as a result of mining ore with higher metal content and increased extractions. Specifically, we reached a production of 114,030 tons of copper in 2019, and it increased to 156,115 tons in 2020.

Another major milestone during the period covered by this report is the pledge we signed as Sierra Gorda SCM to achieve a 100% renewable energy supply for the mining operations as of 2023, reaffirming the Company's commitment to sustainability. Already, the Company performs 100% of its processes with seawater extracted from a thermoelectric plant in Mejillones.

Additionally, we completed the implementation of the Port of Antofagasta Mining Logistics Clean Production Agreement (APL), having achieved 100% compliance with our commitments and making it one of the most successful agreements developed in the country. This agreement earned us the environmental certification from Corfo's Sustainability and Climate Change Agency.

Aiming to improve our operational performance to boost production, we carried out the Environmental Impact Study for the project "updating the tailings deposit and annexed facilities," which was recently accepted for processing by the Regional Directorate of the Environmental Assessment Service of Antofagasta. The purpose of the US\$ 400 million investment is to optimize the operation of the tailings deposit at our worksite by reducing the height of the deposit walls and increasing the deposit surface area, among other improvements.

Finally, I am very pleased to highlight that in 2020 we succeeded in loading 230,400 tons of material with the P&H Shovel, which set a world record in the mining sector and established productivity levels never before witnessed in deposits of similar characteristics, filling us with pride.

Now, the challenge is to continue navigating this uncertain scenario, always facing those that lie ahead and aiming to continue optimizing our processes, seeking efficiency that will allow us to improve our performance and reduce our environmental impact. These efforts are reflected in our biennial Sustainability Report, which I invite you to read as well as to send us any suggestions or input you may have.

Sincerely,

*Miroslaw Kidon*



# 01

## SCOPE OF THE REPORT

[102-52 102-50 102-54 102-1 102-3]



Continuing with the objective of integrating sustainability across our business, placing value on social, environmental, and governance aspects in the decision making of all areas, Sierra Gorda SCM publishes its second Sustainability Report.

This document shows information for the period from January 1, 2019 to December 31, 2020 and presents a look at our Company's sustainability, reporting the most important aspects of our economic, social, and environmental performance to our stakeholders.

The content of this Sustainability Report has been prepared in accordance with the criteria and content of the latest version of the Global Reporting Initiative (GRI) Standards: **Core option.**

The definition of content, its internal validation, and general coordination were led by the Sustainability, Communities, and Communications Management.

The GRI Content Index can be found at the end of the document, which details the information and requirements of each profile and performance indicator, as well as the page where it is reported.

Date of most recent report: 2018 Sustainability Report.

102-51



**SIERRA GORDA SOCIEDAD CONTRACTUAL MINERA**

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# 02

## COMPANY PROFILE

- ABOUT US
- MISSION, VISION AND VALUES
- OWNERSHIP STRUCTURE
- CORPORATE GOVERNANCE
- ADMINISTRATION
- RISK MANAGEMENT
- ETHICAL BEHAVIOR
- APPROACH TO SUSTAINABILITY
- MEMBERSHIPS





# ABOUT US

102-3 102-4

SIERRA GORDA SOCIEDAD CONTRACTUAL MINERA (SGSCM) is a mining company that operates a deposit located in Chile, Antofagasta Region, district of Sierra Gorda, 60 km from the city of Calama, 150 km from the city of Antofagasta, and 4.5 km from the town of Sierra Gorda. Our main mining and beneficiation facilities are located at an altitude of 1,626 meters in the heart of the Atacama Desert. They include pits, waste dumps, sulfide processing area (crushing, milling, flotation, and thickening), and thickened tailings deposit, among others.

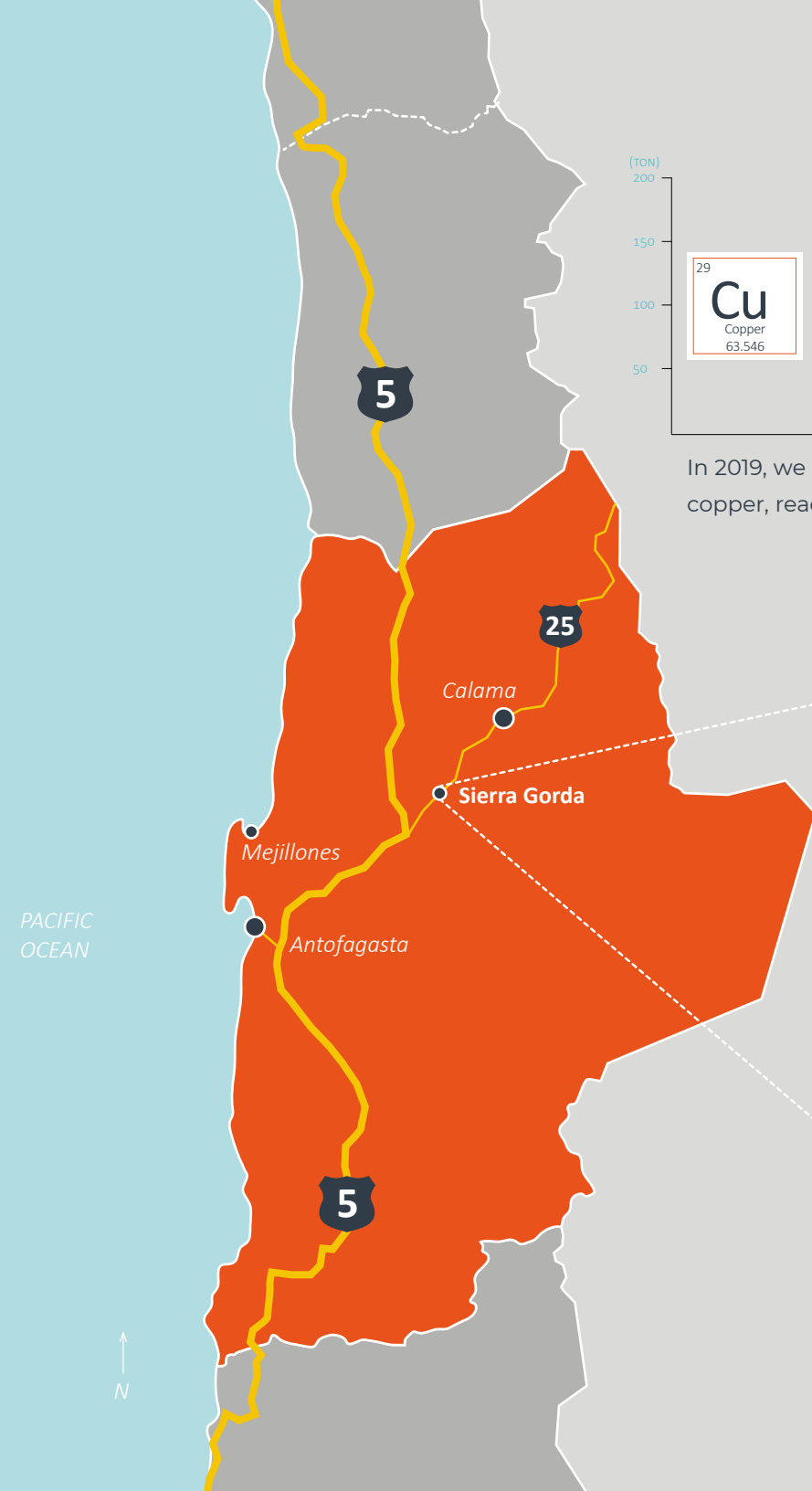
The mine site consists of a porphyry copper deposit with molybdenum, gold, and silver mineralization on a smaller scale. The neighboring towns with which we interact are Sierra Gorda, Baquedano, and Mejillones.

We are one of the main producers of copper

and molybdenum concentrates in Chile and the world, producing concentrates with low-grade copper sulfide ore and constantly challenged to search for alternatives for production efficiency and innovation, which positions us as pioneers in low-grade mining.

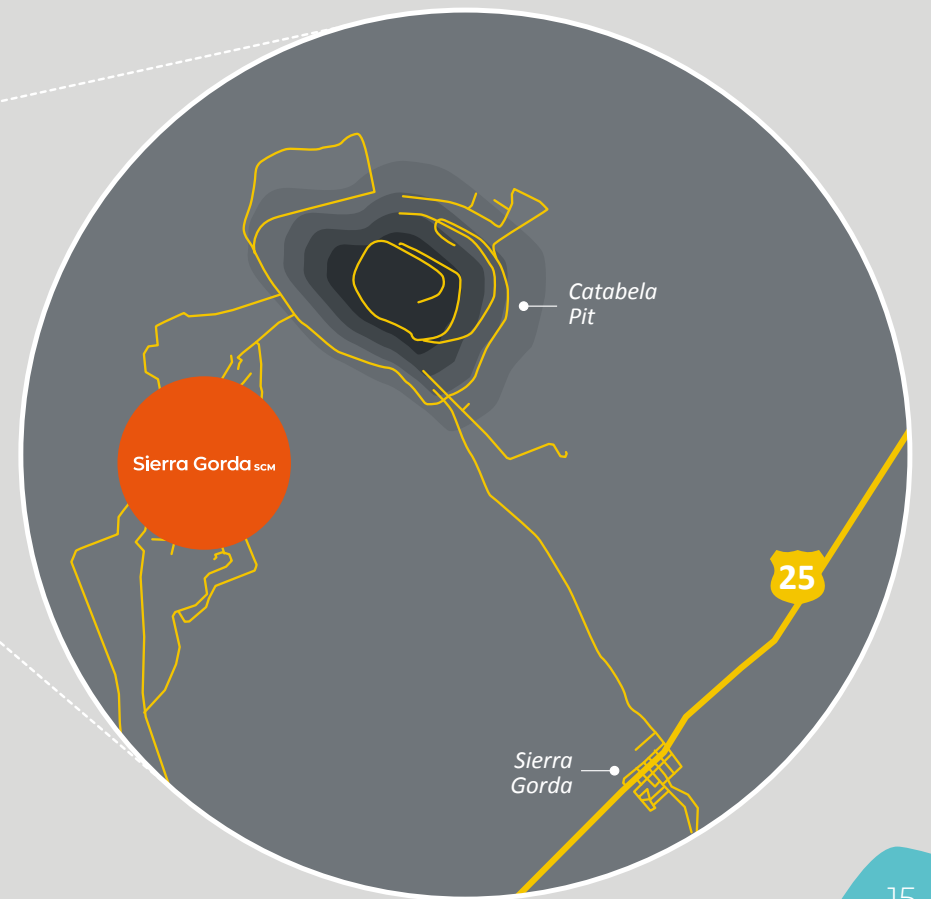
We also work to remain competitive and maximize our production, always aiming to continuously improve the business through a Zero Harm Culture and caring for people, the environment, and our communities.

The mine started production in 2014. Its main product is copper concentrate, and it also produces molybdenum as a concentrate. The plant has an approved production capacity of 230,000 metric tons per day (TPD). Processing at the plant currently ranges from 110,000 (TPD) to 130,000 (TPD) of processed material.



In 2019, we processed **114,030 tons** of fine copper, reaching **156,115 tons by 2020**.

Molybdenum production reached **9,318 tons** in 2019, and **7,614 tons in 2020**.



# OUR PRODUCTION PROCESS

In Sierra Gorda SCM's production process, the optimization of our resources and the use of new technologies is fundamental to our challenge in **low-grade mining**.



The mine is a conventional open-pit operation which is carried out through drilling and blasting, loading shovels, and land transport using heavy haul trucks that take the ore to the crushing area and the tailings to the dumps.

After passing through the crushing process, the sulfide ore is sent to the concentrator plant. Oxidized ore is stored in stockpiles with the potential for future processing by leaching.

The crushing and processing facilities are comprised of a collective plant that produces copper and molybdenum concentrates. This plant includes primary crushing, conveyor belts, an ore storage dome, secondary crushing, high pressure tertiary crushing with HPGR mills, milling, collective flotation, and remilling. This is followed by a selective flotation process in the molybdenum

plant, which separates copper and molybdenum concentrates and has conventional and column flotation, molybdenum concentrate thickening and filtering, and molybdenum concentrate bagging facilities. In addition, we have a copper concentrate filtering process with loading and unloading facilities for trucks, tailings thickening, and a tailings dam.

The production processes use seawater, which is supplied from the water-cooling system of the Mejillones thermoelectric plant through a 143 km long aqueduct that flows into a seawater pond at the worksite.

The pumping system is designed to provide a maximum water flow of 1,500 liters/second and has three stations (Costa, PS1, and PS2). The seawater is then processed: it is desalinated through a process consisting of reverse osmosis pretreatment and post-treatment of reconditioning and remineralization.

The power supply for Sierra Gorda SCM is fed to the mine's electrical substation through a 220 kV high voltage line with two independent three-phase circuits, starting at the Encuentro substation. These facilities have been fully operational since the final quarter of 2014.

As a final step, the copper and molybdenum concentrates are transported by land (trains or trucks) to the unloading and shipping facilities at the port of Antofagasta Terminal Internacional (ATI) and/or port Angamos, which is done by specialized companies with high safety and environmental standards.

# MISSION, VISION, AND VALUES

102-16



## VISION

To take pride in operating a low-grade sulfide deposit sustainably through a safe, disciplined, efficient, and process-oriented culture, taking advantage of the full potential of people and work teams, creating value for our workers, the community, and the owners.



## STRATEGIC FOCUSES

They guide the fulfillment of Sierra Gorda's strategic objectives.



## People



## Safe Production



## Costs



## MISSION

To create the opportunity to optimize the productivity of the company in order to obtain a quality product that enables higher profit margins, safeguarding the sustainability of the business in financial, environmental, and human terms.

# PODER

In pursuit of continuous improvement to meet our individual and organizational objectives, we created the seal that connects the strategic focuses to the Company's values through our capabilities and behaviors that complete our strategic map and define us as a source of energy in motion. We draw commitment and energy from our PODER seal.

**P**ertenezco (*I belong*)

**O**ptimizo (*I optimize*)

**D**esafío y supero (*I challenge and overcome*)

**E**scucho y comunico (*I listen and communicate*)

**R**econozco y colaboro (*I recognize and collaborate*)

## Querer es PODER, y nuestro PODER es ESTAR

*To want is to be ABLE, and our POWER is BEING*



## VALUES

Our five values guide our work and are represented by the word ESTAR in Spanish (Be in English). The logo represents the unity of people who identify with the Company's values who, when brought together, are strengthened and lead us to success, which is represented by the star that is formed inside.



**EYES ON RESULTS:** Working for the company's objectives is our driving force; we must understand the results and know how we contribute to and impact the overall results from our position.



**SAFETY:** Preaching and practicing safety is our duty every day. We have rules and requirements to respect, but it is our commitment to take care of ourselves and others.



**TEAMWORK:** Forming part of a large network that goes beyond our own team is our essence. We are interdependent, we need to know, connect to, and support support one another every day to achieve our goals.



**AUSTERITY:** Optimizing the resources and knowledge of our team with intelligence and responsibility. If we use the company's resources to their maximum capabilities, it will help us achieve our objectives.



**RECTITUDE AND INTEGRITY:** Being consistent, responsible, and thinking of the collective interest of the company in our actions, which prove our personal quality on a daily basis.

Our achievements are not in equipment, processes, or technology. The success of Sierra Gorda SCM is rooted in people.

The actions taken as a team or individually by employees must be based on the ESTAR values, and our commitment is to make them known and ensure that they are applied in our daily work.

# OWNERSHIP STRUCTURE


102-5 102-1 102-2 102-3



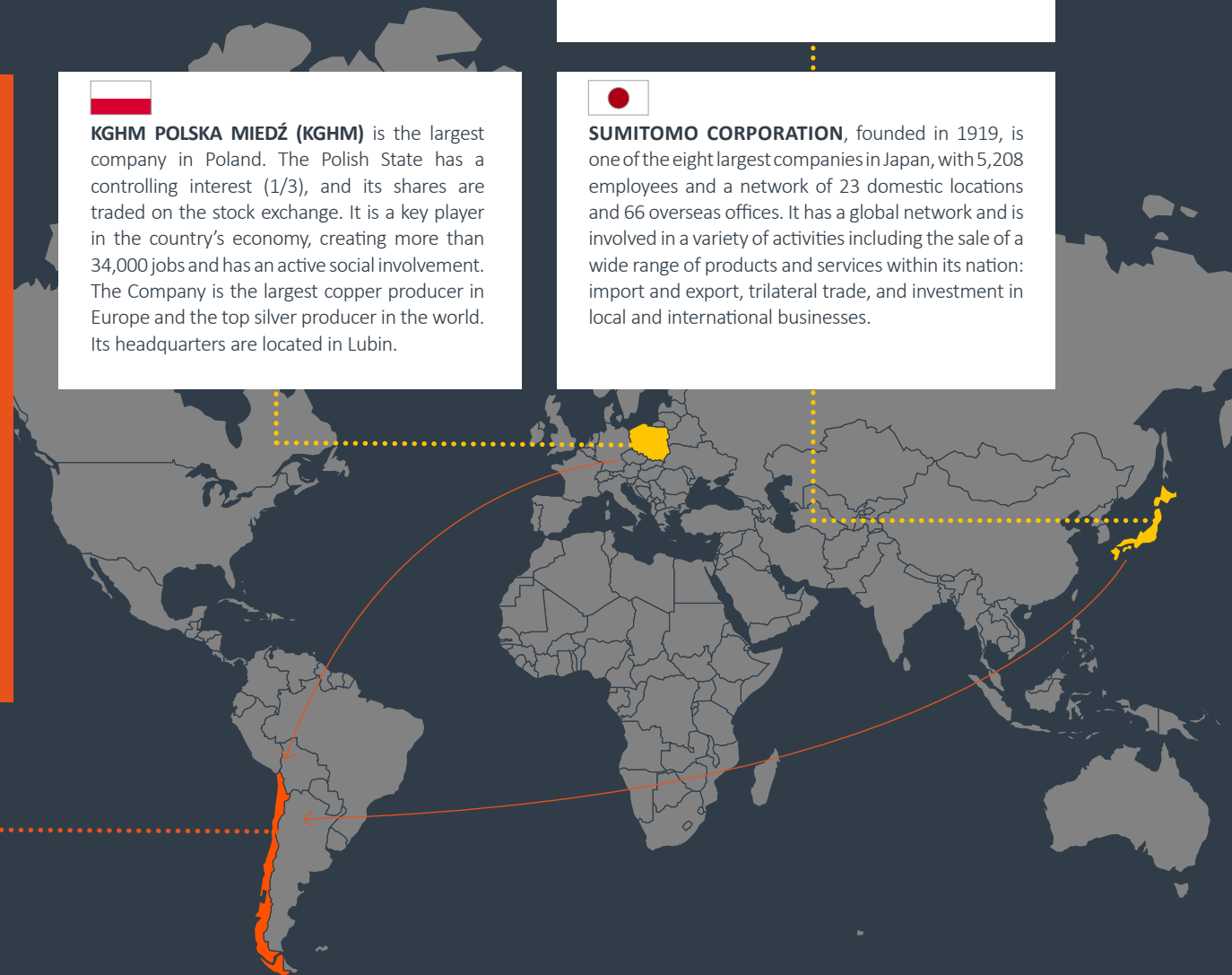
**Sierra Gorda SCM** is the result of a Joint Venture between the Polish company KGHM Polska Miedz and the Japanese companies Sumitomo Metal Mining and Sumitomo Corporation. The ownership interest of the companies are as follows:

	KGHM INTERNATIONAL	55.0 %
	SUMITOMO METAL MINING	31.5 %
	SUMITOMO CORPORATION	13.5 %

 **KGHM POLSKA MIEDŹ (KGHM)** is the largest company in Poland. The Polish State has a controlling interest (1/3), and its shares are traded on the stock exchange. It is a key player in the country's economy, creating more than 34,000 jobs and has an active social involvement. The Company is the largest copper producer in Europe and the top silver producer in the world. Its headquarters are located in Lubin.

 **SUMITOMO CORPORATION**, founded in 1919, is one of the eight largest companies in Japan, with 5,208 employees and a network of 23 domestic locations and 66 overseas offices. It has a global network and is involved in a variety of activities including the sale of a wide range of products and services within its nation: import and export, trilateral trade, and investment in local and international businesses.

 **SUMITOMO METAL MINING**, founded in 1590, is currently the world's third largest copper producer and the largest nickel and gold producer in Japan. The Company has a total of 8,766 employees and mining, smelting, and refining operations in various parts of the world, including the United States, Canada, Australia, Chile, Peru, and Brazil, among others. It also has semiconductor and advanced materials manufacturing operations, among others.



# CORPORATE GOVERNANCE

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The Owners' Council leads the governance structure of Sierra Gorda SCM. This is composed of six members (three for each controlling group) who represent the interests of the shareholders and manage all economic, operational, environmental, and social matters related to the Company.

The members of the Owners' Council are not executives of Sierra Gorda SCM, nor do they carry out activities related to the operation of the company's business, and they are therefore independent of the Company's management. Decision-making is done by consensus, while the chair position rotates (on a biennial basis).

The senior management of the company, including all vice-presidencies and management areas, report to the Owners' Council and participate in the quarterly meetings held in Chile, which include visits to the worksite.

This body is responsible for setting the Company's strategic direction, monitoring resources and value creation, in addition to supervising the performance, risks, and management control systems of the company. The measures adopted by this body are communicated through internal media and communication channels, these being a part of the company's monthly reports.

The members of the Owners' Council are listed below:



[102-18 102-19]

The Owners' Council has several Strategic Committees, which have an advisory role regarding the various priority issues of Sierra Gorda SCM. These committees report directly to the Owners' Council and are responsible for maintaining regular contact with the senior management of the company to execute the strategic guidelines of each area. In 2020 the Covid-19 Crisis Committee was formed, which was essential in managing and containing the health crisis. The configuration of the committees was as follows:





# ADMINISTRATION

102-18 102-19 102-21 102-33 102-34

Based on the power structure and authorization matrix, the Owners' Council delegates its authority to the office of the CEO and senior management (executive vice-presidencies and key management areas), granting the administration autonomy in decision-making. In turn, the administration holds regular meetings with the senior management to report on progress and relevant decisions on strategic matters for the Company.

In addition, the administration reports monthly to the highest body and to the company as a whole on its activities by means of the Monthly Report. Each vice-presidency and management area must submit a document on its main activities during this period.

This system is intended to maintain fluid communication and coordination within the organization and ensure probity and transparency as essential values.

Senior management is responsible for consulting with stakeholders on the economic, environmental, and social issues related to the company and must report these concerns in the meetings held with the Owners' Council.

## Senior executives of Sierra Gorda SCM



**Mirosław Kidon**  
*CEO*



**Hiroki Kako**  
*Vice President of Services*



**Eric Zepeda**  
*Vice President of Operations*



**Beata Choragwicka-Majstrowicz**  
*Vice President of Human Resources*



**Michał Bator**  
*Vice President of Finance*

# RISK MANAGEMENT

102-11 102-15 102-30 102-31

To properly carry out risk management, at SGSCM we incorporate the Three Lines of Defense model. This establishes that, under the supervision and guidance of the company's senior management and administration, three separate groups are required within the organization to effectively manage risk and control. The responsibilities of each of these groups are detailed below:

- 1 Own and manage risk and control (first line operational management).
- 2 Monitor risk and control to support management (management implements risk, control, and compliance functions).
- 3 Provide independent assurance to the administration and senior management of the company regarding the design, operational effectiveness of internal control, risk management, and corporate governance (internal auditing).

Each of the three lines has a distinct duty within the overall corporate governance framework.

During the meetings with the Owners' Council, the risks for the Company are reviewed and guidelines for the implementation of strategies are established by the CEO and the most relevant vice-presidency, according to the case.

Among the risk factors affecting the Company's continuity and sustainability are the following:



## MARKET RISKS:

The risk that changes in market conditions such as commodity prices, foreign currency exchange rates, and interest rates may affect the Company's revenues.

The Company is exposed to the cycles of the global economy and their effects on the price of copper, as well as to fluctuations in the price of inputs necessary for the operation (oil, energy, steel, among others).

- **International Price of Copper and Molybdenum:** Prices are affected by changes in the global economy. Generally, copper producers do not have the ability to directly influence its price.
- **Exchange rate variation:** The U.S. dollar is the Company's functional currency. As a result, the risk arises from foreign currency exposures due to transactions and balances in currencies other than the U.S. dollar. The Company's potential foreign currency exposures include transactional exposure regarding monetary items of non-functional currencies.
- **Interest rates:** The Company does not have significant exposure to interest rate fluctuations because its main obligations are at fixed rates.



## ENVIRONMENTAL AND SOCIAL RISKS:

Sierra Gorda SCM prepares the Environmental and Social Monitoring Report every six months to identify all critical issues for the operation and its environment, establishing precise action plans and strategies for relations with each stakeholder group. On an ongoing basis, the Sustainability, Communities, and External Communications Management develops a Risk Map with the main issues related to the company's activities and key stakeholders, establishing a course of action and guidelines for the company's involvement according to the case.



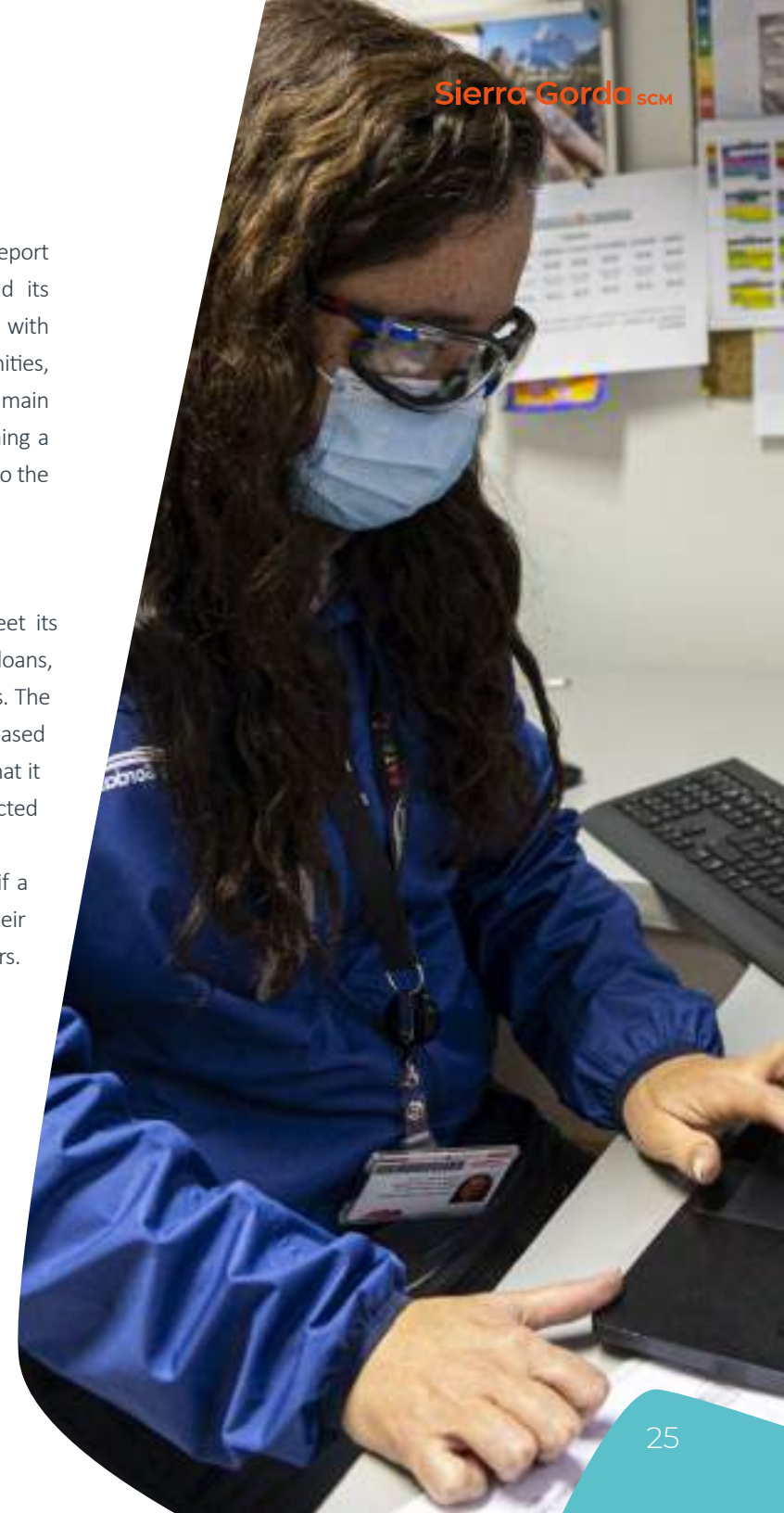
## FINANCIAL RISKS

- **Liquidity risk:** The risk that the Company may not be able to meet its financial obligations when they are due, such as accounts payable, loans, liabilities for financial leasing, and accounts payable to related parties. The Company uses monthly cash flow budgets to monitor cash on hand based on expected cash inflows and outflows. The Company must ensure that it has sufficient cash available to cover operating expenditures and expected capital expenditures, including financial obligations.
- **Credit Risk:** This is the risk of financial loss faced by the Company if a customer or counterparty in a financial instrument fails to meet their contractual obligations, arising mainly from the Company's trade debtors.



## OPERATIONAL RISKS:

The operational risks are those inherent to all open-pit mining activities, which may arise from the use of heavy machinery, explosives, and chemical reagents.



# ETHICAL BEHAVIOR

The **Code of Business Conduct and Ethics** governs the performance of the different areas and workers that are part of Sierra Gorda SCM. It is widely disseminated among our employees, who must be familiar with it and fully respect it. The Code contains clear guidelines on how we must conduct business and work for and on behalf of Sierra Gorda SCM, always following the highest standards of corporate governance, ethics, and honesty. Moreover, we apply the ESTAR values in our daily activities.

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## WHISTLEBLOWING CHANNEL

The Company has different mechanisms to request advice on ethical conduct and the integrity of the organization depending on the nature of each case, as per the Internal Regulations of Order, Hygiene, and Safety of Sierra Gorda SCM. For this purpose, the company has a Whistleblowing Channel open to its workers, who can access it anonymously through our website. 17 and 24 complaints were received in 2019 and 2020, respectively.



## OBJECTIVES OF THE CODE OF BUSINESS CONDUCT AND ETHICS

- ▶ Ensure behavior within an ethical and legal framework.
- ▶ Establish trusting relationships based on integrity, honesty, and responsibility.
- ▶ Contribute to a work environment conducive to good relationships between people.
- ▶ Safeguard the reputation of Sierra Gorda SCM by employing high standards of ethical behavior.
- ▶ Ensure compliance with Chilean legal regulations and the Company's internal policies.
- ▶ Ensure respect for human rights.
- ▶ Prevent, detect, and report all forms of fraud, bribery, and corruption.
- ▶ Contribute to the sustainability of the business.



## CRIME PREVENTION MODEL

Sierra Gorda SCM's Crime Prevention Model (CPM) is aligned with the requirements of Law 20.393, which establishes the criminal liability of legal entities for the commission of different offences, such as money laundering, financing of terrorism, bribery of public officials (domestic or foreign), corruption among private parties, concealment, misappropriation, among others. This model, which includes a Crime Prevention Officer, seeks to establish a mechanism to prevent and mitigate the crime risks to which the Company is exposed by establishing the division of duties, obligations, and prohibitions for all its workers, including contractors and consultants, in order to fully comply with the requirements of the law.

A fundamental part of the model consists of preparing a risk management and control matrix. This aims to periodically evaluate crime risks in different operations and processes. Likewise, training is provided to all Company personnel on matters within the scope of Law 20.393, which includes regular courses for all employees with positions exposed to the commission of crimes.



## THE ETHICS COMMITTEE

It is responsible for providing guidelines and support to ensure the company's operations are in accordance with the Organizational Culture, Values, and Code of Business Conduct and Ethics. At the same time, it oversees the company's efforts regarding the implementation of, updating, and compliance with the Crime Prevention Model, as well as the resolution of complaints received by the committee (composed of three people, one of whom is responsible for crime prevention) and the subsequent recommendation of possible penalties, if appropriate, following the corresponding investigation.



## CONFLICTS OF INTEREST

The Conflict of Interest Policy defines and communicates the company's position on matters that could constitute an actual or potential conflict of interest and establishes a protocol for handling them. This policy is applicable to all people who work at or provide services to Sierra Gorda SCM, particularly those who have evaluation and/or decision-making powers in the employment of personnel, in the awarding of purchases and services, in activities related to the authorities and public services, as well as those who can authorize the use of company property, assets, systems, or information. In particular, regarding the relationship with suppliers, it establishes mechanisms for the mandatory declaration and control of conflicts of interest in procurement and contract administration processes by commercial personnel, contract administrators, key personnel in user areas, and suppliers participating in tender processes.





# APPROACH TO SUSTAINABILITY

102-20

Sustainability is part of the daily operations of our company and of those who work at **Sierra Gorda SCM**.

Its management is centralized in the Vice-Presidency of Legal, Corporate, and Sustainability Affairs. Since 2020, this area has focused on regulatory, communication, and sustainability matters, providing a comprehensive view of the different topics for the benefit of both internal and external stakeholders.

## SUSTAINABILITY GOVERNANCE

The Sustainability, Communities, and External Communications Management, which is part of the Vice-Presidency of Legal, Corporate, and Sustainability Affairs, is responsible for promoting and implementing sustainable initiatives at the corporate and operational levels at Sierra Gorda SCM. It is also in charge of ensuring the integrity, validity, and management of the company's strategic permits and social license to operate, as well as ensuring compliance with sectoral permits and environmental commitments by overseeing the management of the operational areas at the worksite.

Specifically, the Sustainability, Communities, and External Communications Management is responsible for managing the following matters:





**SUSTAINABILITY POLICY**

102-11

Aware of the role we play within our area of influence, we have established a Sustainability Policy that contains the necessary guidelines to responsibly plan our operation over time, following the pillars of sustainable development and in balance and harmony with economic, social, and environmental aspects.



Sierra Gorda SCM's Sustainability Policy provides us with a framework to promote a mining operation integrated with each of these dimensions and aligned with legal compliance as well as with people, the environment, and its communities.

In this regard, compliance with this policy is the responsibility of each and every worker at Sierra Gorda SCM, and it applies across the various obligations that allow the company to operate in the short, medium, and long term. This is defined under the following criteria:

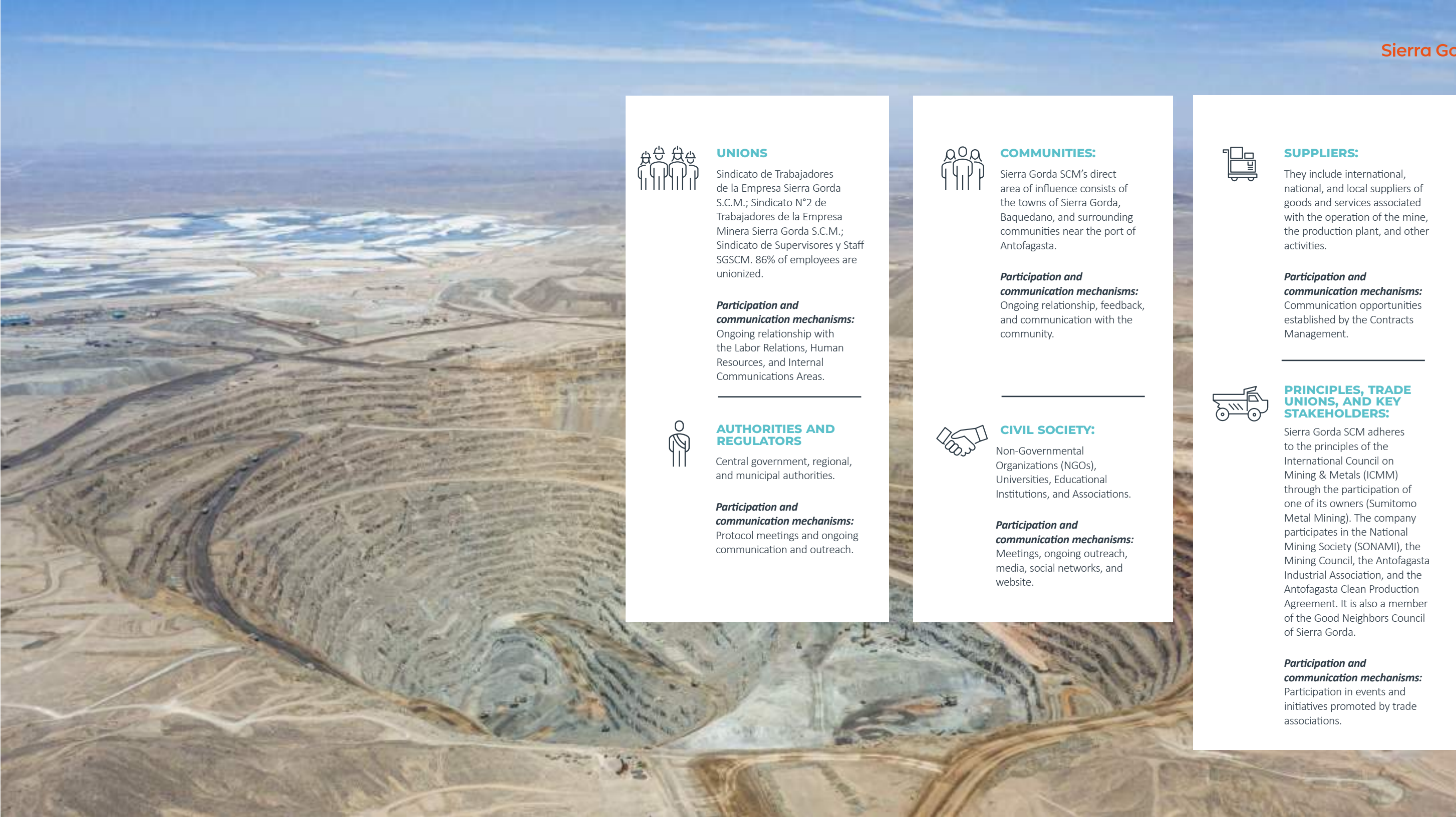


## STAKEHOLDERS

102-40 102-42 102-43 102-44

Sierra Gorda SCM encourages dialogue with its various stakeholders and actively participates in governmental, trade association, and community initiatives that are intended to provide value to the people and territories surrounding its operation. The communities and their civil and neighborhood organizations are permanent partners of the company as part of an effort to establish initiatives with shared values, exchange experiences, and talk about topics of common interest.

In particular, the relationship with stakeholders is based on and managed through the Map of Key Stakeholders, a tool that includes the Company's area of influence and is updated according to the Company's activities, the events that affect its surrounding communities, and changes in government administration at a national, regional, and local levels.



### UNIONS

Sindicato de Trabajadores de la Empresa Sierra Gorda S.C.M.; Sindicato N°2 de Trabajadores de la Empresa Minera Sierra Gorda S.C.M.; Sindicato de Supervisores y Staff SGSCM. 86% of employees are unionized.

**Participation and communication mechanisms:** Ongoing relationship with the Labor Relations, Human Resources, and Internal Communications Areas.



### AUTHORITIES AND REGULATORS

Central government, regional, and municipal authorities.

**Participation and communication mechanisms:** Protocol meetings and ongoing communication and outreach.



### COMMUNITIES:

Sierra Gorda SCM's direct area of influence consists of the towns of Sierra Gorda, Baquedano, and surrounding communities near the port of Antofagasta.

**Participation and communication mechanisms:** Ongoing relationship, feedback, and communication with the community.



### CIVIL SOCIETY:

Non-Governmental Organizations (NGOs), Universities, Educational Institutions, and Associations.

**Participation and communication mechanisms:** Meetings, ongoing outreach, media, social networks, and website.



### SUPPLIERS:

They include international, national, and local suppliers of goods and services associated with the operation of the mine, the production plant, and other activities.

**Participation and communication mechanisms:** Communication opportunities established by the Contracts Management.



### PRINCIPLES, TRADE UNIONS, AND KEY STAKEHOLDERS:

Sierra Gorda SCM adheres to the principles of the International Council on Mining & Metals (ICMM) through the participation of one of its owners (Sumitomo Metal Mining). The company participates in the National Mining Society (SONAMI), the Mining Council, the Antofagasta Industrial Association, and the Antofagasta Clean Production Agreement. It is also a member of the Good Neighbors Council of Sierra Gorda.

**Participation and communication mechanisms:** Participation in events and initiatives promoted by trade associations.

## MATERIALITY STUDY

102-44 102-46 102-47

To determine the content of the report, the materiality process was carried out so as to update it in accordance with the changes, trends, and new challenges that have arisen in the area during this period. This report seeks to go into depth on the topics identified as significant for stakeholders. Their participation has been essential to prepare what is called the “materiality process,” including social, environmental, and economic aspects.

### MATERIAL TOPICS AND BOUNDARIES

In 2019 and 2020 Sierra Gorda SCM carried out a process to update its material topics, which included stages of identification, prioritization, and validation. To prepare this list, we consulted sources of information such as press releases, press publications, and Company documents, as well as general standards and trends. In addition, interviews were conducted with Company executives, authorities, and community members.

The topics defined as priorities for the stakeholders and the company were processed using additional verifications, thus obtaining the final list of material topics in the economic, social, and environmental areas, which are addressed in the following chapters.

These were prioritized in terms of importance for the company and its stakeholders. They then passed through a simplified matrix that classified them as low range if the prioritization was between 1 and 2, medium for those between 3 and 5, or high for greater than 5.

Importance for Stakeholders	HIGH	<ul style="list-style-type: none"> <li>» Communication channels</li> <li>» Donation during the pandemic</li> <li>» Employability</li> </ul>	<ul style="list-style-type: none"> <li>» Social contribution</li> <li>» Control and mitigation of environmental impacts</li> </ul>	
	MEDIUM	<ul style="list-style-type: none"> <li>» Training</li> </ul>	<ul style="list-style-type: none"> <li>» Climate change</li> <li>» Investment and projects</li> <li>» Measures adopted during the pandemic</li> <li>» Supply of renewable energies</li> </ul>	
	LOW	<ul style="list-style-type: none"> <li>» Diversity and inclusion</li> <li>» Environmental management</li> <li>» Risk management</li> <li>» Water management</li> <li>» Governance and ethical conduct</li> <li>» Workplace health and safety</li> <li>» Environmental impact study</li> <li>» Innovation</li> <li>» Sustainable mining</li> <li>» Reactivation of the local economy</li> <li>» Labor relations</li> <li>» Operational results</li> <li>» Turnover and sense of belonging</li> <li>» Digital transformation</li> </ul>	<ul style="list-style-type: none"> <li>» Climate change</li> <li>» Investment and projects</li> <li>» Measures adopted during the pandemic</li> <li>» Supply of renewable energies</li> </ul>	<ul style="list-style-type: none"> <li>» Efficiency and cost control</li> <li>» Supplier management</li> </ul>
		LOW	MEDIUM	HIGH
		Internal Importance for Sierra Gorda		

## MEMBERSHIPS

102-13



Antofagasta Industrial Association (AIA)



National Mining Society (Sonami)

### PARTICIPATION THROUGH THE OWNERS



Mining Council - KGHM



International Council on Mining and Metals (ICMM) - Sumitomo Metal Mining

\*Photo from 2019, prior to the pandemic.

# 03

## ECONOMIC PERFORMANCE AND BUSINESS RESULTS

- MAIN OPERATIONAL RESULTS
- SCALE OF THE ORGANIZATION
- CUSTOMERS AND MARKETS
- ECONOMIC VALUE
- SUPPLIERS
- INVESTMENTS



# MAIN OPERATIONAL RESULTS

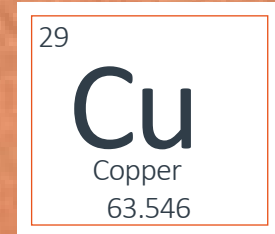
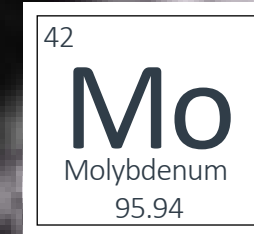
102-45

At Sierra Gorda SCM we have the permanent objective of achieving maximum efficiency in the productive processes of the business and actively controlling the costs of our activities. For this purpose, it is essential to implement continuous improvements in processes, mapping procedures within the company, and detecting and managing opportunities for improvement.

This approach was further heightened in 2020 due to the pandemic, and the constant search for improvements allowed efficiency and optimization to be achieved in different areas of the Company. The Business Improvement Policy was approved this same year, which has the objective of optimizing processes and resource use while promoting the initiatives that add the most value to the company.

According to the Financial Statements of Sierra Gorda SCM (the sole entity included in this report), in 2019, the financial expenses were USD 397.7 million, and a capital contribution of USD 205 million was made by the owners. Meanwhile, in 2020, the owners injected USD 95 million into the company with bank loans of USD 270 million. The financial expense for 2020 was USD 393.0 million. The capital contributions were intended to reinforce the operational continuity in the context of the health emergency.

Our copper production in 2020 reached 156,115 metric tons of fine copper (FMT), 37% higher than the 2019 production. Meanwhile, molybdenum production in 2020 was 7,614 FMT, 18% lower than in 2019.



## RESULTS AND PRODUCTS

Production (FMT)	2018	2019	2020
Fine Copper	101,959	114,030	156,115
Molybdenum	12,431	9,318	7,614

# SCALE OF THE ORGANIZATION

102-7

SALES, REVENUES, AND SERVICES OF SIERRA GORDA SCM	2018	2019	2020
Total number of operations	1	1	1
Net sales for private sector organizations	1,002,599.8 thousand USD	946,951.4 thousand USD	1,210,402.5 thousand USD
Net income for public sector organizations	666,301 USD	660,907 USD	725,774 USD
Total capitalization (for private sector organizations) broken down in terms of debt	95.5 million USD	98.1 million USD	106.2 million USD
Total capitalization (for private sector organizations) broken down in terms of capital	81.3 million USD	74.5 million USD	87.6 million USD
QUANTITY OF PRODUCTS PROVIDED OR RENDERED (SALES)	<b>Copper:</b> 208,764.3 thousand pounds	<b>Copper:</b> 245,345.8 thousand pounds	<b>Copper:</b> 325,307.72 thousand pounds
	<b>Gold:</b> 40.9 thousand ounces	<b>Gold:</b> 58.1 thousand ounces	<b>Gold:</b> 56.6 thousand ounces
	<b>Silver:</b> 830.9 thousand ounces	<b>Silver:</b> 875.2 thousand ounces	<b>Silver:</b> 1,615.2 thousand ounces
	<b>Molybdenum Oxide:</b> 30,767.4 thousand pounds	<b>Molybdenum Oxide:</b> 21,240.2 thousand pounds	<b>Molybdenum Oxide:</b> 16,863.8 thousand pounds

**NOTES:**

- \* Considered as net sales: total sales, deducting TCRC (Cu Refining) costs and excluding MTM (Mark to Market). In thousands of dollars.
- \*\* Considers the accounting capex (total expenses incurred) in millions of dollars.
- \*\*\* Considers the capex flow (total payments effectively disbursed) in millions of dollars.
- \*\*\*\* Corresponds to annual sales.

## SIERRA GORDA SCM SETS MINING WORLD RECORD

In November 2020, the Sierra Gorda SCM Mine Operations and Maintenance team, together with Komatsu, reached a level of productivity never before witnessed in similar operations. The teams were able to load more than 230 thousand tons of material in just 24 hours using the P&H 4100 XPC AC Electric Shovel, which was recognized as a world record.



### FINAL RECORD

November 23 with

# 230 thousand tons

### FIRST RECORD

November 6 with

# 217 thousand tons

### SECOND RECORD

November 16 with

# 221 thousand tons

## RECORD TRANSFER OF CONCENTRATE

Additionally, in December of the same year, 80,000 WMT of concentrate was transferred using the maximum train and truck capacity and close coordination with Marketing. This is an outstanding number given that the concentrate shipping facilities had not yet been expanded at that time.



# CUSTOMERS AND MARKETS

102-6

We are the largest mining operation launched in recent years in the Antofagasta Region, from where copper and molybdenum concentrates are marketed to customers outside Chile, traders, and foundries.

The ore is refined abroad, and the final product is used by various industries to manufacture computers, automobiles, mobile telephones, electrical and renewable energy supplies, among a wide range of everyday goods.

## MAIN CUSTOMERS

Cu

COPPER

2019

Sumitomo Metal Mining.  
MRI Trading A.G.  
Pan Pacific Copper Co Ltda. Mitsubishi Material Corporation.  
Trafigura Pte. Ltd.  
Altonorte.  
Metco Suisse GmbH.  
Cliveden Trading A.G.

2020

Sumitomo Metal Mining  
Freepoint Metals & Concentrates LLC  
MRI Trading A.G.  
Cliveden Trading AG  
Pan Pacific Cooper Co Ltda.  
Trafigura Pte. Ltd.  
Mitsubishi Materials Corporation  
Altonorte  
Hartree Metals LLC  
Hong Kong XIANGGUANG

Mo

MOLYBDENUM

Wogen Resources Ltd.  
Sumitomo Corporation.  
Traxys North America LLC.  
Hempel Intermeteaux S.A.  
Glencore International A.G.  
Complejo Industrial Molynor.  
Scandinavian Steel.

Sumitomo Corporation.  
Traxys North America LLC.  
Wogen Resources Ltd.  
Hempel Intermeteaux S.A. Complejo Industrial Molynor.

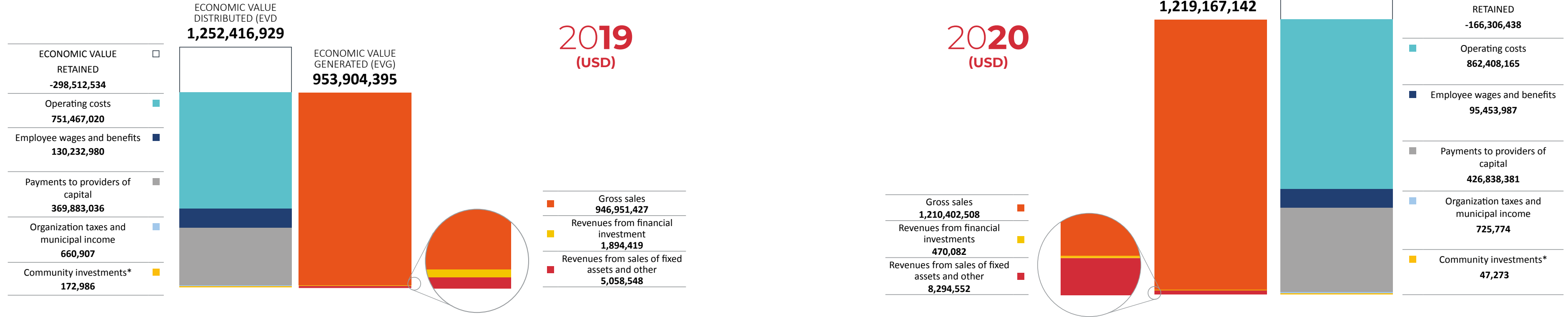




# ECONOMIC VALUE

We generate economic value for the country, the Antofagasta Region, and the communities surrounding the project based on Direct Economic Value generated (EVG, revenues) and Economic Value Distributed (EVD), which includes operating costs, employee wages and benefits, payments to providers of capital (domestic and foreign), tax and municipal income, and community investments.

In 2020, the EVG was US\$ 1,219,167,142, while the EVD reached US\$ 1,385,473,580. The Economic Value Retained, the difference between the EVG and the EVD, was US\$166,306,438. The following table reflects the 2019 and 2020 flow:



\*The total community investment considered spending through the community budget. The chapter Our Communities also considers the contributions made by other management areas and vice-presidencies.

# SUPPLIERS

102-9 308-1 414-1

Suppliers and contractors are an integral part of Sierra Gorda SCM's value chain. In addition to contributing to sustainability and the fulfillment of business objectives, they have been and continue to be a key factor in achieving the operational continuity that enables the availability of quality supplies and services needed to carry forward.

We work with small, medium, and large companies that provide us with support for different services, including both goods and supplies.

In the selection process of these suppliers, domestic or foreign companies are identified that comply with legal regulations and deliver quality, competitiveness, and sustainability to Sierra Gorda SCM and its operation, emphasizing transparency

and competitiveness, following a series of controls of safety, commercial conduct, experience, an environmental management plan, and policies and guidelines on community relations. This process is supported by two external platforms (SICEP and Ariba), which are widely used in the mining sector.

Supplier relations and the proper functioning of the supply chain are the responsibility of the Vice-Presidency of Corporate Services of Sierra Gorda SCM. Following the guidelines of the Code of Ethics and the Business and Supply Chain Policy of the Company, it is responsible for maintaining and practicing the highest standards of business ethics, professional courtesy, and competence with these strategic partners.

In 2019, different improvements in strategic tools were implemented to optimize this relationship, such as a contracts dashboard that provides information on all the Company's current commercial agreements; developing a Service Entry Sheet (SES)

that allows a change of focus in the management of the Company's payment statements, providing traceability to the process and transparency on the time taken by the different members of the Company who work together to approve the payment of services; and implementing the Unilink Platform, which improves processing times, transparency, reportability, integration, and reduces digitization errors, among others.

Additionally, to make the safety assessment process an essential part of the business processes, a matrix was defined in 2020 to classify the services into four risk quadrants. The SES assessment was carried out through the use of the SICEP platform.

In November 2020, aiming to generate better synergies and boost added value in the procurement of services, supplies, and purchases, the Vice-Presidency of Corporate Services merged the strategic and tactical training team with the new Procurement and Contracts Management and the Logistics and Inventory Management with a Superintendency of Supply Chain Excellence that operates across the organization.

## SIERRA GORDA SCM SUPPLY CHAIN





## POLICIES AND PROCEDURES

At Sierra Gorda SCM we work with the highest standards of business ethics, professional courtesy, and competence, which are an obligation for every employee who interacts with suppliers in any operation along our value chain.

To this end, we have a Procurement, Contracting, and Supply Chain Policy, which encourages competitiveness among suppliers and greater savings. It also seeks to reach agreements with suppliers to ensure that each product or service required is available at the right time and place. The main measures of the policy include limiting modifications in contracts to a maximum of three and up to 33% of their original value. In the case of directly assigned contracts, the limit was set at only one modification with a maximum of 20% of the value.

## LOCAL SUPPLIERS

204-1

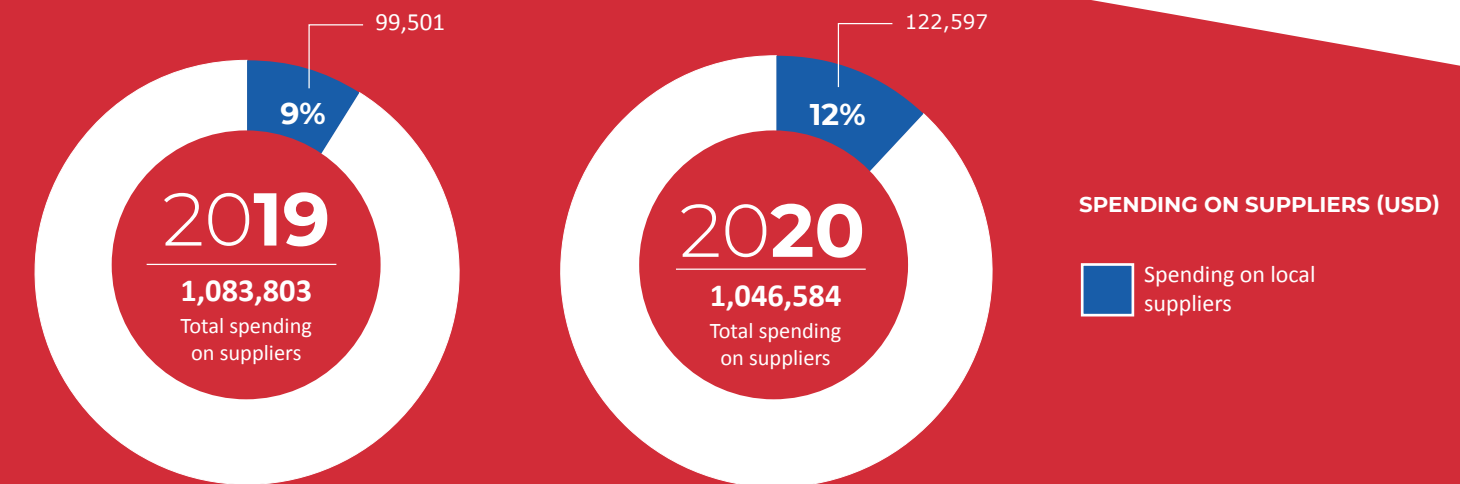
Part of our relationship with communities is to promote local employment by encouraging the development of their local suppliers and delivering value to the people in their area of influence. To this end, the Logistics and Inventory Management and the Maintenance Area hold regular meetings with local suppliers, with the aim of integrating them into the value chain.

In 2019, 9% of supplier spending was on local suppliers and was associated with 30.7% of the total volume of services. In 2020, it was 12% and equivalent to 32.1% of the total volume of services. In 2019, in terms of services, we worked with 245

local suppliers, and we had 363 suppliers for goods and supplies. Meanwhile, in 2020, in terms of services, we worked with 237 local suppliers, and we had 374 in terms of goods and supplies.

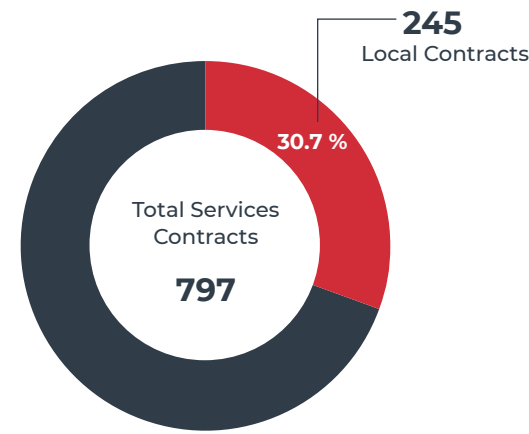
As the mining industry is labor intensive; we worked with 6,050 contractor workers in 2019, which includes the entire staff including study areas, the back office, and consultancies. There were 6,031 in 2020.

The following details total supplier expenditures during the two periods reported:

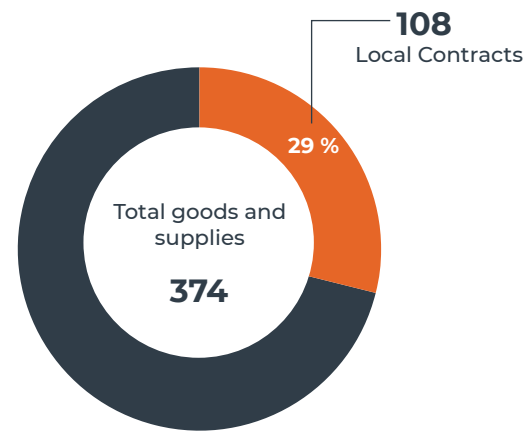
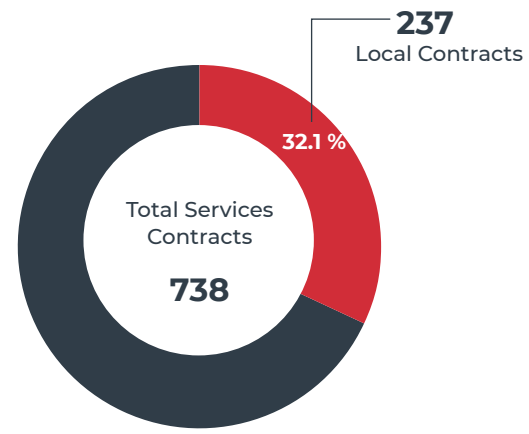


**TOTAL PURCHASES FROM LOCAL SUPPLIERS**

2019



2020



# INVESTMENTS

Business development is a key factor for our Company, where we seek to advance on every year optimizing techniques and improving operating areas. To accomplish this, the following long-term objectives have been set:

- ▶ Increase plant capacity to a constant 140 ktpd and 86% copper recovery by Q3 2023.
- ▶ Optimize overall costs and secure supplies and critical services of electricity, water, outbound logistics, and ports.
- ▶ Optimize the use of resources and promote greater value-added initiatives for the Company.

Various improvements and investments were made during the period covered by this report to drive business development:

- ▶ Aiming to enhance plant reliability and asset efficiency by increasing processing, the Debottlenecking (“DBN”) project was implemented, which will allow a throughput of 140,000 metric tons per day by the end of 2021. Significant progress was made on this project in 2020, reaching an average plant throughput of approximately 124,000 metric tons per day, which is 13% higher than the capacity of the original design.
- ▶ Changing the HC pump and upgrading its power train, which increased the flow of material to the hydrocyclone battery by approximately 1,000 to 2,000 m3 and increased the instant TPH of the mill to 2,000.
- ▶ 5% increase in mill power output, which involves changing parameters in the mill software and results in an increase in power output from 17 to 17.8 MW at each mill and greater processing capacity and milling efficiency.

## BUSINESS IMPROVEMENT POLICY

The Business Improvement Policy was published in 2020 to eliminate waste in the processes, optimize the use of resources, and promote initiatives that add the greatest value to the Company, aiming to ensure the continuous improvement of Sierra Gorda SCM.

The following are the key elements of the mission and vision of Business Improvement at Sierra Gorda SCM and are the pillars of our strategy:

	Processes	Oriented towards Production and Support Processes
	Value	Creates value for the owners
	Productivity	Optimizing Productivity
	Quality	Quality Product
	Profit	Higher Profit Margins
	Sustainability	Sustainability of the Business

# 04

## INNOVATION AND TECHNOLOGY

Innovation has been a key focus since our inception. We have incorporated new technologies with the objective of being an environmentally, socially, and financially sustainable company by improving the management of our production processes.

In this line, we were able to optimize water resources, minimize energy expenditure, and improve the efficiency of our operation, increasing the ore/waste ratio at the mine. All this has resulted in a significant reduction of environmental externalities, benefiting not only the Company but also the environment through a responsible operation



### Featured projects:

#### 1. Use of Renewable Energies

The energy supply of our operations will be 100% renewable by 2023 thanks to signing a long-term power purchase agreement with AES Andes. This establishes that the annual consumption of approximately 1,240 GWh of SGSCM's operation will be supplied from the generator's growing renewable portfolio, which includes solar, wind, hydroelectric, and battery power.

+More details in the chapter **Environmental Management**

#### 2. Tailings: salt crust

The concern for efficiency and the incorporation of innovative alternatives not only refers to the operation stage of our Company, but also to the closure stage. This is why we have explored creating a salt crust on the tailings deposit, which will replace covering it with a layer of borrow material.

This type of salt layer is characterized by low porosity properties, low water and air permeability, and a higher bulk density than the underlying soil. Furthermore, they are highly resistant to erosion due to their high salt content, preventing the generation of non-consolidated particulate material from the tailings surface that could be carried away by the wind and affect nearby communities.

#### 3. Use of seawater

We have committed to the construction of the Mejillones-Sierra Gorda aqueduct, which is an important contribution to the environment as it recovers wastewater from the cooling of electric turbines. We operate with a water transfer system (WTS) that recovers seawater from the cooling process of a thermoelectric plant in Mejillones, with expected pumping values reaching over 1,500 liters/second.

+More details in the chapter **Environmental Management**

# 05

## OUR COMMUNITIES

- **COMMUNITY DEVELOPMENT PROGRAMS**
- **QUALITY OF LIFE:** CORONAVIRUS PREVENTION WORK WITH OUR NEIGHBORS
- **DEVELOPMENT OF OPPORTUNITIES:** EMPLOYABILITY AND TRAINING
- **RELATIONS:** ENGAGING IN DIALOGUE WITH OUR COMMUNITIES
- **PRESERVING LOCAL CULTURE**

*\*Foto de 2019, pre – Covid.*



# OUR COMMUNITIES

413-1 413-2

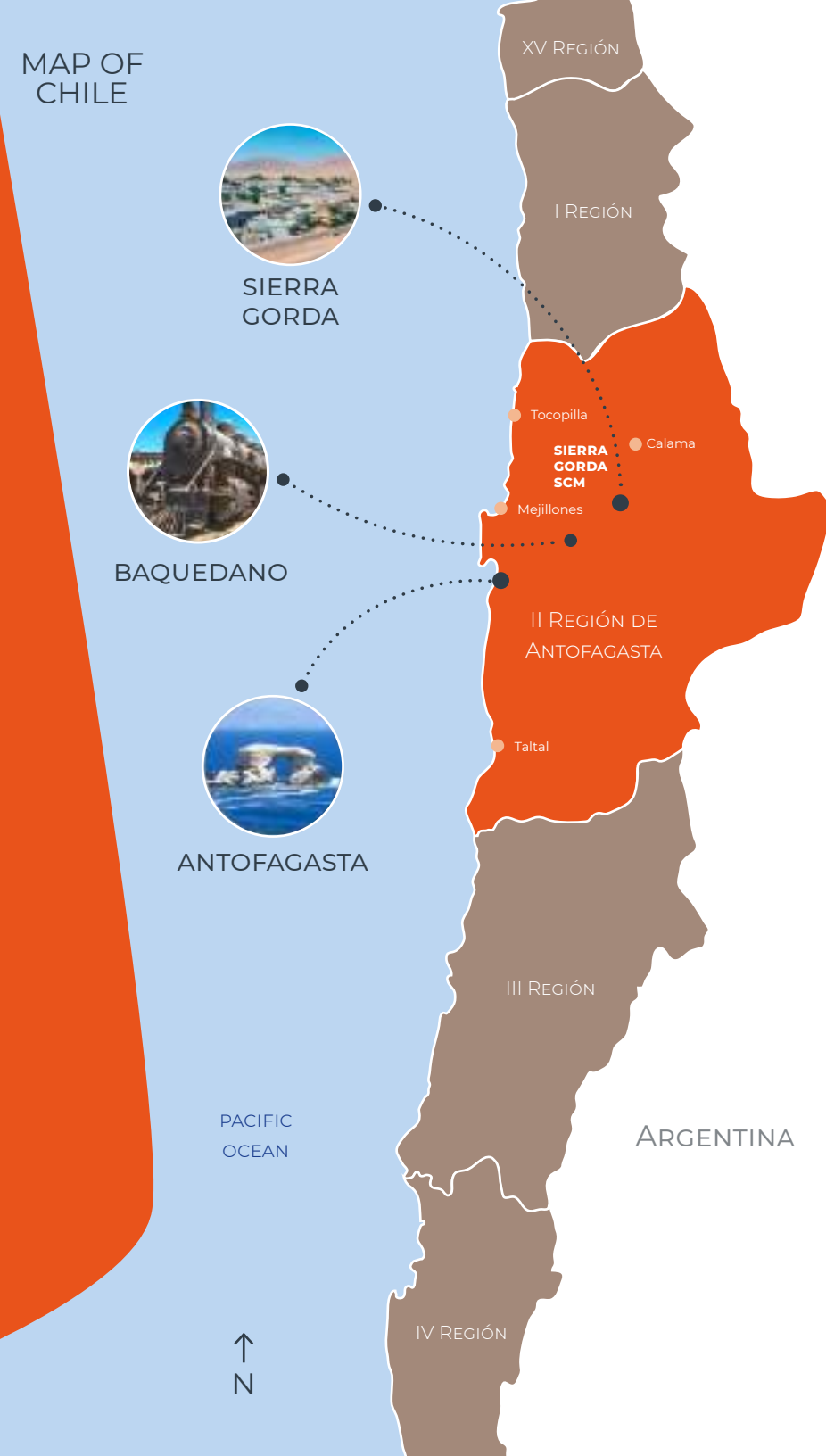
AT SIERRA GORDA SCM, we seek to establish open and direct relationships with our communities, understanding that mining must be able to coexist with other economic activities in a harmonious and sustainable manner.

The work and contribution to the communities that are part of our area of influence is based on the Strategic Plan for Communities, developed by the Sustainability, Communities, and External Communications Management, which establishes its areas of influence in relation to:

- ▶ Proximity to the Sierra Gorda SCM operation.
- ▶ The positive and negative externalities of the operation on the residents of that area.
- ▶ The capacity to have a positive influence on communities and their quality of life.

Based on the above, the prioritized “areas of direct influence” of Sierra Gorda SCM are:

- ▶ Town of Sierra Gorda
- ▶ Town of Baquedano
- ▶ Educational communities and neighborhoods near the port of Antofagasta

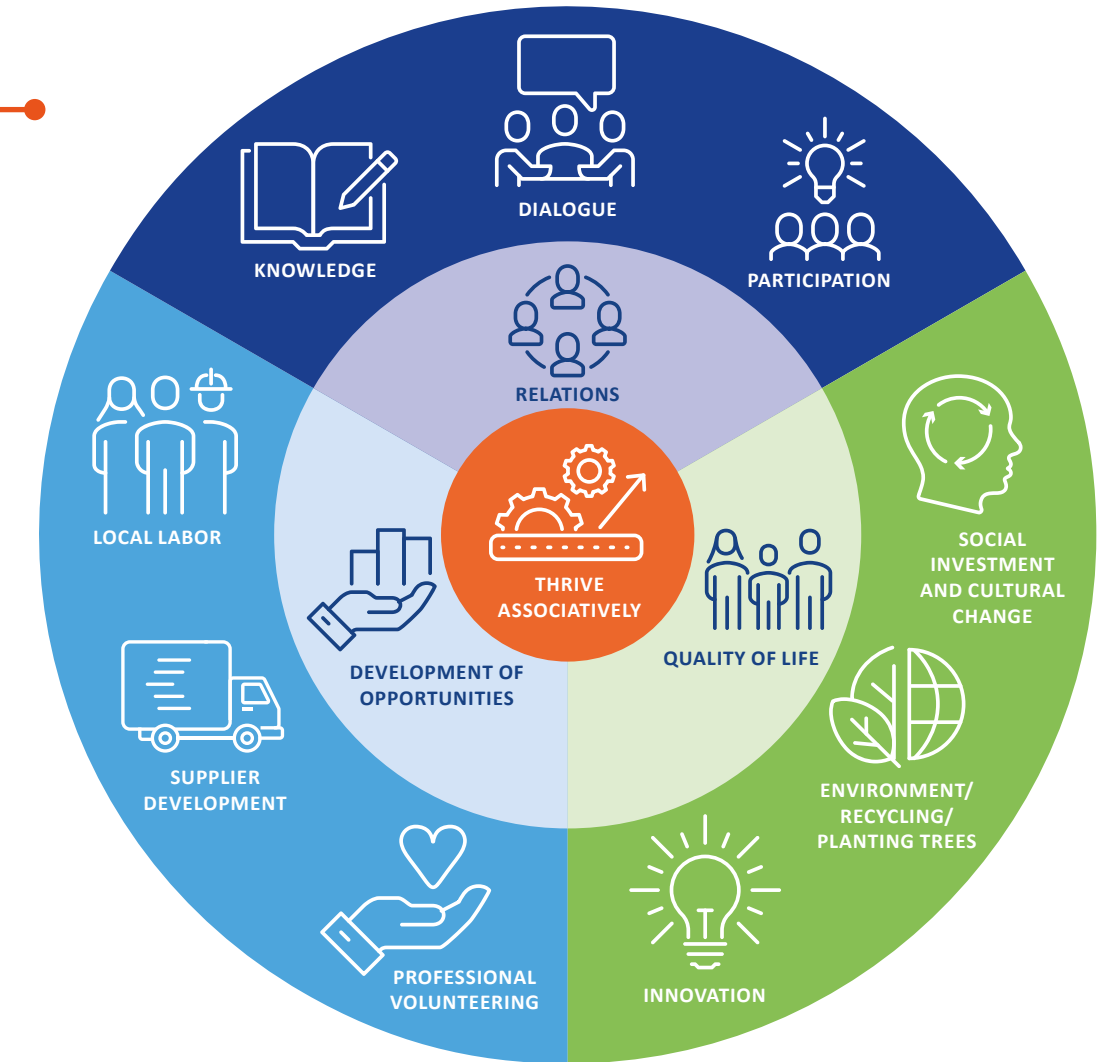


## Strategic Plan for Communities 2018-2022

The 2018–2022 Strategic Plan for Communities aims to create initiatives of shared value that improve the quality of life and strengthen the relationships between Sierra Gorda SCM and its various stakeholders.

The Communities area has the objective of managing and strengthening bonds with social organizations and leaders that coexist with different areas of the operation which are defined as “areas of direct influence.”

In this way, associative and multi-sectoral projects are created as a way of contributing to the development of an operation that is aware of its role within the community where it exists.





# COMMUNITY DEVELOPMENT PROGRAMS

Our work with communities is based on the pillars of the Strategic Plan for Communities:

Relations



Development of Opportunities



Quality of life



Each pillar seeks to reflect the main guidelines and objectives of community work, in addition to managing and establishing ties to social organizations and leaders near the different areas of the operation, defined as “areas of direct influence.”

The members of the Communities team are responsible for implementing the Strategic Plan for Communities and maintaining direct and constant contact with stakeholders.

From a community relations and project implementation standpoint, 2019 and 2020 were

years unlike others. First the social uprising at the end of 2019, and then the coronavirus pandemic affected field work and outreach in the towns of Sierra Gorda and Baquedano, as well as in Antofagasta.

In light of this new reality, we redirected our community work, focusing on the implementation of coronavirus prevention initiatives in all our communities without neglecting community development work.



## QUALITY OF LIFE: CORONAVIRUS PREVENTION WORK WITH OUR NEIGHBORS

Bolstering COVID-19 prevention initiatives was the focus of community work for most of 2020, especially in the district of Sierra Gorda. Whether in partnership with the local municipality or directly, the aim was to respond to our neighbor’s health needs in both the early detection and prevention of coronavirus.

At the beginning of the pandemic, there was a shortage of COVID-19 testing and health supplies due to high global demand. Nevertheless, 600 rapid coronavirus tests were provided to the Municipality of Sierra Gorda specifically for the rural health centers in Sierra Gorda and Baquedano. Also, understanding the regional need, 2,000 rapid tests were delivered to the Calama hospital.

Along the same lines, 200 sanitization kits were delivered to municipal and health officials, firefighters, and police officers in the district. Disposable masks and reusable masks made by a local businesswoman were continuously provided.

The aim was also to provide peace of mind to residents by sanitizing all public spaces in the towns of Sierra Gorda and Baquedano, such as streets, squares, health centers, schools, and others, in addition to covering one month of operating costs for the residencia sanitaria (quarantine facility) set up in the town of Sierra Gorda.

When the pandemic indicators improved at the end of 2020, ten sanitization stands were delivered and installed in the main public spaces of Sierra Gorda and Baquedano, which facilitated taking temperatures and dispensing hand sanitizer at the entrances to schools, rural health centers, community centers, and other high-traffic areas of the district.

Coronavirus prevention work continued during the first quarter of 2021, both directly with the community and in coordination with local and regional authorities.





# DEVELOPMENT OF OPPORTUNITIES: EMPLOYABILITY AND TRAINING

Sierra Gorda SCM is known for providing concrete job opportunities to the residents of Sierra Gorda and Baquedano. It is in this context that the Community Trainee Program was launched in 2016 with a group of 12 participants. Today, the Community Trainee Program is one of Sierra Gorda SCM's best-known initiatives in the community.

The main objective of this activity is to provide tools for developing mining skills so that the beneficiaries may enter the labor market. The program offers theoretical and on-site training for one year, during which the participants receive a salary in line with the market and work 7x7 shifts, just like the mine operators.

The 3rd version was implemented in 2020, benefiting 18 people. Improving on previous programs, a theoretical stage was held by Centro de Entrenamiento Industrial Minero of Antofagasta



*\*Photos from 2019, pre-covid.*



(CEIM, Industrial and Mining Training Center), which gave residents the opportunity to obtain general knowledge about driving high tonnage mining equipment and to improve their knowledge. 16 residents successfully passed this course and moved on to the practical stage.

Due to the health emergency and in line with prevention measures implemented in the Company, the practical stage was suspended in March of 2020, to be resumed when health conditions improved (2021).

Along the same lines, in 2019 and 2020 we continued with a virtual format of the "Better Technicians for Industry" Program of the Don Bosco School, benefiting 354 young people from Antofagasta. This training initiative is carried out in partnership with the Antofagasta Industrial Association (AIA) and the National Training and Employment Service (SENCE).

In education and training, we continued run the ViLTI SeMANN Program, which is aimed at developing the scientific skills of children and strengthening learning with innovative teaching strategies, in partnership with the Talent Research and Development Center of Universidad Católica del Norte (UCN) and the Municipality of Sierra Gorda. We held career talks and training courses for 169 young people from the Instituto Superior de Comercio de Antofagasta and for teachers and administrative staff of the "Italia" School of Antofagasta, in addition to our ties to the Universidad de Antofagasta, through the Office of Licensing and Technology Transfer, and the setup of the 2019 Imagina en Cobre Fair (Imagine in Copper), which is aimed at primary school students from municipal schools in Antofagasta.





# RELATIONS: ENGAGING IN DIALOGUE WITH OUR COMMUNITIES

At Sierra Gorda SCM, we are convinced that fluid and open communication with communities strengthens the social and productive well-being of our neighbors.

Dialogue is the basis of our community relations. For this reason, every two months, we hold an Informative Meeting in which representatives of the local community and the company take part. The objective is to build close ties for communication and work with the residents of Sierra Gorda. The initiative has been underway since 2011 and is part of the commitments established by the RCA for the "Sierra Gorda Project." Due to the pandemic, these meetings were suspended; however, they were replaced by emailing residents the customary information that was previously delivered in person.



*\*Photo from 2019, pre-Covid.*



We are part of the Good Neighbors Council, formed by the municipality of Sierra Gorda, community representatives, and the other mining companies operating in the district. This space for dialogue seeks to establish priority issues for the community and define initiatives to be developed jointly, creating opportunities for continuous relations with stakeholders. Beyond developing a work plan with

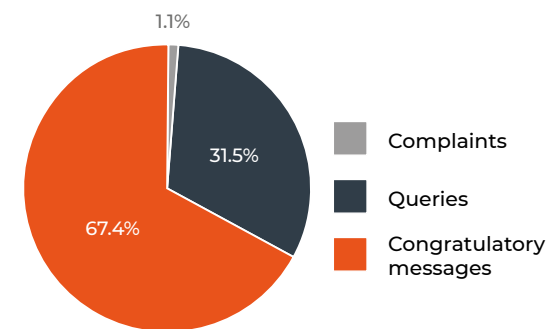
specific projects, this council seeks to empower the residents, who have the right to speak and vote in spaces of trust, allowing the foundation of the company-community relationship to be strengthened. Like the Informative Meetings, Council Meetings were suspended or replaced by virtual participation spaces due to the coronavirus pandemic.

### COMMUNICATION CHANNELS AND MEDIA:

With the objective of facilitating communication with the community, we implemented a feedback system, which allows neighbors to contact the Communities team to send queries, comments, complaints, or congratulatory messages via e-mail to [comunidades.sg@sghcm.cl](mailto:comunidades.sg@sghcm.cl). All concerns are received and must be answered within 20 days.

In 2019 and 2020, we received a total of 29 queries, 1 complaint, and 62 congratulatory messages through various channels that are exclusively for the town of Sierra Gorda.

#### Communication through our channels



\*Photo from 2019, prior to the pandemic.



Other media and platforms to maintain and strengthen communication with residents are:



**Catabela Community Newsletter:** This bimonthly publication seeks to share the community initiatives that we promote together with our neighbors, as well as other local activities and ventures.



**External Newsletter:** The Sierra Gorda SCM Newsletter was launched in 2018, which is a digital and interactive space that highlights the most significant projects undertaken in Sierra Gorda, Baquedano, and Antofagasta, the company's areas of direct influence, in addition to highlighting the work of company executives and representatives.



**Digital platforms:** The website [www.sghcm.cl](http://www.sghcm.cl) is an active means of contact with the community, and it is also a platform to disseminate the company's activities, make air quality reports available, and post job opportunities.

### TOTAL SOCIAL INVESTMENT

203-1

	2019	2020
Community Contributions Budget	172,986 USD	47,273 USD
*Community Contributions Internal Management	74,856 USD	177,414 USD
<b>Total</b>	<b>247,842 USD</b>	<b>224,687 USD</b>

\*Budget of other areas of the Company and tax credits from training.

# PRESERVING LOCAL CULTURE

Respect for the heritage is a fundamental principle for the Company. Therefore, when faced with potential archaeological finds, there is a protocol that is widely disseminated among workers, which includes the immediate stoppage of work and consultation with experts.



## ARCHAEOLOGY

As a precautionary measure, a specialist archaeologist is asked to collaborate every time excavation or earthworks are carried out at the site. We also have an agreement with local museums—which complies with the requirements of and commitments made with the National Monuments Council (CMN)—to make any archaeological remains identified during the operation available to them.

As part of the work carried out at the end of 2020 and in compliance with RCA No. 165/2018, 13 sites underwent archaeological rescue and collection, which was approved by the CMN.

## SAN LORENZO

Meanwhile, we continue to be an active part of the Miners' Day celebration in the district of Sierra Gorda. The streets of the town are colorfully decorated, and the celebratory mood is reflected in the religious dances to the miners' patron saint, San Lorenzo.

In 2019, we were part of the traditional celebration as part of the "Good Neighbors" Council, while in

2020, we captured the history and spirit of this celebration in the book "San Lorenzo, Patron Saint and Mining Festival." Through images and stories, the main people involved in the festival recounted its origins and the importance it has for all residents, and it includes a historical compilation of those who have received the "San Lorenzo Merit" recognition and the stories of those who started this celebration in the town.



# 06

## OUR WORKERS

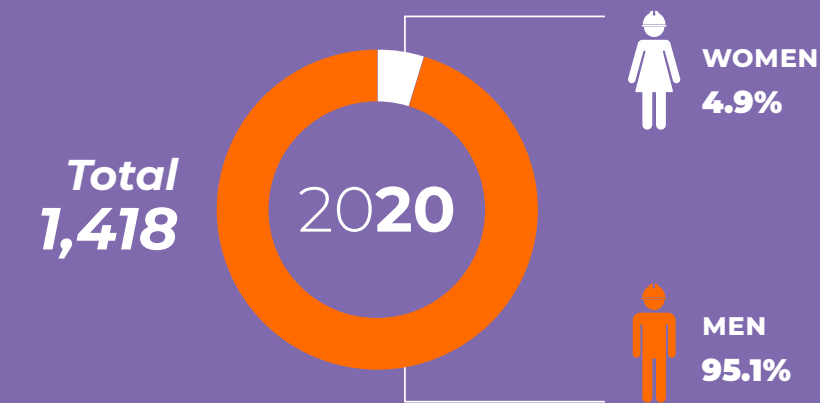
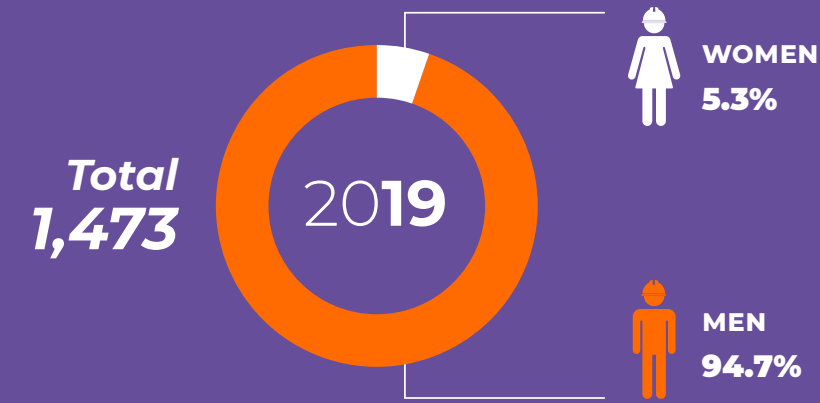
- KEY FIGURES
- STAFF AND HIRING
- MEASURES DURING THE PANDEMIC
- LOCAL EMPLOYMENT
- WORKPLACE CLIMATE
- DIVERSITY AND INCLUSION
- RECONCILIATION OF PERSONAL AND FAMILY LIFE
- TALENT MANAGEMENT: TRAINING AND DEVELOPMENT
- PERFORMANCE EVALUATION
- OCCUPATIONAL HEALTH AND SAFETY



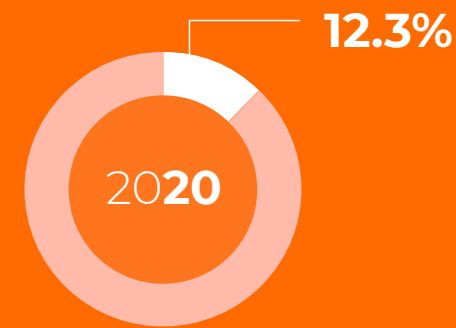
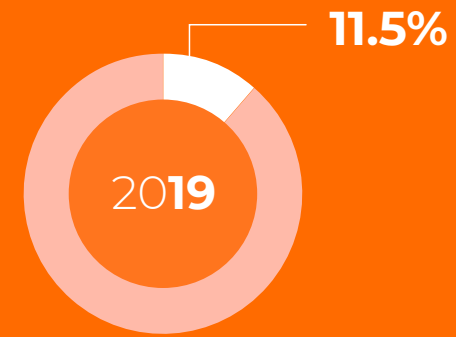
# KEY FIGURES

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## EMPLOYEES

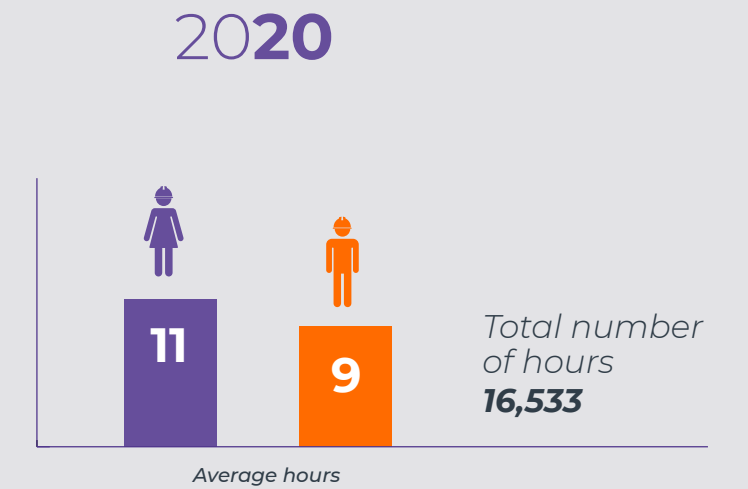
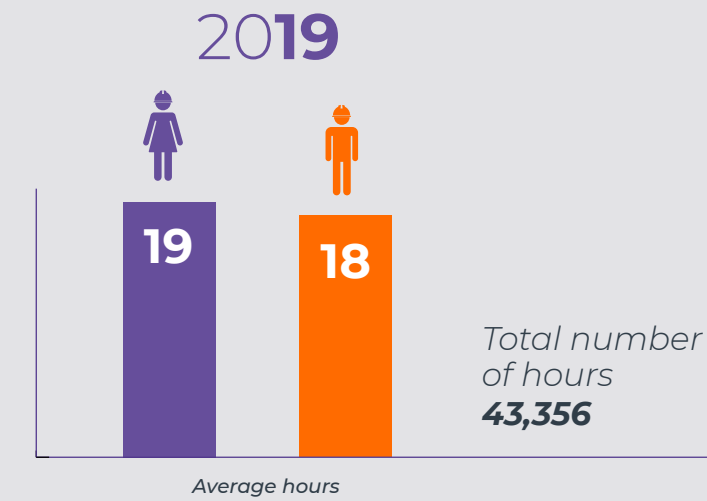


## TURNOVER:



## TRAINING

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# STAFF AND HIRING

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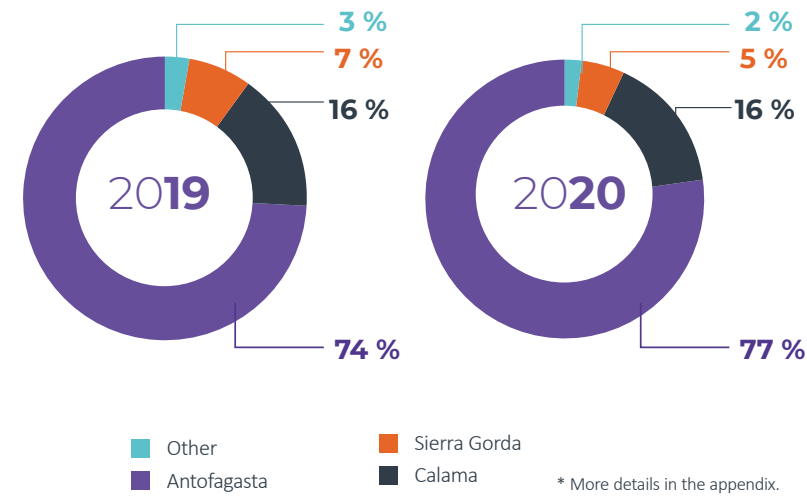
At Sierra Gorda SCM, people are our biggest asset. That is why we encourage positive relationships, respect, and constant dialogue with our workers, promoting the Company's values based on the ESTAR pillars and aiming to guarantee a safe and motivating work environment that promotes well-being and ensures the best conditions to boost the performance of those who are part of our company. This is achieved through the Human Resources Management Model, with which we seek to maintain a close relationship with people to address any concerns or setbacks that may arise.

## EMPLOYEES BY CONTRACT TYPE

	2019	2020
<b>INDEFINITE CONTRACT</b>	1,414	1,398
<b>FIXED TERM</b>	59	20
<b>TOTAL</b>	1,473	1,418

\* More details in the appendix.

% of Local workers - Antofagasta region 2019



% of workers covered by collective bargaining agreements



## TURNOVER

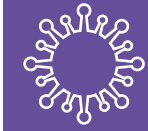
	NEW HIRES		TERMINATIONS	
	2019	2020	2019	2020
<b>WOMEN</b>	14	18	19	27
<b>MEN</b>	183	105	150	147
<b>TOTAL</b>	197	123	169	174

Turnover rate	
2019	2020
11.50 %	12.30 %

The total number of new hires in 2019 was 197 people: 14 women (7%) and 183 men (93%). That year, the total number of terminations reached 169 people (19 women and 150 men), with a turnover rate of 11.5%.

There were 123 new hires in 2020: 18 women (15%) and 105 men (85%). During this period, the total number of terminations reached 174 people (27 women and 147 men), with a turnover rate of 12.3%.

As a Company, we provide legal severance payments to our employees. Furthermore, remuneration is determined by internal advisors according to the Compensation Policy. This policy uses an international job valuation system that allows each position within the organization to be described, evaluated, and valued.



## MEASURES DURING THE PANDEMIC

Due to the adverse scenario of the Covid-19 pandemic in 2020, we sought to adapt our management and adjust our goals, always with the priority of ensuring a safe working environment that would allow us to continue our operations.

To do so, we implemented various internal initiatives and protocols, which helped us contain the health crisis within our operations and provide support to our closest stakeholders.

To contain and mitigate infections at the worksites, a **Protocol of Preventive Actions** was drafted by Senior Management and established how to proceed within the Company. This protocol included a preventive campaign as well as new successive measures that were updated as the pandemic progressed.

With the objective of ensuring the health and safety of our workers, we formed a **Covid-19 Contingency Committee (CCC)** composed of the VPs of Human Resources, the VP of Operations, the VP of Legal, Corporate, and Sustainability Affairs; and the Health, Safety, and Environment Management. This Committee is in charge of developing and implementing the necessary actions to prevent

infections within the worksite, following the guidelines of the Ministry of Health and SGSCM's Senior Management.

For this, a long list of initiatives and activities were developed to control the pandemic within the Company. Among the most important are the Rules to Live By – COVID. All of us who are part of Sierra Gorda SCM, both our own personnel and contractors, must fully comply with these. Additionally, specific measures were divided into the following groups: preventive health measures, such as the mandatory use of masks and glasses in common areas, temperature control upon entry, self-assessment of health, or telework; social distancing, including modifications in the cafeteria service, the closure of entertainment areas, and distance in meetings; hygiene and sanitation, standardizing the cleaning of common areas; travel logs, maintaining a list of all transportation and implementing a protocol for the use of minor vehicles; field measures, monitoring information on health status, minimal personnel on site, and the use of ventilators, among others.

Communication channels with our workers were essential in keeping us informed of all the changes and modifications that the pandemic brought to the operation. We also made an inquiry box available that served as a two-way channel to keep in contact with those who work with us. Lastly, special space was included in all digital media to provide information on preventive measures.

To show our concern for the well-being of our workers and the continuity of the operation, the Senior Executives conveyed messages that encouraged self-care and invited workers to comply with all prevention protocols. At the same time, we produced motivational videos that incorporated workers from all areas to achieve a commitment to unity and animated informational videos to publicize all preventive measures in the workplace. In addition, we displayed posters and infographics in the field, highlighting practical messages in the most frequented places.





# LOCAL EMPLOYMENT

In line with our company commitment to boost local development, we have different programs that aim to provide tools for people from the nearby community of Sierra Gorda to enter the labor market.

Due to the pandemic, the Company's recruitment focus in 2020 was on seeking personnel from the Antofagasta Region or surrounding areas, following the guidelines of the health protocols to maintain operational continuity at the worksite.

We also implemented the **Community Apprentice Program of Sierra Gorda SCM**, an initiative that we promoted together with the Mine Management and the Communities Area, with the objective of training residents from the district of Sierra Gorda in different operational activities. The program, which lasts for one year, aims to train residents of the district by giving them the opportunity to join the Company.

In 2019, **18 people** were trained through the **Community Apprentice Program of Sierra Gorda**, and **13** of them moved from the **theoretical stage to the practical stage**.

Due to the pandemic, this program was frozen in 2020, to be reactivated in 2021.



## WORKPLACE CLIMATE

The first Organizational Climate Measurement Survey was implemented in 2019, which attained strong employee participation and yielded results showing an organization that is highly committed to human capital.

The survey consisted of 14 specific dimensions to be evaluated by the employees, which were defined as follows:

**86 %** participation

**76 %** positive perception

	<b>COMMUNICATION:</b>	Indicates the extent to which employees feel that they are informed of relevant information by the Company and the opportunity they have to communicate with superiors.
	<b>TEAMWORK:</b>	Perception of the extent to which different units of the Company communicate with each other and are aligned towards the same guidelines and objectives.
	<b>IDENTITY:</b>	Sense of belonging at the Company and the feeling that they share personal objectives with those of the organization.
	<b>LEADERSHIP:</b>	Employee perception of the leadership, management style, competency, and vision of their direct supervisor.
	<b>RELATIONSHIPS:</b>	Employees' perceptions of the quality of relationships and work environment.
	<b>SAFETY:</b>	Indicates how employees perceive the Company's standards regarding safety practices and conditions in and around the workplace.
	<b>PROFESSIONAL DEVELOPMENT:</b>	Evaluates employees' perception of the presence of development opportunities and the value that the company places on people development.
	<b>DIVERSITY AND INCLUSION:</b>	Whether there is an environment in which all people are treated with respect, regardless of individual differences.
	<b>COMPENSATION AND BENEFITS:</b>	Indicates employees' perception of the benefits, adequacy, and clarity of the remuneration received for their position and in comparison with other organizations.
	<b>RECOGNITION:</b>	Evaluates employees' perception of whether there is a culture of recognition within the organization.
	<b>STRUCTURE:</b>	Employees' perception of the clarity of their duties and the impact organizational procedures have on facilitating duties, efficiency, speed, and the organization of work.
	<b>INTENTION TO STAY:</b>	Intention to stay in the current position or organization in the near future. Good predictor of turnover.
	<b>COMMITMENT:</b>	Positive psychological state characterized by the feeling of vigor, dedication, and concentration at work, present in employees who are highly committed to achieving results.
	<b>SATISFACTION:</b>	Overall degree of satisfaction with the Company.

# DIVERSITY AND INCLUSION

In 2019 at Sierra Gorda SCM, we set ourselves an organizational challenge in terms of people management and the way we exercise leadership. Our goal is to include diversity in the management approach, for which we are guided by the following objectives:

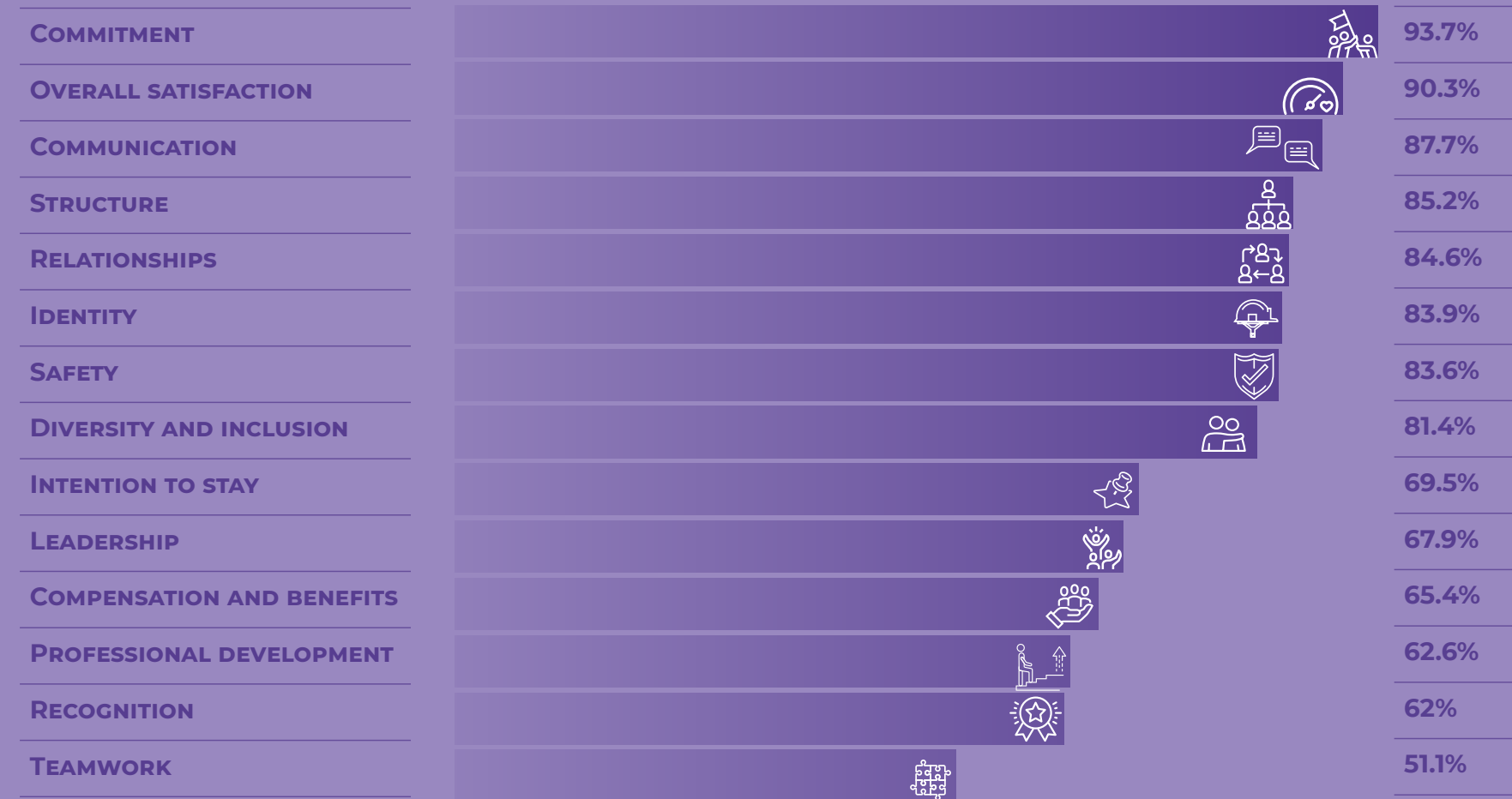
- ▶ DESIGN OF STRATEGY AND FOCUS AREAS
- ▶ UNDERSTANDING OF CURRENT DIVERSITY AMONG OUR EMPLOYEES
- ▶ DEFINITION OF THE 2019–2020 DIVERSITY AND INCLUSION ACTION PLAN
- ▶ ORGANIZATIONAL AWARENESS
- ▶ DIVERSITY AND INCLUSION STRATEGY

In August of 2019, we began working on an organizational diagnosis that would reflect our level of diversity and inclusion. With this, we were able to determine the state of our current situation and outline a vision for the future in this area, creating an action plan regarding priorities and areas of development. We fulfil our regulatory obligations but we want to move forward. Our aim till 2024 is to be capable of managing a diverse and inclusive workforce and enjoy the benefits of diverse teams.

\*Photo from 2019, pre-Covid.



The results in 2019 were as follows:



\* The survey was not conducted in 2020 due to the pandemic.

CULTURAL DIVERSITY

11 nationalities within SGSCM



NATION	2019	2020
CHILE	1,427	1,371
PERU	21	20
POLAND	14	16
JAPAN	10	5
ECUADOR	2	5
ARGENTINA	2	3
BOLIVIA	5	2
VENEZUELA	1	2
COLOMBIA	2	1
MEXICO	1	1
AUSTRALIA	1	
<b>TOTAL</b>	<b>1,486</b>	<b>1,426</b>

FUNCTIONAL DIVERSITY

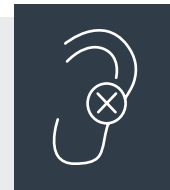
96 people declare to have some type of disability



60 %  
visual disability



12 %  
physical disability



28 %  
other

In 2019 and 2020 we defined our Diversity and Inclusion Strategy and outlined the focus areas to work on in the coming years:

- ▶ **Gender diversity:** We have the challenge to increase representation of women.
- ▶ **Persons with Disabilities:** We will keep working on preparing our organization to integrate staff being Persons with Disabilities.
- ▶ **Multiculturalism:** We have 11 cultures living together in our organization; therefore, we have to be capable of managing this multiculturalism.
- ▶ **Intergenerationality:** Our employees are concentrated around an average age of 42 years, which is why we have to encourage the inclusion of young and experienced personnel.



In 2019, a total of 12 Sierra Gorda SCM employees were Persons with Disabilities (PwD), representing **0.8 %** of the staff. Meanwhile, in 2020, there were 15 PwD, representing **1.05 %** of the staff.



\*Foto de 2019, pre - Covid.



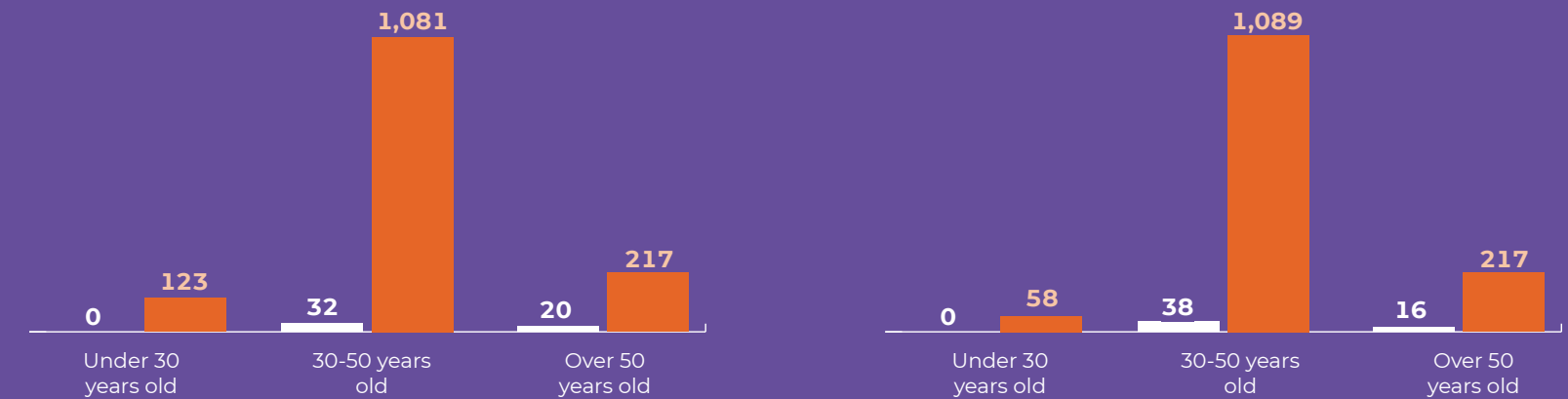
These initiatives will allow us to build diverse teams that add value to our company, leveraging our business strategy and projecting us as a sustainable company in the long term.

# DIVERSITY INDICATORS <sup>405-1</sup>

## 2019

## 2020

Age of employees and executives



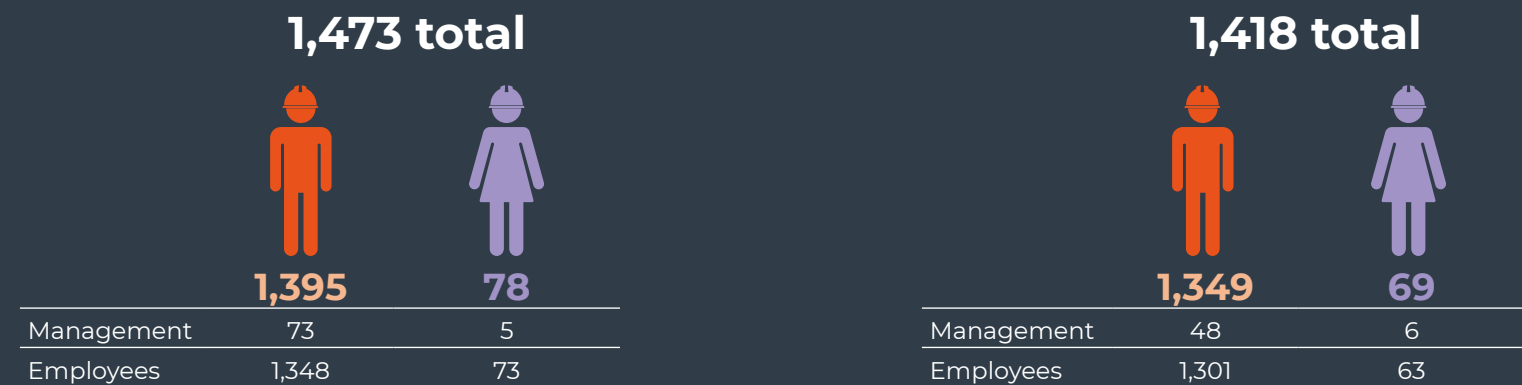
### Results in 2019:

- ▶ Diversity and Inclusion Model Evaluation
- ▶ Strategy Approval and downward communication to various levels
- ▶ Participation in the Inclusion Fair
- ▶ Recruitment according to Law 21.015
- ▶ Diversity Profile Survey
- ▶ Definition of the 2019–2020 D&I action plan

### The focus in 2020 was on implementing the Diversity and Inclusion Strategy through the following goals:

- ▶ Approve the Diversity and Inclusion Policy
- ▶ Comply with the 1% required by Law 21.015
- ▶ Create the Inclusive Work Cycle Procedure
- ▶ Implement a diversity and inclusion module in induction
- ▶ Strengthen the Dashboard with key indicators of the Diversity and Inclusion focus areas included in the Human Resources reports for Vice Presidents
- ▶ Create informative reports on each focus for the organization

### Breakdown by gender





### SIERRA GORDA SCM DIVERSITY AND INCLUSION POLICY

The Diversity and Inclusion Policy lays the foundation for building a corporate culture aware of the value of diversity. It establishes the guidelines that ensure the responsible management of teams in which respect and non-discrimination take precedence, valuing differences and encouraging the active participation of the entire Company in strengthening the actions of the policy.

#### STATEMENTS:

- For Sierra Gorda SCM, respect for Diversity and Inclusion is an organizational commitment that enables us to value and respect individual differences, fostering a work environment that provides opportunities and room for all people, accessing, developing, and retaining the best talent.
- We understand that respect and trust are essential to ensure spaces free of violence in all the activities and processes that we carry out in our organization; therefore, any type of discrimination is strictly prohibited.
- We manage inclusion through the design and implementation of processes that prevent any barriers to the proper incorporation and performance of all people within our teams, strengthening structures and processes that give visibility to underrepresented groups and do not limit access to them. In our recruitment and promotion processes, we ensure that professional merit and individual performance are the only relevant criteria.
- We monitor the effectiveness of this Policy in the short and medium term through clear objectives and processes that we have established to strengthen an organizational culture that accounts for sustained development based on people and the ESTAR values.
- We contribute to building a more inclusive society, firmly believing that expanding the commitment to diversity and inclusion to the families of our employees, contractors, customers, and the community in which we operate will make Sierra Gorda SCM a sustainable development company, the mining industry a better industry, and Chile a better country.



## RECONCILIATION OF PERSONAL AND FAMILY LIFE

401-2 401-3

For Sierra Gorda SCM, it is essential to promote work-life balance for our workers, as we believe it is a key factor in achieving overall success for the Company. To this end, we work with the following initiatives:

BENEFITS*	DESCRIPTION:	BENEFIT COVERAGE: <i>(% of full-time employees)</i>
 Insurance	Health, dental, catastrophic, and life	100 %
 Disability and invalidity coverage	Included in Company Insurance	100 %
 Parental leave	Legal	100 %

*(\*) Includes benefits provided by law.*

# TALENT MANAGEMENT: TRAINING AND DEVELOPMENT

404-1 404-2

At Sierra Gorda SCM, we encourage and promote ongoing training for our employees as a key part of our organizational culture. In this regard, we have launched different initiatives aimed at keeping knowledge up to date and providing employees with new work tools.

The ESTAR Training Program was implemented for Staff and Leaders in 2019 with the objective of furthering the knowledge necessary for each role, keeping up with the requirements and skills defined within the program.

Additionally, we promoted a Technical Training Plan for Staff based on a Training Needs Analysis (TNA), which includes strengthening knowledge in each process that corresponds to the management areas. For operators, an institution was hired to certify mobile and fixed equipment.

We also implemented a system through the career development program to measure knowledge and detect gaps in maintenance operators. The data made it possible to create a more targeted training plan, prioritizing the skills identified as having the largest gaps.

## BIENVENIDO (WELCOME) INDUCTION

Program aimed at all employees joining the Company, introducing them to Zero Harm meetings and instilling the company's commitment to sustainability and care for its people, neighbors, and environment.

Training was significantly reduced in 2020, as we put all our efforts into maintaining production and reducing the risks of infection from meeting with external people. In this context, we continued with the courses that could be taken online, supported by a training plan aimed at attaining the different certifications that were legally required due to the pandemic.

2019

Average training cost per person **\$59,244**

Average training hours per person **17.2**

2020

Average training cost per person **\$189,623**

Average training hours per person **8.9**

### Measures to promote quality of life:

### Description of policy, commitment, or initiatives:

<b>Flexible working hours</b>	We offer four schedule options for employees working in our offices in Antofagasta and Santiago, who, once a year, may choose the one that best suits their family life.
<b>Remote work</b>	There are currently around 150 people performing their duties remotely.
<b>Childcare facilities (or contributions)</b>	Payment of monthly nursery costs.
<b>Paid maternity leave (above the minimum legal requirement)</b>	In each case of pre and postnatal maternity leave and allowances, including postnatal parental leave, the Company pays the difference between the allowance from the respective social security agency and the employee's remuneration for a certain number of months per year.  In both 2019 and 2020, three employees took parental leave (all women), 100% of whom returned after the leave ended and stayed with the company after 12 months of returning.

# PERFORMANCE EVALUATION

At Sierra Gorda SCM, we want our employees to reach their full potential and grow professionally with us. To do so, it is key to provide feedback on their performance. As such, in 2019 and 2020, 100% of the Company's employees underwent an annual evaluation.

# OCCUPATIONAL HEALTH AND SAFETY

403-1 403-3 403-6



At Sierra Gorda SCM, we have a vision of achieving Zero Harm and we believe that our people are key to this outcome. For this reason, as part of our Health, Safety, and Environment Policy, we promote a series of initiatives aimed at preventing all types of work-related injuries and ill health. To achieve this vision, we have established the following fundamental principles:

- ▶ **Zero Harm Culture:**  
Foster a culture that believes in Zero Harm and manages risks to achieve this in all forms.
- ▶ **No recurrence:**  
Learn from mistakes and managing risks so there are no repeated incidents.
- ▶ **Simple Standards and Rules:**  
Strictly apply and follow Policies, Standards, and Rules within the Company.
- ▶ **Operational discipline:**  
Strict and continuous compliance with work procedures and instructions.



To this end, we will develop, implement, and maintain an **Integrated Management System (SG IMS) for Health, Safety, and Environment** in accordance with current legislation in our country, as well as with other requirements that allow us to:

- ▶ Identify hazards and assess the risks of our activities on our workers and the environment, seeking to incorporate sustainability objectives, targets, and indicators into our management.
- ▶ Foster preventive behavior in employees and contractors through visible, on-site leadership activities, with our executive team, leadership, and supervisory groups taking on the responsibility.
- ▶ Comply with legislation and regulations as well as voluntary commitments and apply standards based on best practices where these are considered insufficient.
- ▶ Incorporate efficiency and responsible use of resources in all stages of our processes to ensure sustainability and best practices in the use products.
- ▶ Innovation and continuous improvement of work practices are essential to future profitability, and we must promote them.
- ▶ Motivate and train the workforce for excellent management, for which we must have competent personnel who share the Company's values.
- ▶ Encourage the participation of workers and joint committees in preventive activities aimed at generating safe, healthy, and environmentally friendly working conditions.
- ▶ We will not tolerate conduct that does not comply with or is not aligned with our Health, Safety, and Environment values.

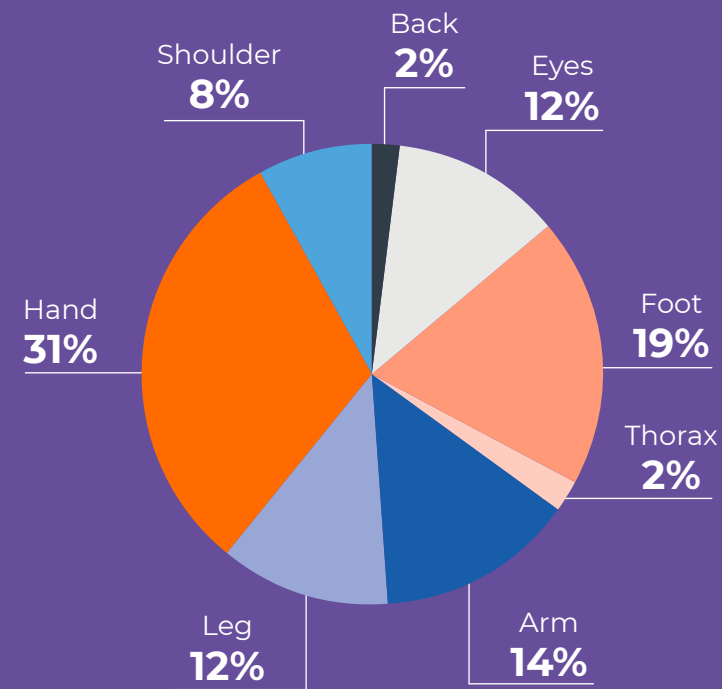
The Integrated Management System is based primarily on the concept of continuous improvement for **risk management, using the Health, Safety, and Environment Policy and Values** that define our identity as a key reference.



This system helps us to uphold our core commitment to sustainable development, and we strive to meet it through effective management, achieving the intended results.



The number and rate of fatalities resulting from an occupational injury in 2019 and 2020 was zero. The main work-related injuries are:



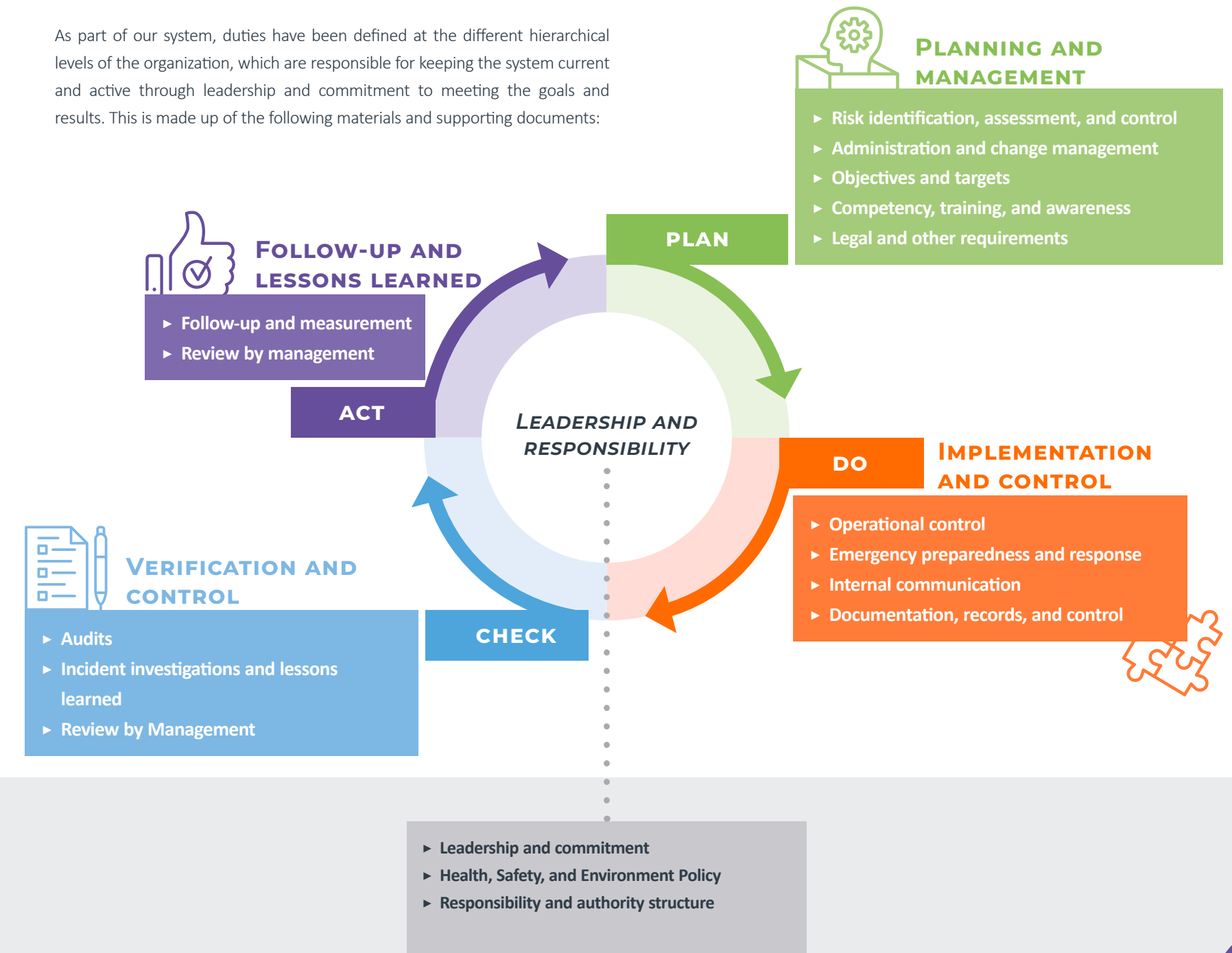
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Each Management and its different Vice-Presidencies are in charge of designating a person to be responsible for the Integrated Management System and will grant them the authority and responsibility of ensuring the establishment, implementation, and maintenance of the Integrated Management System. This person will also report on their operation to management in order to review and continuously improve it.

The SG IMS allows us to assemble corporate, legal, and local requirements with the guidelines of the owners' standards to:

- ▶ Protect the health and safety of our people (employees, contractors, suppliers, visitors, etc.)
- ▶ Respect and protect the environment and the communities where we operate
- ▶ Carry out our business activities in an efficient and sustainable manner
- ▶ Contribute to upholding our social license to operate

As part of our system, duties have been defined at the different hierarchical levels of the organization, which are responsible for keeping the system current and active through leadership and commitment to meeting the goals and results. This is made up of the following materials and supporting documents:







**403-5**

The Health, Safety, and Environment Management has a training model that seeks to impart knowledge in risk management to people while building their capabilities and providing tools to contribute to the region and the country.

The training and development model has a strategic approach that addresses critical jobs, occupational health, and environmental management. For this purpose, the operation's processes with the highest variability are first identified and then tools are provided to improve the workers involved.

In 2020, aiming to a further implementation of a safety culture in the organization, we conducted training programs for both our employees and contractors:

- ▶ The Ministry of Health (Minsal) Health Protocols Course, in which 513 workers participated, and the First Aid Course, with the participation of 746 workers.
- ▶ Safety induction courses for new employees, in which 5,960 contractors and 78 of our own employees participated; defensive driving and regulations course, in which 938 contractors and 62 of our own employees participated; among others.
- ▶ Environmental courses on Air Quality Management, in which 50 contractors and 22 of our employees participated; Environmental Management course in which 64 contractors and 28 of our employees participated; among others.

**HEALTH MANAGEMENT**

403-7

The health area cares about the overall health of our workers in order for them to develop in a state of complete physical, mental, and social well-being.

**Legal Compliance**

- ▶ Review and Monitoring of Legislation
- ▶ Application of Protocols
- ▶ Internal auditing

**Seek physical, mental, and social well-being**

- ▶ Exposure Control
- ▶ Epidemiological Surveillance
- ▶ Control at Emitting Sources
- ▶ Education

**Focus primarily on legal compliance, exposure control, and disease prevention.**

- ▶ Disease Prevention
- ▶ Overall Health
- ▶ Quality of life
- ▶ Health Promotion and Prevention

**SAFETY MANAGEMENT**

**Planning and management:**

- ▶ Risk identification, assessment, and control
- ▶ Change Management
- ▶ Objectives and Targets of Plans
- ▶ Competency, Increasing Awareness
- ▶ Legal and other requirements

**Implementation and control**

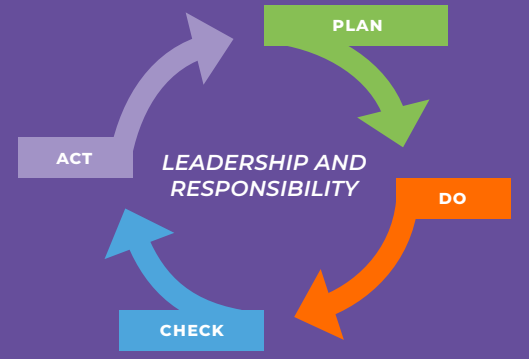
- ▶ Operational control
- ▶ Emergency preparedness and response
- ▶ Internal communication
- ▶ System Documentation, Records, and Control

**Verification and control**

- ▶ Audits and Measurement
- ▶ Investigation of incident and lessons learned
- ▶ Review by Management

**Follow-up and lessons learned**

- ▶ Follow-up and measurement



*Health, Safety, and Environment Policy*

**PARTICIPATION MANAGEMENT**

403-4

At Sierra Gorda SCM, managing the participation of our employees and contractor companies is based on the use of upward communication channels from workers to the Company's executives, facilitating improvement initiatives in health, safety, and environment, harnessing creativity at all levels of the organization and turning it into innovation, meaning an improvement of processes or performance and improvement of risk management.



**Visible Leadership Process:** This is the process where the executive committee (managers, superintendents, and managers from contractor companies) meet with workers to discuss the main aspects of workers' health, safety, or environment, reinforcing the positive aspects and, if necessary, constructively addressing unsafe behaviors or conduct when unsafe actions are observed.



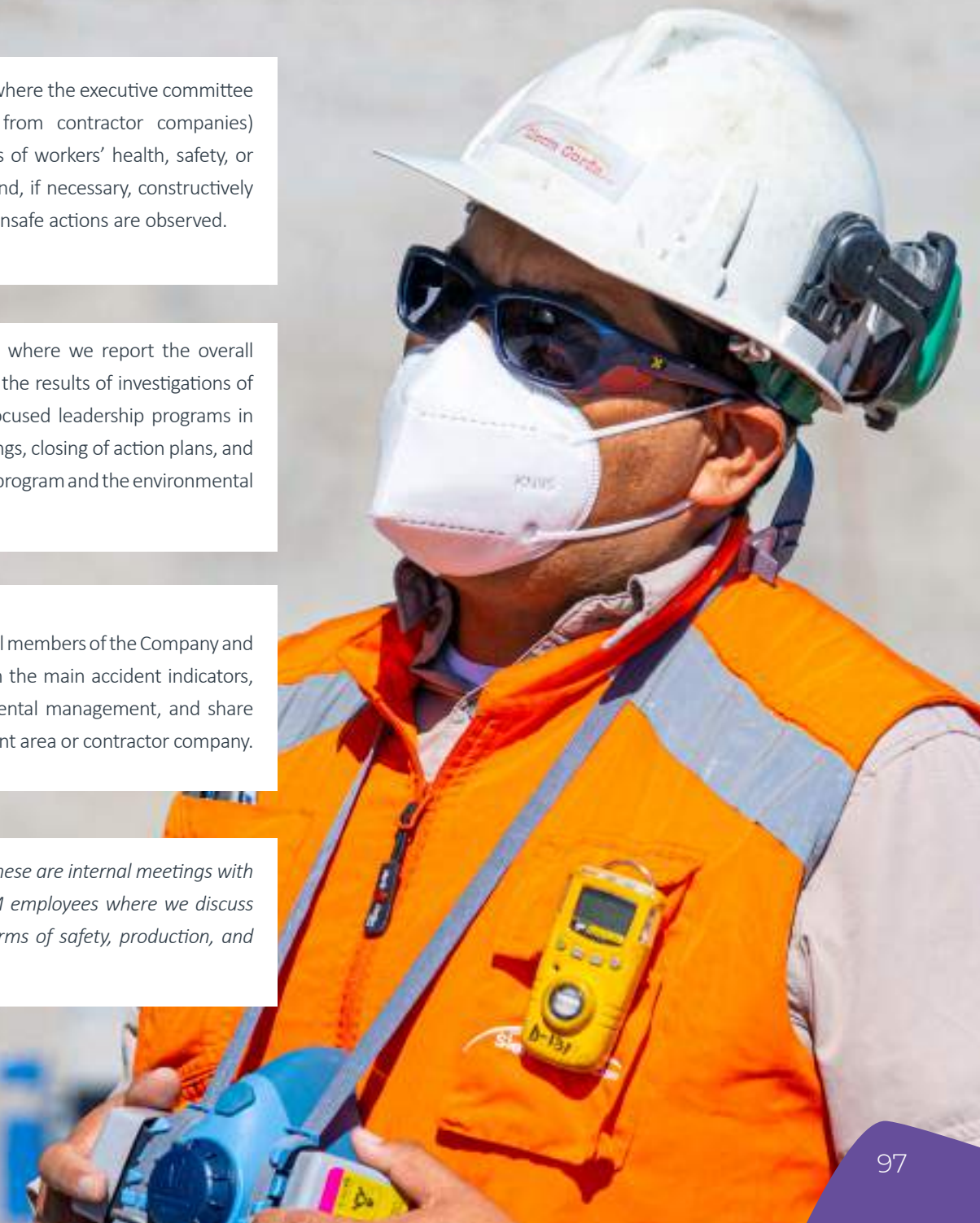
**Safety Meetings:** These are internal meetings where we report the overall progress of our risk management, reporting on the results of investigations of high-potential incidents, the progress of the focused leadership programs in the field, lessons learned from incidents or findings, closing of action plans, and progress of the occupational health and hygiene program and the environmental management program.



**Zero Harm Meetings:** These are meetings with all members of the Company and contractor companies which serve to report on the main accident indicators, plans to improve health, safety, and environmental management, and share experiences or best practices from a management area or contractor company.



**Cómo Vamos (How are we doing) meetings:** These are internal meetings with the direct participation of all Sierra Gorda SCM employees where we discuss the progress of the Company's objectives in terms of safety, production, and worker recognition.



**SGSCM-WORKSITE JOINT HEALTH AND SAFETY COMMITTEE**

It is a technical body for participation between Sierra Gorda SCM and our workers to detect and assess the risks of accidents and work-related ill health. Representatives from both the workers and the organization participate in the committee, which also includes the committees of the contractor companies and is now called the Joint Worksite Committee.



Its main duties are to:

- ▶ Advise and educate SGSCM workers and contractors on the correct use of protective equipment.
- ▶ Monitor compliance with standards on behalf of SGCM, as well as the behavior of workers and preventive, hygiene, and safety measures.
- ▶ Participate in accident investigation processes, analyze the causes of work accidents and work-related ill health.
- ▶ Establish, through investigations, whether the accident or ill-health was due to inexcusable negligence of workers.
- ▶ Suggest the adoption of any health and safety measures that may prevent occupational hazards.
- ▶ Perform other duties or assignments entrusted to it by the respective administrative body (Mutual de Seguridad).
- ▶ Promote training courses aimed at the professional training of workers in public or private organizations authorized to fulfill this purpose or in the same company, industry, or worksite.

**MATERIAL RISKS**

403-2 403-9

Our priority is the health and safety of people; for this reason, we take care to identify and manage material risks to ensure that workers, suppliers, and the communities in which we operate remain safe and healthy.

- ▶ 13 material risks with their respective owners.
- ▶ Compilation of 60 critical controls validated by the owners.
- ▶ Creation of 14 safety instructions validated by the owners of each MR-F

Material Risks of Fatalities are those that may cause one or more fatalities in our operations. To manage them, the organization has implemented a process to identify the risk, define critical controls, and verify their correct implementation in the field. We relaunched the material risks in 2020, highlighting:

Despite not having any events related to the material risks of working at heights in 2020, we invested resources to install anchor points in a large part of the plant and, in this way, we implemented this vital control.



# 07

## ENVIRONMENTAL MANAGEMENT

- STRATEGY
- REGULATORY COMPLIANCE
- WATER EFFICIENCY
- AIR QUALITY
- MINING LOGISTICS CLEAN PRODUCTION AGREEMENT
- ENERGY AND GREENHOUSE GASES
- WASTE MANAGEMENT



# STRATEGY

At Sierra Gorda SCM, the environment and its management are an essential part of our concerns and priorities. In this regard, we strive to ensure that our operation has the lowest possible impact on the environment and that this impact is effectively mitigated. We have an environmental strategy that includes the exhaustive compilation of information, which allows us to identify and control significant environmental impacts, always considering the environmental commitments made and the legal requirements applicable to our operational activities.

Our work is mainly focused on the following matters:



**AIR QUALITY**



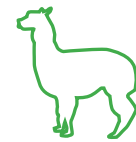
**MANAGEMENT OF WASTE AND HAZARDOUS SUBSTANCES**



**MANAGEMENT OF ARCHAEOLOGICAL HERITAGE**



**GROUNDWATER CONTROL**



**WILDLIFE RESCUE**

## MAIN ENVIRONMENTAL MILESTONES



## REGULATORY COMPLIANCE

102-12

Compliance with environmental standards and regulatory framework is fundamental for the development of any process related to the operation of Sierra Gorda SCM. Our objective is to take responsibility for the externalities caused by our mine site, for which we have a Sustainability Policy that aims to mitigate and/or minimize adverse environmental impacts, promoting a transparent, active, and responsible culture. The Company subscribes to the Equator Principles

and World Bank guidelines, seeking to extend this commitment throughout its value chain. In addition, we carry out the management and fulfillment of environmental commitments through the website of the Superintendency of the Environment. As a result, Sierra Gorda SCM closed this period (2019 and 2020) without recording any processes of environmental sanctions.



# WATER EFFICIENCY

303-1

At Sierra Gorda SCM, we understand that water is an invaluable resource that must be used and managed with utmost responsibility. This is even more important given the local situation of water scarcity that has been worsening in our country, particularly in the Antofagasta Region and its immediate surroundings.

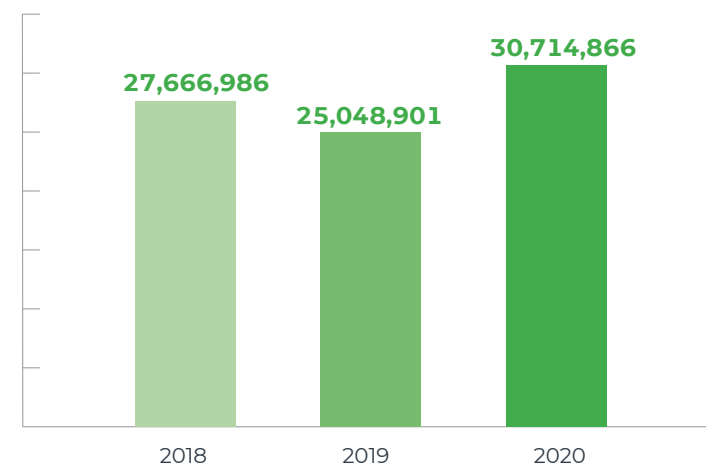
For this reason, since its beginnings, our Company has supplied its operations by reusing seawater from the cooling process of a thermoelectric plant in Mejillones. This is extracted through a water transfer system (WTS), which allows it to reach pumping volumes of over 1,389 liters/second. The water is transported through a 143 km aqueduct that flows into the seawater storage pond at the worksite. The pumping system is designed to provide a maximum water flow of 1,500 liters/second.

The operation uses salt water for practically all of its processes, except for human consumption and some specific activities, which use water that is desalinated in the reverse osmosis plant.

The following graph details seawater extraction during the reporting period:

**3,197,865 m<sup>3</sup> of water were recovered from the tailings in 2019 and 3,235,470 m<sup>3</sup> in 2020.**

Seawater use 303-3



# AIR QUALITY

The particulate material emitted by our operation and its influence on air quality is a priority issue for the community and for our Company. We are governed by action protocols in line with environmental regulations and a monitoring system that is aligned with industry standards.

In this regard, we constantly monitor air quality, and we publish monthly reports to keep our stakeholders informed on the matter through the Minera Sierra Gorda SCM Air Quality Monitoring Web portal.

We have strict protocols for the blasting process, which consists of fragmenting rock by detonation. We closely monitor the possible effects that this activity could have on air quality and the emission of particulate material, establishing specific atmospheric conditions for the process to be carried out without affecting the environment. Based on the information recorded at the different monitoring stations, favorable conditions and schedules for blasting are established. In addition, we have a strict procedure for responding to weather events, such as precipitation or windstorms, that includes direct communication with community members.

Mitigation measures for particulate material:



Implementation of a meteorological forecast model



Monitoring meteorological variables



Watering of roads and work areas



Blasting postponement protocol



## MINING LOGISTICS CLEAN PRODUCTION AGREEMENT

We completed the implementation of the Port of Antofagasta Mining Logistics Clean Production Agreement (APL), fulfilling 100% of our commitments. This agreement, signed in 2016, earned us environmental certification from CORFO's Sustainability and Climate Change Agency.

The APL has become one of the most successful agreements developed in the country. It includes productive and environmental management strategies as well as the achievement of specific targets and actions within a set time frame.

Among the improvements included in the certification is the use of technological alternatives to replace the canvas-covered trucks, featuring the use of tipping

containers and trucks with automated, hermetically sealed hoppers (a technology developed by a local supplier) that prevent concentrate from leaking during transport.

Three audits were carried out at our Company during the management process of this agreement, showing that we fulfilled all of our objectives. All of this was thanks to the combined work of the Human Resources Management, the Superintendency of Quality Assurance and Laboratory, and the Superintendency of Personnel Services, led by the Sustainability, Communities, and External Communications Management.

**100% fulfillment** of the Mining Logistics Clean Production Agreement (APL) commitments.



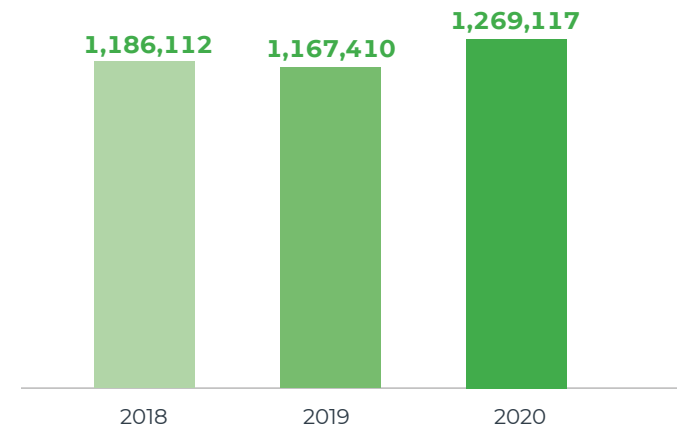
# ENERGY AND GREENHOUSE GASES

Mining activities require multiple energy sources to ensure optimal operations. Conscious of the environmental impact from the use of this resource, especially those from fossil fuels (diesel), we seek to optimize resource use by committing to use Non-Conventional Renewable Energy (NCRE).

Sierra Gorda SCM's power supply is produced by Empresa Eléctrica Cochrane. A 500 MW power plant supplies a substation located inside the mine through a high voltage line (220 kV).

The following chart details the electricity consumption within the organization during the period covered by this report:

Electricity consumption 302-1



\*This is the only source of energy used in our operation.

Total fuel consumption during the reporting period:

	2019	2020
<b>DIESEL (L)</b>	105,249,375	124,423,470
<b>95 GASOLINE (L)</b>	3,663	3,682

Indirect (Scope 2) GHG emissions during the reporting period:

305-2

	2019	2020
<b>EMISSIONS RESULTING FROM ELECTRICITY PURCHASED FOR COMPANY NEEDS (SCOPE 2) TONCO<sub>2</sub>E</b>	473,501	485,580

Sierra Gorda SCM

## 100% renewable energy by 2023

As a company, we have set the target of having a 100% renewable energy supply for our mining operations by 2023. This is thanks to signing a long-term power purchase agreement with AES Andes (formerly AES Gener), which establishes that the approximately 1,240 GWh annual consumption of the operation will be supplied from the generator's growing renewable portfolio, which includes solar, wind, hydroelectric, and battery power.

This agreement, which was signed in 2020 and came into effect in 2021, covers 40% of the operation's consumption and will increase to 100% in 2023, a percentage that will be maintained until December of 2039.

During the day, energy will be supplied mainly by the Andes Solar II b photovoltaic park, located in Antofagasta Region. In the hours without sunlight, power will come from the largest battery storage system in Latin America, which is part of the Andes Solar II b project and AES Andes' renewable energy portfolio.

The **use of renewable energies** will reduce emissions by 1 million tons of CO<sub>2</sub> per year, which is equivalent to supplying zero emission energy to **100% of the homes in the Antofagasta Region for 2.7 years.**



# WASTE MANAGEMENT

306-1 306-2

At Sierra Gorda SCM, we manage our generated waste by following the guidelines of current legislation and the Company's Integrated Waste Management Plan, which includes the following:



## HAZARDOUS WASTE:

Managed in accordance with D.S. N°148, it is removed from the areas where it is generated and sorted by type. Waste oils are used for energy recovery at Inacesa or used as emulsion in the blasting process.



## DOMESTIC AND SIMILAR WASTE:

Managed in accordance with D.S. N°189, it is removed by an authorized company that transports it to the yard where it is weighed and then compacted and disposed of the company's landfill, which is authorized by the competent authority.



## RECYCLABLE WASTE:

It is sorted at the point of origin, and bottles and cardboard are transported for recycling.



## NON-HAZARDOUS INDUSTRIAL WASTE:

It is sorted at the point of origin and the scrap is recovered. Waste that has no residual value is disposed of in a municipally authorized landfill.

During this period, we made a significant donation of bottles and cardboard to the Sierra Gorda municipal program **"Women Heads of Household"** in the town of **Baquedano**.

In 2019, 22.7% of the total waste generated by the Company, including hazardous waste, was recycled. This corresponds to 975 tons out of a total of 4,290 tons.

# TAILINGS MM3

In 2020, aiming to make improvements to the worksite, we submitted an Environmental Impact Study to the EIAS called "Updating Tailings Deposit and Annexed Facilities Project," which was accepted for processing and shared with all the competent authorities.

This project involves a US\$400 million investment and aims to optimize the operation of the deposit by reducing the height of the walls to reduce the movement of associated material and improve stability. The project also involves increasing the deposit surface area, which increases the evaporation rate and minimizes seepage.

## Water recovery from tailings to the proces

	2018	2019	2020
<b>m³</b>	1,831,042	3,197,865	<b>3,235,470</b>

## TECHNICAL INFORMATION:

### ► STATUS:

Operational since 2015. Its most recent RCA was approved on September 10, 2018, and has a useful life date until 2035.

### ► CLOSURE PLAN:

It was approved when updated by Resolution No. 1545/2019.

### ► EMERGENCY PLAN:

The document "Tailings Area Operational Emergency Procedure" details the the processes used to identify unexpected failures and to disclose the action plans for a possible operational emergency in the area, which covers the tailings transport chute to its disposal point in the tailings deposit. It also identifies all associated risks that may affect people, equipment, facilities, and the environment.

### ► IRRIGATION CLASSIFICATION:

The deposit is classified as low risk because there are no communities, ecosystems, or critical infrastructure downstream of the deposit, according to the methodological guide of SERNAGEOMIN.

# 08

## APPENDIX AND GRI



## 1. COMPANY PROFILE

### COMPLAINTS RECEIVED THROUGH THE WHISTLEBLOWING CHANNEL

102-17 102-25

#### Reports received:

YEAR	TOTAL
2016	17
2017	18
2018	5
2019	17
2020	24
<b>TOTAL</b>	<b>81</b>

MAIN ISSUE	TOTAL
Bribery	2
Confidential information and intellectual property	1
Conflict of interest	10
Discrimination and harassment	21
Health and safety	11
Human Resources Management	12
Improper payments	1
Internal control	3
Misuse, misappropriation of assets	1
Compensation and benefits	2
Unsafe working conditions	3
Environment	1
Anti-corruption Law 20.393	1
Substance abuse	1
Other	11
<b>TOTAL</b>	<b>81</b>

## 6. OUR WORKERS

### STAFF

102-8

#### Workers by contract type:

	2019		2020		2019		2020	
	INDEFINITE	FIXED TERM	INDEFINITE	FIXED TERM	WOMEN	MEN	WOMEN	MEN
I REGION- TARAPACÁ	113	2	110	2	2	113	2	110
II REGION- ANTOFAGASTA	561	22	519	7	52	531	45	481
III REGION- ATACAMA	150	3	131		3	150		131
IV REGION- COQUIMBO	255	16	294	8	3	268	6	296
V REGION- VALPARAÍSO	86	5	85		1	90	1	84
VI REGION- O'HIGGINS	16	2	17			16		17
VII REGION- MAULE	12	6	14			12		14
VIII REGION- BÍO-BÍO	29	2	32			31		32
IX REGION- LA ARAUCANÍA	5	1	6	1		5		7
X REGION- LOS LAGOS	1		1			1		1
XI REGION- AYSÉN								0
XII REGION- MAGALLANES	12		18		2	16	1	17
XIII REGION- METROPOLITANA DE SANTIAGO	121		117	1		109	13	105
XIV REGION- LOS RÍOS	1		1		14	1		1
XV REGION- ARICA AND PARINACOTA	52		53	1	1	52	1	53
<b>TOTAL</b>	<b>1,473</b>		<b>1,418</b>		<b>1,473</b>		<b>1,418</b>	

#### Details on local workers in the Antofagasta Region

CITY	2019			2020			
	MINE	OTHER	TOTAL	MINE	PLANT	OTHER	TOTAL
ANTOFAGASTA	167	147	314	155	115	133	403
MARIA ELENA	5		5	2			2
SIERRA GORDA	25	5	30	22	2	1	25
BAQUEDANO	2		2		1		1
CALAMA	49	18	67	42	26	17	85
TALTAL	1	2	3	1	1	2	4
MEJILLONES	1		1				0
TOCOPILLA	4		4	1	4		5
OTRA			0	1			1
<b>TOTAL</b>	<b>254</b>	<b>172</b>	<b>426</b>	<b>224</b>	<b>149</b>	<b>153</b>	<b>526</b>

#### Diversity of governance bodies and employees

405-1

	2019		2020	
	MANAGEMENT	EMPLOYEES	MANAGEMENT	EMPLOYEES
<b>BREAKDOWN BY AGE:</b>				
UNDER 30 YEARS OLD	0	123	0	58
30-50 YEARS OLD	32	1,081	38	1,089
OVER 50 YEARS OLD	20	217	16	217
<b>BREAKDOWN BY GENDER:</b>				
WOMEN	5	73	6	63
MEN	47	1,348	48	1,301
<b>BREAKDOWN BY NATIONALITY:</b>				
CHILEAN	38	1,377	40	1,324
AUSTRALIAN	1	0	1	0
BOLIVIAN	1	4	1	4
PERUVIAN	5	16	4	15
ARGENTINEAN	0	2	0	1
COLOMBIAN	0	2	0	3
ECUATORIAN	0	2	0	2
VENEZUELAN	0	1	0	2
MEXICAN	0	1	0	0
JAPANESE	1	8	1	4
POLISH	6	8	7	9

**LABOR RELATIONS**

102-41

UNION TABLE	2018	2019	2020
Percentage of employees represented by an independent labor union or covered by collective bargaining agreements.	95%	91%	94%
Number of Unions	3	3	3
Percentage of unionized employees	91%	85%	86%

**HEALTH AND SAFETY**

403-5

COURSE	CONTRACTOR COMPANY	SIERRA GORDA SCM	TOTAL
MINSAL Protocols		513	513
First Aid		213	213
<b>TOTAL</b>		<b>746</b>	<b>746</b>

**Safety Training Courses**

COURSE	CONTRACTOR COMPANY	SIERRA GORDA SCM	TOTAL
New worker induction	5,960	78	6,038
Defensive driving and regulations	938	62	1,000
Isolation and lockout	501	6	507
Confined spaces	63	5	68
Risk management	12	2	14
Electrical hazards	188	2	190
Hazardous substances	71		71
Working at height	617	10	627
Working in heat	336	7	343
<b>TOTAL</b>	<b>8,686</b>	<b>183</b>	<b>8,858</b>

**Environmental Training Courses**

COURSE	CONTRACTOR COMPANY	SIERRA GORDA SCM	TOTAL
Environmental management	64	28	92
Wildlife	40	17	57
Waste Management	95	41	136
Air Quality Management	50	22	72
Archaeology Management	8	4	12
<b>TOTAL</b>	<b>258</b>	<b>111</b>	<b>369</b>

403-8

Specify whether and, if so, why any workers, contractors, and/or operations are not covered by the system\*:

	ANTOFAGASTA	SANTIAGO
2018	28	41
2019	28	36
2020	25	39

\* 403-8 We only have control of SGSCM personnel.

403-9

	TOTAL, INJURIES	RECORDABLE INJURIES	LOST TIME INJURIES	RECORDABLE INJURY FREQUENCY RATE	FREQUENCY RATE CHILEAN LAW	SEVERITY RATE	LOST DAYS	FATALITIES
2017	TRIFR	Frequency Rate	16	0.46	1.75	185.00	592	0
2018	Chilean Law	Severity Rate	Lost Days	Fatalities	1.66	2248.67	6,746	1
2019	68	16	12	0.36	1.37	60.83	146	0
2020	67	11	9	0.24	0.99	100.56	181	0

403-10

In 2020, there were zero fatalities as a result of work-related ill health.

The main types of work-related ill health are Hearing Loss (two cases to date), Silicosis (zero cases), and Musculoskeletal Disorders (zero cases).

Regarding contractors, in 2020, there were zero fatalities as a result of work-related ill health, zero cases of work-related health problems, and zero cases of the main types of work-related ill health.

## REMUNERATION

202-1

		COUNTRY MINIMUM WAGE (\$)		SIERRA GORDA ENTRY LEVEL WAGE		SIERRA GORDA VS COUNTRY RATIO	
		2019	2020	2019	2020	2019	2020
		CHILE	WOMEN	301,000	326,000	718,169	736,143
	MEN	301,000	326,000	718,169	736,143	239%	226%

405-2

LABOR CATEGORY	RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN	
	2019	2020
EXECUTIVES	95%	97%
STAFF	85%	84%
MAINTENANCE OPERATORS	85%	88%

## TRAINING AND DEVELOPMENT

404-1

NUMBER OF TRAINING HOURS	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
MANAGERS, ASSISTANT MANAGERS, AND EXECUTIVES	350	2,397	2,747	21	661	682
PROFESSIONALS AND TECHNICIANS	1,501	19,812	21,313	907	4,620	5,527
OPERATORS, SALES, AND MANAGEMENT	284	19,012	19,296	1,728	8,596	10,324
TOTAL	2,135	41,221	43,456	2,656	13,877	16,533

AVERAGE HOURS OF TRAINING	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
MANAGERS, ASSISTANT MANAGERS, AND EXECUTIVES	35	42	77	5	23	28
PROFESSIONALS AND TECHNICIANS	18	25	43	6	5	10
OPERATORS, SALES, AND MANAGEMENT	16	13	29	25	16	41
TOTAL	69	81	146	36	43	79

**PROGRAMS FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMS**

404-2

**List of Training Programs**

PROGRAM NAME	PUBLIC	NUMBER OF EMPLOYEES BENEFITED (2019)	NUMBER OF EMPLOYEES BENEFITED (2020)
ESTAR training programs	Staff	175	54
ESTAR Líderes training programs	Staff	114	0
Annual training plan	Staff	154	102
Seminars and conferences	Staff	73	1
Certificate courses	Staff	12	7
Annual Training Plan for Maintenance Operators	Oper/Mnat	988	379
Career Development Program	Oper/Mnat	139	0
OPER/MAINT. accreditation of critical equipment	Oper/Mnat	311	124
Safety procedures update	Oper/Mnat/Staff	420	136
Trainee Program	Oper/Mnat	18	0
Community Training Programs (pre-contracts and Social Scholarships)	Oper/Mnat	60	143

**7. ENVIRONMENTAL MANAGEMENT**

**ENERGY CONSUMPTION**

**Energy consumption**

302-1

	2019		2020	
	DIESEL (L)	95 GASOLINE (L)	DIESEL (L)	95 GASOLINE (L)
<b>JANUARY</b>	8,111,752.41	64.59	18,112,293.30	1,255.06
<b>FEBRUARY</b>	7,488,305.74	79.19	8,580,498.21	757.28
<b>MARCH</b>	8,464,695.72	146.6	9,075,173.99	552.51
<b>APRIL</b>	8,317,154.79	8.77	9,164,343.18	769.72
<b>MAY</b>	8,943,663.60	93.24	9,670,613.12	298.91
<b>JUNE</b>	8,750,265.32	461.63	9,859,599.55	10.95
<b>JULY</b>	8,952,205.52	354.1	10,000,030.43	0
<b>AUGUST</b>	9,384,078.32	536.34	9,770,853.07	0
<b>SEPTEMBER</b>	9,135,135.10	553.92	9,655,633.93	0
<b>OCTOBER</b>	9,282,399.41	660.59	10,051,768.87	23.78
<b>NOVEMBER</b>	9,064,979.79	432.45	9,989,950.04	0
<b>DECEMBER</b>	9,354,739.64	271.08	10,492,711.86	13.41
<b>TOTAL</b>	<b>105,249,375.36</b>	<b>3,662.5</b>	<b>115,842,971.34</b>	<b>3,681.62</b>

**WASTE MANAGEMENT**

**Materials used**

301-1

**2019**

NON-RENEWABLE MATERIALS USED:	WEIGHT (KG)	VOLUME (L)
SECONDARY COLLECTOR	62,600	
MIBC FOAMING	449,460	
QUICKLIME	11,118,790	
SODIUM SULFHYDRATE	3,317,633	
CAUSTIC SODA	451,716	
LIQUID NITROGEN	145,048	
GASEOUS NITROGEN	5,409,988	
CARBONIC ANHYDRIDE	868,415	
1" STEEL BALLS	773,407	
3" STEEL BALLS	21,734,975	
SNF 704 FLOCCULANT	602,400	
METABISULPHITE	215,477	
SODIUM HYPOCHLORITE		154,346
DUST SUPPRESSOR	256,711	
CLARISOL5200		33,000

NON-RENEWABLE MATERIALS USED:	WEIGHT (KG)	VOLUME (L)
DECASOL 960 (BISULFITE DECHLORINATOR)	6,500	
DECASOL 940 (CITRIC ACID)	14,521	
35% SODIUM HYDROXIDE		32,140
DECASOL CA	2,545	
DECASOL DS	2,635	
PASSIVAN 620		6,000
RL 9007 (ANTIFOULING)		10,775
P4000K (ANTIFOAM)	884	
DISPERSOL 203	7,000	
GENESOL 704	1,550	
GENESOL 37	2,100	
GENESOL 32	700	
<b>TOTAL NON-RENEWABLE MATERIALS USED:</b>	<b>45,445,055</b>	<b>236,261</b>

\* All purchases were made from external suppliers and data was obtained directly.

**2020**

NON-RENEWABLE MATERIALS USED:	WEIGHT (KG)	VOLUME (L)
SECONDARY COLLECTOR	15,872	
MIBC FOAMING	607,464	
QUICKLIME	8,067,810	
SODIUM SULFHYDRATE	3,298,591	
CAUSTIC SODA	426,643	
LIQUID NITROGEN	280,278	
GASEOUS NITROGEN	4,781,368	
CARBONIC ANHYDRIDE	680,814	
1" STEEL BALLS	1,037,618	
3" STEEL BALLS	19,470,190	
SNF 704 FLOCCULANT	321,000	
METABISULPHITE	2,514,090	
SODIUM HYPOCHLORITE		14,1261
DUST SUPPRESSOR	208,208	
CLARISOL5200		19,000

NON-RENEWABLE MATERIALS USED:	WEIGHT (KG)	VOLUME (L)
DECASOL 960 (BISULFITE DECHLORINATOR)	6,325	
DECASOL 940 (CITRIC ACID)	2,260	
35% SODIUM HYDROXIDE		25,000
DECASOL CA	2,150	
DECASOL DS	2,300	
PASSIVAN 620		8,000
RL 9007 (ANTIFOULING)		7,125
P4000K (ANTIFOAM)		2,673
ANTIFOULING	17,000	
ALKALINIZER	60	
<b>TOTAL NON-RENEWABLE MATERIALS USED:</b>	<b>41,740,041</b>	<b>203,059</b>

\* All purchases were made from external suppliers and data was obtained directly.

**Total waste generated**

306-3

TOTAL WEIGHT OF WASTE GENERATED (TONS) BY COMPOSITION OF THE WASTE.		2018	2019	2020
NON-HAZARDOUS	Domestic and Domestic Related	1,070	1,189	957
NON-HAZARDOUS	Misc. non-hazardous	1,761	1,617	2,685
NON-HAZARDOUS	Recyclables (Bottles, Cardboard, Scrap, HDPE)	877	936	374
HAZARDOUS	Recovered Waste Oil for Inacesa energy recovery	115	127	87
HAZARDOUS	Waste Oil used in the blasting process	149	0	354
HAZARDOUS	Rags, wipes, contaminated with hydrocarbons, etc.	410	465	539
HAZARDOUS	Oil Contaminated with water or coolant (Emulsion)	588	287	393
HAZARDOUS	Batteries		14	54
<b>TOTAL</b>		<b>4,970</b>	<b>4,636</b>	<b>5,442</b>

**Waste diverted from disposal**

306-4

NON-HAZARDOUS WASTE (TONS) DIVERTED FROM DISPOSAL BY RECOVERY OPERATIONS				HAZARDOUS WASTE (TONS) DIVERTED FROM DISPOSAL BY RECOVERY OPERATIONS			
	2018	2019	2020		2018	2019	2020
ii. Recycling	719	974	498	i. Preparation for reuse	149	0	354
				ii. Recycling	588	14	54
				iii. Other recovery operations	0	0	0
				iv. Hazardous waste treated	0	0	0
				<b>TOTAL</b>	<b>737</b>	<b>14</b>	<b>407</b>

**Waste directed to disposal**

306-5

NON-HAZARDOUS WASTE (TONS) DIRECTED TO DISPOSAL BY DISPOSAL OPERATIONS	2018	2019	2020
i. Incineration (with energy recovery)	0	0	0
ii. Incineration (without energy recovery)	0	0	0
iii. Landfilling	1,070	1,189	957
iv. Other disposal operations	1,761	1,617	2,685
<b>TOTAL</b>	<b>2,831</b>	<b>2,806</b>	<b>3,642</b>

HAZARDOUS WASTE (TONS) DIRECTED TO DISPOSAL BY DISPOSAL OPERATIONS	2018	2019	2020
i. Incineration (with energy recovery)	115	127	87
ii. Incineration (without energy recovery)	0	0	0
iii. Landfilling	410	465	539
iv. Other disposal operations	588	0	0
<b>TOTAL</b>	<b>1,113</b>	<b>592</b>	<b>626</b>



**TAILINGS 2019-2020: TAILINGS DEPOSITED AND ACCUMULATED IN DEPOSIT**

PERIOD	TAILINGS DEPOSITED (TMS)	TAILINGS ACCUMULATED IN THE DEPOSIT (TMS)
Jan-19	3,342,371	146,140,432
Feb-19	3,303,976	149,444,408
Mar-19	3,752,901	153,197,309
Apr-19	3,001,252	156,198,561
May-19	3,812,037	160,010,598
Jun-19	3,375,927	163,386,525
Jul-19	3,213,839	166,600,364
Aug-19	3,877,452	170,477,815
Sept-19	3,694,145	174,171,960
Oct-19	3,549,985	177,721,945
Nov-19	3,026,487	180,748,432
Dec-19	3,663,041	184,411,473

PERIOD	TAILINGS DEPOSITED (TMS)	TAILINGS ACCUMULATED IN THE DEPOSIT (TMS)
Jan-20	3,316,290	187,727,763
Feb-20	3,913,360	191,641,123
Mar-20	3,986,041	195,627,164
Apr-20	3,287,118	198,914,281
May-20	3,895,633	202,809,915
Jun-20	3,979,654	206,789,569
Jul-20	3,470,966	210,260,534
Aug-20	3,816,261	214,076,795
Sept-20	3,836,021	217,912,816
Oct-20	3,437,862	221,350,678
Nov-20	3,796,416	225,147,094
Dec-20	3,970,861	229,117,956

**GRI INDEX** 102-55

Management Approach [103-1 103-2 103-3]

MATERIAL TOPIC	CHAPTER	PAGE
Communication channels	Communities	66
Donations during the pandemic	Our contribution during the pandemic	6 and 7
Employability	Our workers	70 - 99
Training and education	Our workers	89 and 120
Diversity and inclusion	Our workers	81
Environmental management	Environmental management	100 - 111
Water management	Environmental management	104
Governance and ethical conduct	Profile	26
Occupational health and safety	Our workers	90 - 99
Environmental impact study	Environmental management	102 - 103
Innovation	Innovation and technology	54 - 55
Sustainable mining	Profile	30 - 33
Reactivation of the local economy	Economic performance and business results	30 - 53
Labor relations	Our workers	35 and 116
Turnover and sense of belonging	Our workers	75, 87 and 89
Digital transformation	Innovation and technology	54 - 55
Climate change	Environmental management	100 - 111
Investments and projects	Economic performance and business results	30 - 53
Measures taken during the pandemic	Our contribution during the pandemic	6, 7, 76 and 77
Efficiency and cost control	Economic performance and business results	46 and 47
Supplier management	Economic performance and business results	48 - 52
Renewable energy supply	Environmental management	109
Social contribution	Communities	56 - 69
Control and mitigation of environmental impacts	Environmental management	100 - 111

INDICATOR	DESCRIPTION	CHAPTER	PAGE	OMISSIONS / REASON
<b>GENERAL DISCLOSURES</b>				
<b>Company Profile</b>				
102-1	Name of the organization	Profile and Scope of the report	20	
102-2	The organization's primary brands, products, and services	Profile	20	
102-3	Location of the organization's main headquarters	Scope of the report	20	
102-4	Location of operations	Profile	14	
102-5	Nature of ownership and legal form	Profile	20	
102-6	Markets served	Economic performance and business results	44	
102-7	Scale of the organization (employees, operations, sales, capitalization, products and services)	Economic performance and business results	42	
102-8	Information on employees and other workers (contract type, region, and gender)	Our workers	72, 74 and 114	
102-9	The organization's supply chain	Economic performance and business results	48	
102-10	Significant changes to the organization's size, structure, ownership, or supply chain			There were no major changes in the organization or its supply chain during 2019-2020.
102-11	How the organization applies the precautionary principle	Profile and Environmental management	24	
102-12	Charters, principles, or other external initiatives that the organization has adopted	Environmental management	103	
102-13	Memberships of national or international associations and organizations to which the organization belongs	Profile	37	
<b>Strategy</b>				
102-14	Statement from senior decision-maker		8 and 9	
102-15	Description of key impacts, risks, and opportunities	Profile	24	
<b>Ethics and Integrity</b>				
102-16	The organization's values, principles, standards, and norms of behavior	Profile	18 and 19	
102-17	Internal and external mechanisms for advice about ethical and lawful behavior	Profile	26	
<b>Governance</b>				
102-18	Governance structure	Profile	21 and 22	
102-19	Delegating authority	Profile	21 and 22	
102-21	Consulting stakeholders on economic, environmental, and social topics	Profile	22	
102-22	Composition of the highest governance body and its committees	Profile	21	
102-23	Chair of the highest governance body	Profile	21	
102-24	Nominating and selecting the highest governance body	Profile	21	

INDICATOR	DESCRIPTION	CHAPTER	PAGE	OMISSIONS / REASON
102-25	Conflicts of interest	Profile	113	
102-26	Role of highest governance body in setting purpose, values, and strategy	Profile	21	
102-27	Collective knowledge of highest governance body	Profile	21	
102-29	Identifying and managing economic, environmental, and social impacts	Profile	21	
102-30	Effectiveness of risk management processes	Profile		
102-31	Highest governance body's review of economic, environmental, and social topics	Profile	21	
102-32	Highest governance body's role in sustainability reporting			The Annual Report is approved by Management.
102-33	Communicating critical concerns to the highest governance body	Profile	21 and 22	
<b>Stakeholder Engagement</b>				
102-34	Nature and total number of critical concerns	Profile	22	
102-40	List of stakeholder groups	Profile	34	
102-41	Collective bargaining agreements	Profile	74	
102-42	Identifying and selecting stakeholders	Profile	34	
102-43	Approach to stakeholder engagement	Profile	34	
<b>Reporting Practices</b>				
102-44	Key topics and concerns raised	Profile	34	
102-45	Entities included in the consolidated financial statements	Economic performance and business results	40	
102-46	Defining report content and topic boundaries	Profile	36	
102-47	List of material topics	Profile	36	
102-48	Restatements of information			There was no restatement of information in this report.
102-49	Changes in reporting			There were no changes in previous reporting.
102-50	Reporting period	Scope of the report	10 and 11	
102-51	Date of most recent report	Scope of the report	11	
102-52	Reporting cycle	Scope of the report	10 and 11	
102-53	Contact point for questions regarding the report		133	
102-54	Claims of reporting in accordance with the GRI Standards	Scope of the report	10 and 11	
102-55	GRI content index	Appendix	127	
102-56	External assurance			This report is not externally assured.

INDICATOR	DESCRIPTION	CHAPTER	PAGE	OMISSIONS / REASON
<b>TOPIC-SPECIFIC DISCLOSURES</b>				
<b>CATEGORY: ECONOMY</b>				
<b>Economic Performance</b>				
201-1	Direct economic value generated and distributed	Economic performance and business results	46 and 47	
<b>Market Presence</b>				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Our workers	118	
<b>Indirect Economic Impacts</b>				
203-1	Infrastructure investments and services supported.	Our communities	67	
<b>Procurement Practices</b>				
204-1	Proportion of spending on local suppliers	Economic performance and business results	51	
<b>Anti-Corruption</b>				
205-2	Communication and training about anti-corruption policies and procedures	Profile	26	
205-3	Confirmed incidents of corruption and actions taken			There were no cases of corruption during the reporting period.
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			There were no legal actions for anti-competitive or anti-trust behavior during the reporting period.
<b>CATEGORY: Environment</b>				
<b>Materials</b>				
301-1	Materials used by weight and volume	Environmental management	122	
<b>Energy</b>				
302-1	Energy consumption within the organization	Environmental management	108	
<b>Water</b>				
303-1	Interactions with water as a shared resource	Environmental management	104	
303-3	Water withdrawal	Environmental management	104	
<b>Emissions</b>				
305-2	Energy indirect (Scope 2) GHG emission	Environmental management	108	

INDICATOR	DESCRIPTION	CHAPTER	PAGE	OMISSIONS / REASON
<b>Effluents and Waste</b>				
306-1	Waste generation and significant waste-related impacts	Environmental management	110	
306-2	Management of significant waste-related impacts	Environmental management	110	
306-3	Waste generated	Environmental management	124	
306-4	Waste diverted from disposal	Environmental management	124	
306-5	Waste directed to disposal	Environmental management	124	
<b>Environmental Compliance</b>				
307-1	Non-compliance with environmental laws and regulations			There were no events that caused violations or fines associated with non-compliance with environmental laws or regulations.
<b>Supplier Environmental Assessment</b>				
308-1	New suppliers that were screened using environmental criteria	Economic performance and business results	48	
<b>CATEGORY: Social performance</b>				
<b>Employment</b>				
401-1	New employee hires and employee turnover	Our workers	74	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our workers	87	
401-3	Parental leave	Our workers	87	
<b>Occupational health and safety</b>				
403-1	Occupational health and safety management system	Our workers	90	
403-2	Hazard identification, risk assessment and incident investigation	Our workers	99	
403-3	Occupational health services	Our workers	90	
403-4	Worker participation, consultation and communication on occupational health and safety	Our workers	96	
403-5	Worker training on occupational health and safety	Our workers	94 and 116	
403-6	Promotion of worker health	Our workers	90	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked to its business relationships	Our workers	95	
403-8	Workers covered by an occupational health and safety management system	Our workers	117	
403-9	Work-related injuries	Our workers	118	
403-10	Work-related ill health	Our workers	118	

INDICATOR	DESCRIPTION	CHAPTER	PAGE	OMISSIONS / REASON
<b>Training and education</b>				
404-1	Average hours of training per year per employee	Our workers	119	
404-2	Programs for upgrading employee skills and transition assistance programs	Our workers	120	
<b>Diversity and equal opportunity</b>				
405-1	Diversity of governance bodies and employees	Our workers	85	
405-2	Ratio of basic salary and remuneration of women to men	Our workers	119	
<b>Non-discrimination</b>				
406-1	Incidents of discrimination and corrective actions taken.			There were no incidents of discrimination during the reporting period.
<b>Local communities</b>				
413-1	Operations with local communities engagement, impact assessment and development programs	Our communities	58	
413-2	Operations with significant actual and potential negative impacts on local communities	Our communities	58	
<b>Supplier Social Assessment</b>				
414-1	New suppliers that were screened using environmental criteria	Economic performance and business results	48	
<b>Mining and Metals Sector</b>				
MM3	Total amounts of overburden, rock, tailings, and sludges	Environmental management	111	



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**PREPARATION AND COORDINATION OF CONTENT:**

This report is a transversal project promoted by the Sustainability, Communities, and Communications Management of Minera Sierra Gorda SCM, which has been developed with the collaboration of all areas of the company.

Special thanks to: Lorena Fonseca, David García, Juan Carlos Orellana, Nicole Saez, and Italo Duarte for their commitment throughout the project.

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