



SUSTAINABILITY
REPORT
2021

Sierra Gorda scm





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OUR ACHIEVEMENTS!



C1 Cost

In 2021, our C1 Cost was USD 0.76

*C1 cost per pound produced with deferred "stripping credit", i.e., in 2021, our cost was 76 cents per pound of copper produced.



Increase in production:

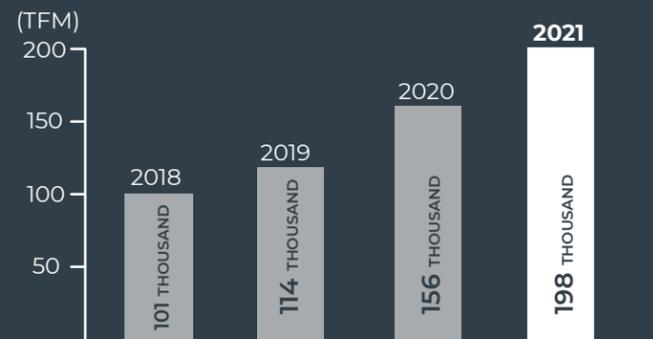
According to the Statistical Report on Copper Production and Exports, prepared by Cochilco's Office of Studies and Public Policy, **Sierra Gorda SCM grew by 27% in 2021, achieving the second biggest growth level in mining production in Chile over this period.**



Collective bargaining:

The Company successfully closed the early collective bargaining process with its three unions. **The negotiations took place in a very respectful and constructive environment, which is a testament to the maturity of the Company, its good working environment and workers' commitment to Sierra Gorda SCM.**

In 2021, we produced **198 thousand tons of fine material (TFM).**



Message from the CEO

GRI 2-22



Dear all,

I am pleased to present Sierra Gorda SCM's Sustainability Report for the year 2021. This document shines a light on the conscientious work we have done on environmental, social and governance (ESG) issues, as well as on the main results these efforts have yielded, with a view towards fully integrating ESG spheres into all levels of our organization.

Despite the ups and downs that the entire industry has faced in the context of the pandemic and ensuing global health emergency, we stayed true to our goal of maximizing productive efficiency. To this end, we kept a tight control on costs while also honoring our commitment to the care and protection of our people. Having reached the 0.76 US cents per pound of copper produced mark, we achieved the period's lowest C1 mining cost in Chile. During 2021, Sierra Gorda produced 198,217 metric tons of fine copper, which merited a recognition by the Chilean Copper Commission (Cochilco by its acronym in Spanish) for accomplishing the second biggest increase in mining production in Chile in 2021.

In terms of economic performance, we increased revenues during the first half of the year by 2.2 times as compared to the same period of the previous year, reaching USD\$ 1,031 (MM). At the end of 2021 the company announced that South32 was acquiring 45% of Sierra Gorda SCM; together with the new owners, this significant milestone brings new horizons and opportunities for the future.

Our employees and their commitment to the Company are crucial to the success of our business. We seek to provide all workers with an inspiring work environment that provides ample opportunities for professional growth and development, where respect and constructive dialogue prevail. In line with these values, during 2021 we successfully conducted and concluded three collective bargaining processes with the three unions that are part of Sierra Gorda SCM.

The communication and engagement efforts we carried out with our neighboring communities constitute another salient landmark of the period. We supported community development, education, culture and quality of life programs. Our social investment budget amounted to USD\$ 267,220.

At Sierra Gorda SCM we consider innovation to be a permanent and ongoing challenge and a valuable opportunity to tackle ESG issues successfully. As part of this effort, a new renewable energy contract came into effect on January 1, 2021, which will allow us to join the global movement towards green energy and reduce our emissions. Additionally, and in line with our pledge to be increasingly more efficient in the use of water, Sierra Gorda currently reuses seawater in virtually all its processes, except for certain specific activities and human consumption. The recycled seawater comes from the cooling of a thermoelectric plant in Mejillones.

I would like to take advantage of this opportunity to thank all the people that are involved in the different processes of our operation. I salute their hard work and commitment to Sierra Gorda SCM, together we will continue to increase the value of our organization. Despite the context and the difficulties that we have faced this year, the Company has risen to all its challenges, achieving excellent results and proving once again that our values are our best guide for navigating difficult times. Looking ahead, we will persist in promoting sustainability in all areas of our business, while people continue to be our most valued asset and foremost responsibility, because it is our people who make all our achievements possible.

Best regards,

Miroslaw Kidon, Sierra Gorda SCM CEO

1. Scope of the Report

GRI 2-3 2-14

Integrating sustainability transversally in our business is an ongoing goal which guides us to prioritize environmental, social and governance (ESG) aspects in all areas' decision-making processes. Sierra Gorda SCM publishes this Sustainability Report in accordance with the criteria and contents of the latest version of the Global Reporting Initiative (GRI) (2021).

This document provides information for the period beginning on January 1, 2021, to December 31, 2021, and presents a view of our Company's sustainability status, including the most relevant aspects of our ESG performance, with a view to creating value for all our stakeholders.

The Fiscal Office, Sustainability and Corporate Affairs participated in the definition of contents, their internal validation and general coordination.

The GRI Content Index is available at the end of the document, with detailed information on the requirements and parameters of each indicator, and the page where it is recorded.

SIERRA GORDA SOCIEDAD CONTRACTUAL MINERA

76.081.590-K
Santiago: Magdalena 140, Piso 10, Las Condes
+56 2 23665200

www.sgscm.cl

Please direct all enquiries or comments regarding this report to:



comunicaciones.externassg@sgscm.cl



2. Company Overview

- Our production processes
- Mission, Vision and Values
- Ownership structure
- Sale to South32 Limited
- Corporate Governance
- Administration
- Risk management
- Ethical behavior
- Governance for sustainability
- Materiality
- Memberships



GRI 2-1

SIERRA GORDA SOCIEDAD CONTRACTUAL MINERA (SGSCM)

is a mining company that operates the Sierra Gorda mining site, which is in Chile's Antofagasta Region, 60 km from the city of Calama, 150 km from the city of Antofagasta and 4.5 km from the village of Sierra Gorda. Our main mining and ore processing facilities such as pit, tailings deposits, sulfide processing area (crushing, grinding, flotation and thickening) and the thickened tailings deposit, among others, are located at an altitude of 1,626 meters asl, in the middle of the Atacama Desert.

The mining site consists of a porphyry copper deposit, which contains molybdenum, gold and silver mineralization on a smaller scale. The Sierra Gorda mining district coexists and interacts with the localities of Sierra Gorda, Baquedano and Mejillones.

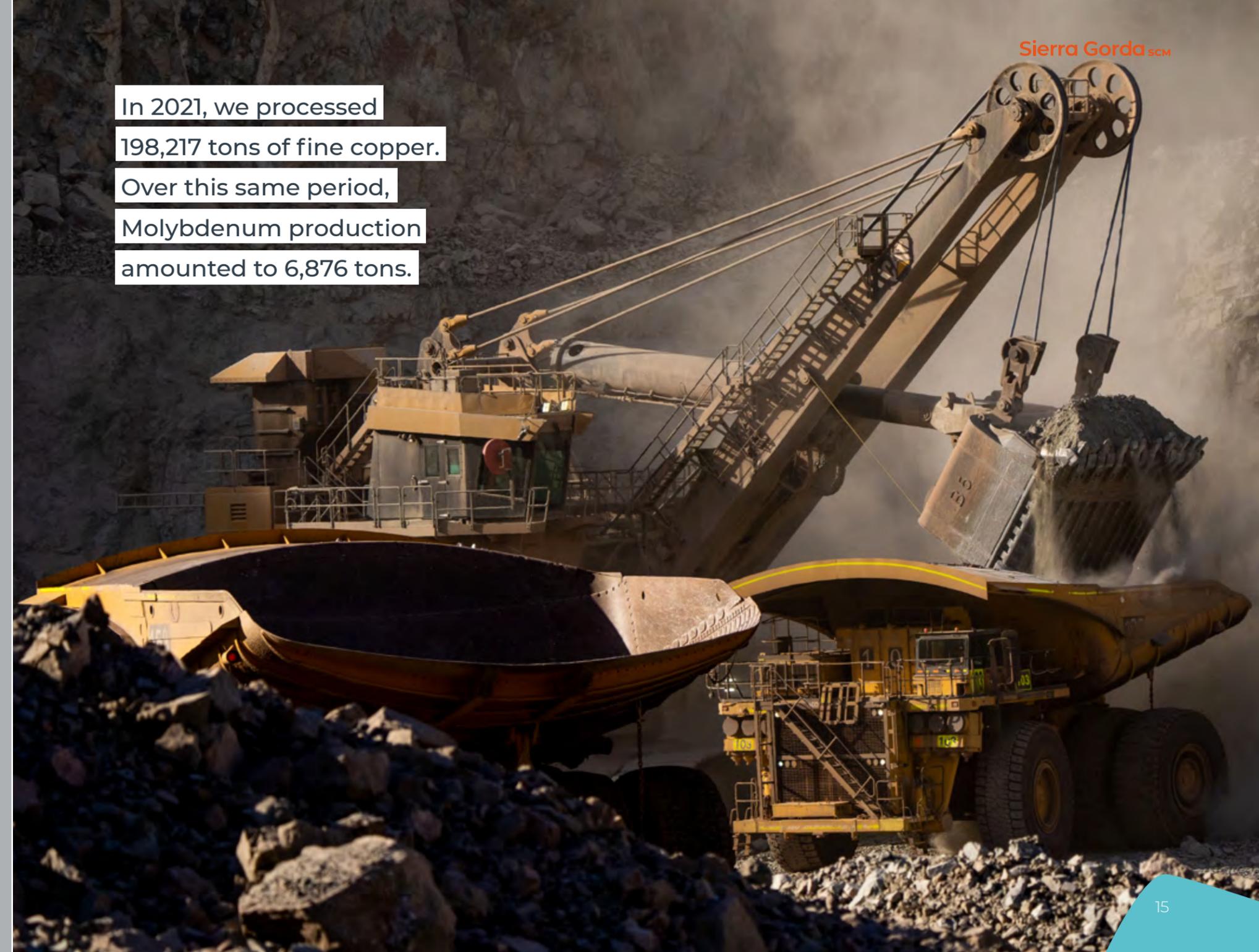
We are one of the main producers of copper and molybdenum concentrate both in Chile and worldwide, and we produce concentrates from low grade copper sulfide ores. We are pioneers in low grade mining, and we are resolved to face the challenges this practice entails by continually seeking to find ever more efficient and innovative production methods.

At the same time, we strive to maintain competitiveness and maximize our production, always aiming to improve our operation through the implementation of a Zero Harm Culture, which looks after our people, the environment and the neighboring communities.

The mine started production in 2014. The plant has an approved capacity of 230,000 metric tons per day (TPD) and currently, its processing capability fluctuates between 110,000 (TPD) and 130,000 (TPD) of treated material.



In 2021, we processed
198,217 tons of fine copper.
Over this same period,
Molybdenum production
amounted to 6,876 tons.



Our production processes

GRI 2-6

Sierra Gorda SCM's production processes rely on the optimization of resources and the use of new technologies to tackle our challenges concerning low grade mining.

The mine is a conventional open pit operation developed through drilling and blasting, shovel loading and overland haulage, using high tonnage haul trucks that transport the ore to the crushing area and the tailings, to the deposit.

After the crushing process, the sulfide moves on to the concentrator plant. The oxide ore, which has potential for future processing via leaching, is stockpiled.

The crushing and processing stages occur in a single plant where copper and molybdenum concentrate are produced. This facility includes primary crushing, conveyor belts, ore storage dome, secondary crushing, high pressure tertiary crushing with HPGR mills, grinding, collective flotation and regrinding. After the regrinding, a selective flotation process in the molybdenum plant separates copper and molybdenum concentrates. The molybdenum plant also comprises conventional and column flotation, molybdenum concentrates thickening and filtering, and molybdenum concentrate bagging facilities. Additionally, our copper concentrate filtering process has loading and unloading docks for trucks; tailings thickening and tailings dam.

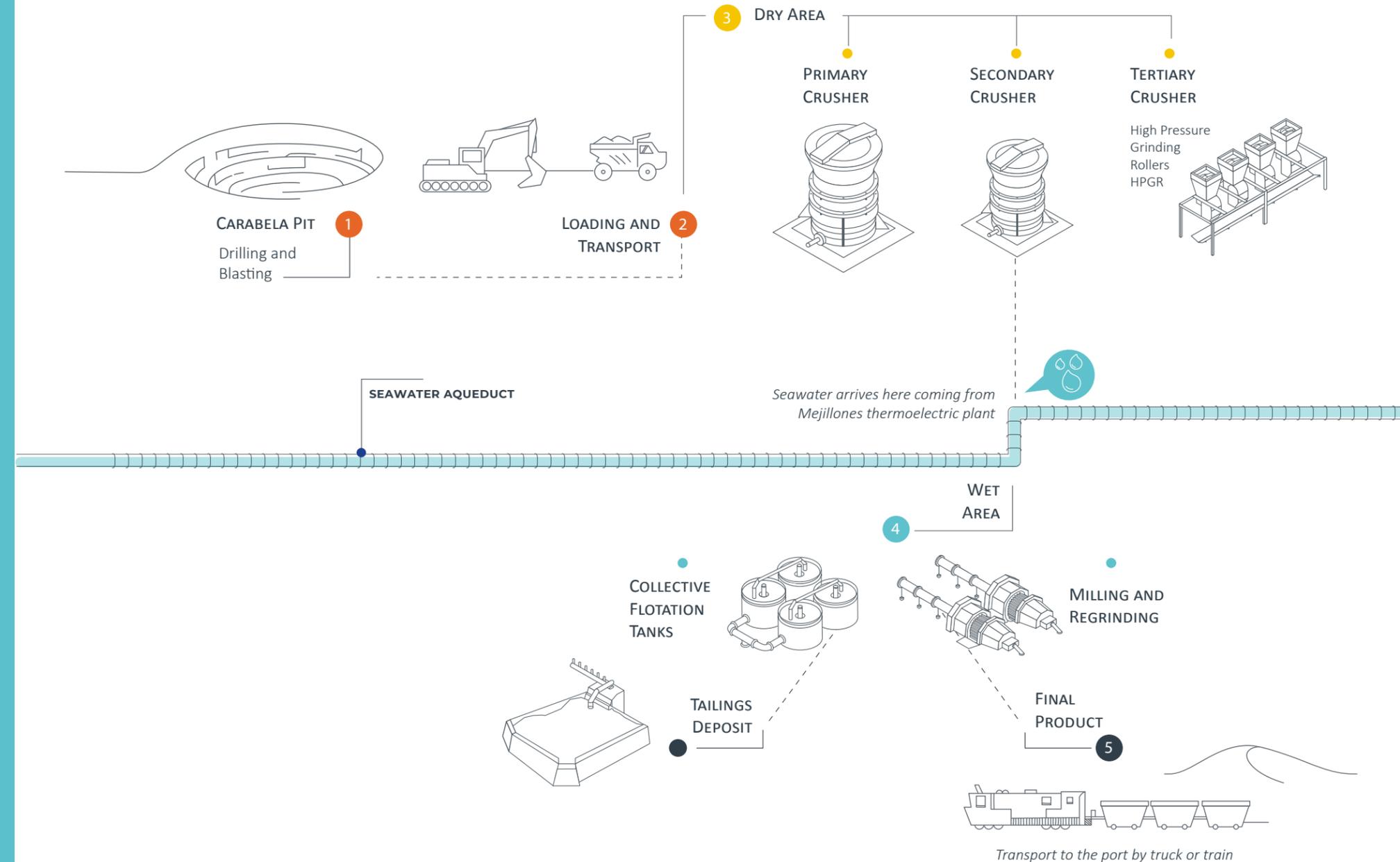
Production processes use seawater, which is sourced from the water-cooling system of the Mejillones thermoelectric plant, using a 143 km long aqueduct that flows into an onsite seawater pool.

The pumping system is designed to supply a maximum flow of 1,500 liters/second of water and has three stations (Costa, PS1 and PS2). The seawater is then desalinated by a reverse osmosis pretreatment and reconditioning and re-mineralization post-treatment.

The electricity supply for Sierra Gorda SCM is transmitted 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 last quarter of 2014.

As of 2021, 40% of Sierra Gorda SCM is powered with renewable energies sourced from a diversified generation matrix, which includes solar, wind and hydroelectric, mainly from the Andes Solar II b photovoltaic park. During nighttime and in the hours of less solar exposure, the energy is supplied directly from the largest battery storage system in Latin America, which is part of the Andes Solar II b project, and from the plant's renewable energy portfolio.

Finally, 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. This task is entrusted to specialized companies with proven safety and environmental care standards and track records.



Mission, Vision and Values

GRI 2-23



- Emphasis on results:** Our driving force is to work towards the Company's objectives. Therefore, we must be familiar with them and know how our position and performance contribute and impact the overall results.
- Safety:** Addressing and practicing safety is our daily task. Beyond the compliance with rules and requirements, we have a commitment to take care of ourselves and others.
- Teamwork:** Part of our essence is to know that each one of us is part of a large network, which goes beyond our own team. We are interdependent; to achieve our objectives, we need to know each other, connect and support each other every day.
- Austerity:** We apply ingenuity and accountability to optimize our team's resources and knowledge. Aiming to improve the use of the Company's resources will ease the way to achieving our goals.
- Responsibility and integrity:** Being consistent and responsible, and upholding a personal moral compass that is aligned with the collective good and the Company's wellbeing.

Our achievements don't rely on equipment, processes or technology. The success of Sierra Gorda SCM comes down to the people.

Our ESTAR values are meant to inspire and guide all actions and decisions taken by Sierra Gorda and its staff, both as a team or individually. Our commitment is to communicate these values and to apply them in our daily work.



To meet our individual and organizational objectives, we embark on a journey of continuous improvement that connects the strategic goals with the Company's values. Our capabilities and behaviors complete the strategic map and set us in motion. We derive our commitment and energy from our POWER motto.

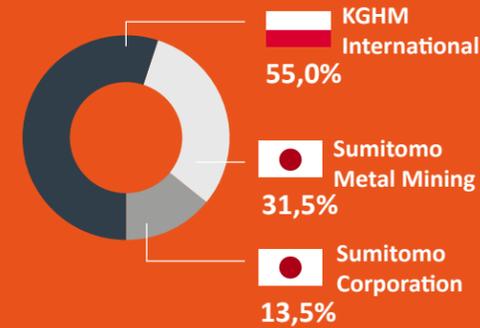
- I'm **P**art of
- I **O**ptimize
- I find a **W**ay to face challenges
- I list**E**n and communicate
- I give **cR**edit and collaborate

Where there is a will, there is a WAY, and our WAY is ESTAR.

Ownership structure

GRI 2-1 2-6

SIERRA GORDA SCM is a Joint Venture between the Polish company KGHM Polska Miedz, and the Japanese companies Sumitomo Metal Mining and Sumitomo Corporation. Shareholdings percentages are as follows:



SUMITOMO METAL MINING. Founded in 1590, it is currently the third largest copper producer in the world and the largest producer of nickel and gold in Japan. With a total of 8,766 employees, the company's mining, smelting and refining operations are in various locations such as the United States, Canada, Australia, Chile, Peru and Brazil, among others. Sumimoto Metal Mining has also branched out to include semiconductor and advanced materials manufacturing operations.

SUMITOMO CORPORATION. Founded in 1919, it is one of the eight largest companies in Japan, with 5,208 employees and a network of 23 domestic and 66 overseas offices. It has a global presence and is a key domestic player in the following sectors: imports and exports, trilateral trade, and investment in local and international businesses.

KGHM POLSKA MIEDŹ (KGHM) is Poland's largest company. The Polish State controls its ownership (1/3), its shares are publicly traded. This organization is a key player in the country's economy, it accounts for more than 34,000 jobs and has a prominent profile. KGHM International is Europe's leading copper producer and the world's leading silver producer. Its headquarters are in Lubin.

Sale to South32 Limited

At the end of 2021, the Company reported the completion of the conditions precedent ("closing") for the acquisition of 45% of Sierra Gorda SCM by South32 Limited. The transaction was completed and announced in early 2022 and is the result of the sale by Sumitomo Metal Mining and Sumitomo Corporation of their participation in Sierra Gorda. KGHM Polska Miedz S.A., on the other hand, maintains its 55% shareholding in the Company.

South32 Limited is a globally diversified mining and metallurgical company. It has an extensive portfolio of mining projects with manufacturing facilities in Australia, South Africa and South America. The company produces aluminum, alumina, metallurgical coal, manganese, nickel, silver, lead and zinc, among others.

"South32 acquired 45% of the Company after a thorough analysis of our organization and its corporate functioning, endorsing our good practices and solid corporate governance. With this milestone, Sierra Gorda SCM begins a new stage in its development strategy, always mindful of its commitment to our neighboring communities and the environment."
Miroslaw Kidon, General Manager of Sierra Gorda SCM.

Corporate Governance

GRI 2-9 2-10 2-12 2-13 2-16 2-17

The Owners' Council leads the governance structure of Sierra Gorda SCM. It is comprised of six members who represent the interests of the shareholders, three from each controlling group, who manage all economic, operational, environmental and social issues 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, so they are independent of the Company's management. They make decisions based on consensus, while the presidency rotates on a biannual basis.

The Company's senior management, including all vice presidents and managers, report to the Owners' Council and participate in the quarterly meetings held in Chile, which include onsite visits.

This Council is responsible for establishing the Company's strategic direction, for monitoring resources and value creation, and for supervising performance, risks and the Company's management control systems. The measures adopted by this body are communicated via the internal channels and are part of the Company's monthly reports.

The members of the Owners' Council are:

Members of the Owners' Council in 2021

Pawel Gruza (KGHM)

Jerzy Paluchniak (KGHM)

Piotr Dura (KGHM)

Hiroshi Asahi (SMM)

Masaru Tani (SMM)

Sosuke Takubo (SC)

The Owners' Council operates several Strategic Committees, which act as advisory instances on diverse priority issues for Sierra Gorda SCM. These committees report directly to the Owners' Council and are responsible for maintaining periodic contact with the Company's senior management, to execute the strategic guidelines for each area. In 2021, the operating committees were:

Strategic Committees

Marketing Committee (sales of metals)

Finance Committee

Tailings Deposit Committee (TSF)

Compensations Committee

Technical Committee

Administration

CRI 2-9 2-12 2-13 2-16

Based on the accountability structure and authorization matrix, the Owners' Council delegates its authority to the general and senior management positions (executive vice presidents and key management roles). Executives have decision-making autonomy, and, in turn, hold regular meetings with the Owners' Council to report on progress and relevant decisions on strategic Company matters.

Additionally, management reports to the Owners' Council and to the entire Company on a regular basis, via the Monthly Report that each vice-presidency and specific area delivers to share its main activities over the period.

This mechanism seeks to maintain smooth communication and coordination lines within the organization and to promote probity and transparency as essential values.

Senior management is responsible for conducting appropriate stakeholder consultations on economic, environmental and social issues as they pertain to the Company and should report on these matters at regular meetings with the Owners' Council.



Sierra Gorda SCM Executive Committee



Miroslaw Kidon
Chief Executive Officer



Eric Zepeda
Vice President of Operations



Hiroki Kako
Vice President of Corporate Services



Beata Choragwicka-Majstrowicz
Vice President of Human Resources



Michal Bator
Vice President of Finance

Risk management

GRI 3-3 2-12

To ensure proper risk management, Sierra Gorda SCM applies the **Three Lines of Defense** model, which establishes that, under the supervision and guidance of the Company's senior management and administration, three separate groups are needed within the organization to effectively manage and control risks. The responsibilities of each of these groups are detailed below:

- 1 **Encompass and manage risk and associated controls (front-line operational management).**
- 2 **Support management by overseeing risk and implementing controls (management performs risk, control and compliance functions).**
- 3 **Provide independent assurance to management and senior management regarding the design and operating effectiveness of internal control, risk management and corporate governance (internal audit).**

Each of the three lines has a different function within the framework of corporate governance.

During regular meetings, the Owners' Council reviews the main risks that the Company is facing and issue guidelines for the implementation of strategies by the general management and relevant vice-presidencies, as appropriate.

Some of the risk factors affecting the continuity and sustainability of the Company are listed below:



Market risks

Changes in market conditions such as fluctuations in commodity prices, foreign exchange rates and interest rates could affect the Company's earnings.

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

- › **International Copper and Molybdenum Price:** Prices are affected by changes in the global economy. Copper producers generally do not have the ability to influence this price directly

- › **Exchange Rate Variation:** The U.S. dollar is the Company's functional currency and as a result, risk arises from the derived exposure due to transactions and balances in currencies other than the U.S. dollar. The Company's potential foreign currency exposures include transactional exposure related to monetary balances in non-functional currencies.

- › **Interest rates:** The Company does not have significant exposure to interest rate fluctuations as its most significant obligations were negotiated in fixed-rate instruments.



Financial risks

- › **Liquidity risk:** The risk that the Company will not be able to meet its financial obligations, such as accounts payable, loans, capital lease liabilities and accounts payable to related parties in a timely manner. The Company uses monthly flow budgets to monitor its liquidity based on expected cash inflows and outflows to ensure that it has enough funds to cover expected operational and capital outlays, including financial obligations.

- › **Credit Risk:** This is the risk of financial loss faced by the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is mainly linked to the Company's trade debtors.



Environmental and social risks

Sierra Gorda SCM compiles semi-annual Environmental and Social Monitoring Reports with the objective of addressing critical issues for the operation and its relevant environmental and social concerns. In these reports, the Company establishes precise action plans and relationship strategies with each stakeholder group. At the same time, the **Fiscal Office, Sustainability and Corporate Affairs** keeps a regularly updated Risk Map, which includes the main concerns related to the Company's activities and key stakeholders, establishing a course of action and guidelines for the Company's involvement, as appropriate.



Operational risks

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



Ethical behavior

GRI 2-26 2-15

The Code of Ethics and Business Conduct governs the performance of the different areas and people who are part of Sierra Gorda SCM. This Code is made available to all employees, who are required to know it and abide by it in its entirety. It contains clear guidelines on how to conduct business and work for and on behalf of Sierra Gorda SCM, always adhering to the highest standards of corporate governance, ethics and honesty. We complement our Code of Ethics with our ESTAR values, which we apply in our daily activities.

Whistleblowing channel

The Company has different mechanisms to seek advice on ethical conduct and integrity of the organization, depending on the nature of each case and according to the Internal Regulations of Order, Hygiene and Safety of Sierra Gorda SCM. To this end, the Company maintains a Whistleblowing Channel open to its workers, which can be accessed anonymously through our website. During 2021, the Company received 29 complaints.



Objectives of the Code of Business Conduct and Ethics:

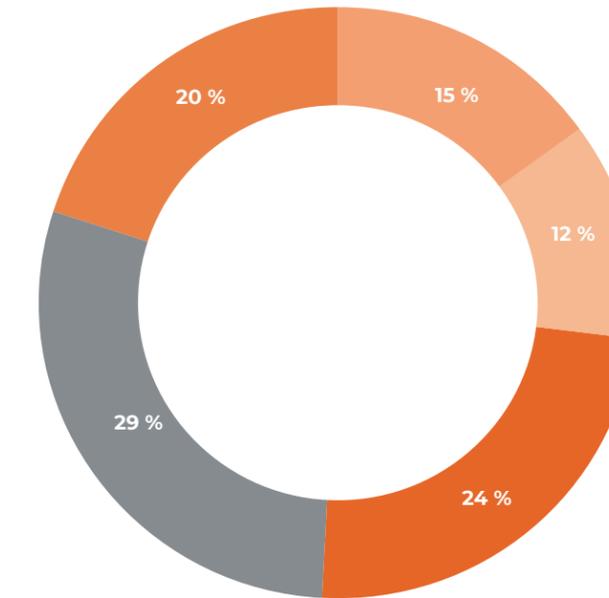
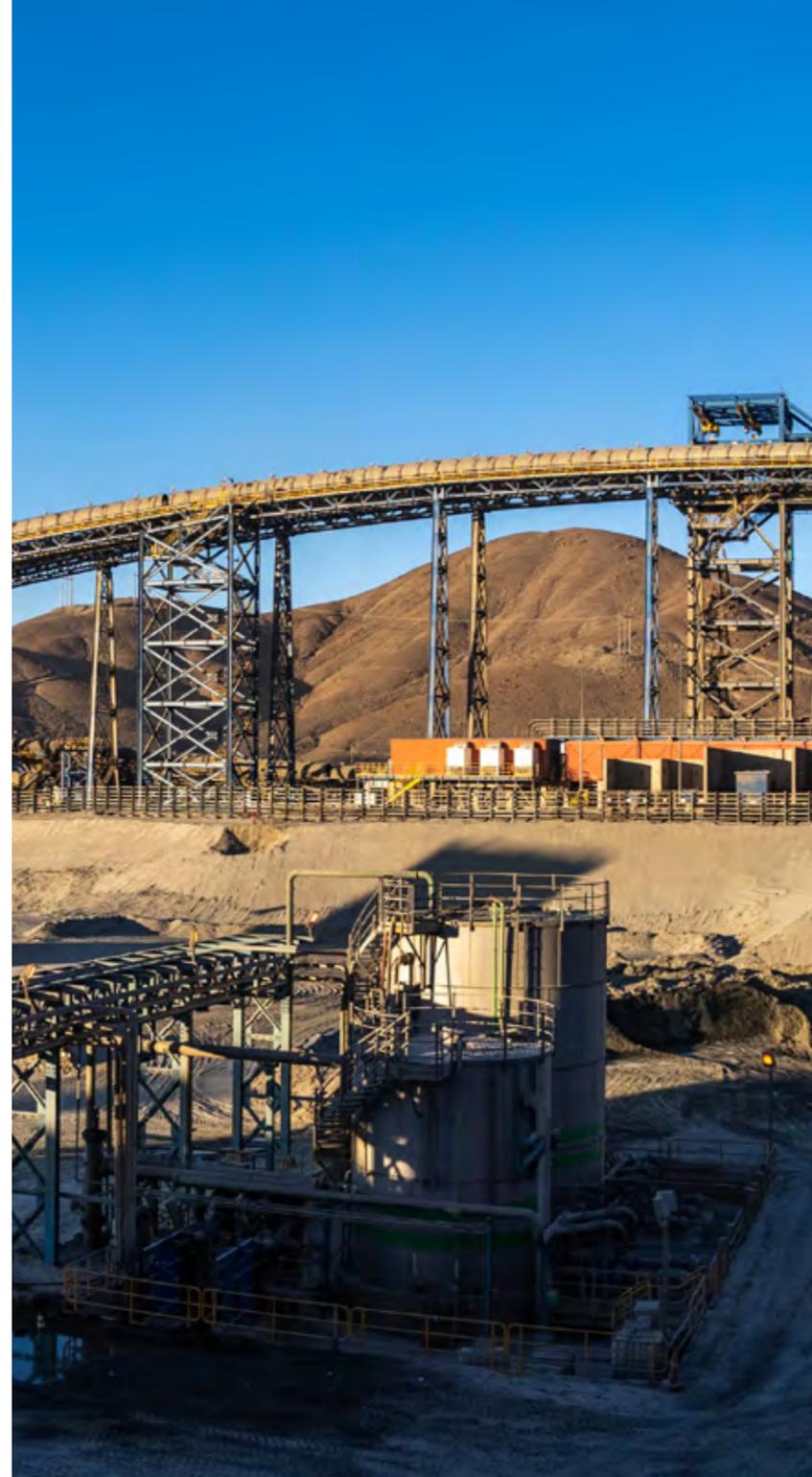
- › Ensure that corporate behavior remains within ethical and legal frameworks.
- › Establish relationships of trust, based on integrity, honesty and responsibility.
- › Foster accountability.
- › Contribute to a work environment that nurtures good relations between people.
- › Apply rigorous ethical standards to safeguard the reputation of Sierra Gorda SCM.
- › Ensure compliance with Chilean legal regulations and the Company's internal policies.
- › Warrant respect for human rights.
- › Prevent, detect and denounce all forms of fraud, bribery and corruption.
- › Contribute to the sustainability of the business.



GRI 406-1

Complaints received	
Year	Total
2016	17
2017	18
2018	5
2019	17
2020	24
2021	29
Total	111

Main issue	Total complaints 2021
Discrimination and harassment	6
Health and safety	5
Conflicts of interest	4
Human resources	2
Others (e.g., accounting reports, bribery, substance abuse, among others)	12
Total	29



During 2016 - 2021 we received 111 complaints of different nature:

- 24%** Discrimination and harassment
- 20%** Health, safety, environment and substance abuse
- 15%** Human resources, compensation and benefits
- 12%** Conflicts of interest
- 29%** Others (corruption, bribery, internal control, improper payments, misappropriation of assets)



Crime Prevention Model (CPM)

The Crime Prevention Model (CPM) of Sierra Gorda SCM is aligned with the requirements of Law 20.393, which establishes the criminal liability of legal entities for the commission of various crimes, such as money laundering, financing of terrorism, bribery of public officials (domestic or foreign), corruption among individuals, receiving and misappropriation, among others. The implementation of this model is headed by a Crime Prevention Officer, and it seeks to establish a mechanism to prevent and mitigate the Company exposure to liability due to the commission of crimes, by establishing clearly defined duties, obligations and prohibitions for all its employees, including contractors and consultants, to fully comply with the requirements of the relevant legislation.

The model rests on a risk management and control matrix, through which the Company periodically evaluates the potential risks of different operations and processes. Even if all Company employees are properly trained in matters relevant to Law 20,393, workers with positions that are particularly exposed to the potential commission of crimes are required to attend regular courses to update their knowledge and skills.



Ethics Committee

This body is responsible for providing guidelines and support to ensure that the Company's operations are carried out in accordance with the Organizational Culture, its Values and the Code of Business Conduct and Ethics. In turn, it supervises the Company's efforts regarding the implementation, updating and compliance with the Crime Prevention Model, as well as overseeing the resolution of complaints received, and the subsequent recommendation of sanctions, if applicable. The committee is composed of three people, one of whom is responsible for crime prevention.

Conflicts of interest

The Conflicts 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 addressing each case. This policy is applicable to all persons working or providing services in Sierra Gorda SCM, especially those whose roles include evaluation and/or decision-making instances, employment of personnel, deciding on purchases of products and services, engaging or interacting with authorities and public services, and authorizing the use of Company property, assets, systems or information. Regarding relationships with suppliers, the Conflicts of Interests Policy establishes mechanisms for the mandatory declaration and control of conflicts of interest in the procurement and contract administration processes, to be observed by commercial staff, contract administrators, and key personnel dealing with user areas and suppliers participating in bids.



For 2022, one of our goals at SGSCM is to engage a third party accredited by the Financial Market Commission to certify our Crime Prevention Model (CPM). The following are key elements required to achieve this goal:





Governance for sustainability

GRI 2-13

Sustainability is central to our daily operations and is a core value of everyone who works at Sierra Gorda SCM. The Fiscal Office, Sustainability and Corporate Affairs oversees its implementation, with particular emphasis on regulatory, communications and sustainability issues, while also providing a comprehensive panorama of the different topics, for the benefit of both internal and external stakeholders.

In 2021, Communities Management was incorporated into Sierra Gorda's Sustainability Management division. This area is responsible

for promoting and implementing sustainable initiatives at corporate and operational levels. It is also entrusted with ensuring the integrity and validity of the Company's strategic permits and social licenses, and with managing these contracts. At the same time, this division supervises onsite operational management, to ensure that the Company complies with sectoral permits and upholds its environmental commitments.

Specifically, the Sustainability and Communities Management area is responsible for the following issues:



Ensure that the Company retains its license to operate and maintains its solid reputation.



Sierra Gorda SCM initiatives within the framework of the Environmental Impact Assessment System (SEIA by its acronym in Spanish).



Commitments derived from projects evaluated and approved within the SEIA.



External communications dealing with requests for information on sustainability issues and drafting of the sustainability report.



Reporting to relevant government agencies, such as the Environmental Superintendency, and managing compliance by uploading required indicators to the official platforms.



Liaison with pertinent environmental and sectoral authorities at the national level and, in strategic cases, also at the regional level.



Special studies related to sustainability, such as energy efficiency, innovation and best practices, among others.



Community relations with stakeholders in the Company's direct areas of influence.



Developing and managing the Company's external communications.



Community Relations Strategy.



Sustainability management.



Strategic and sector permits.



Specific studies requested by the authority in relation to environmental issues or control and/or mitigation measures.



2021 milestones for this area:

2 **Processing EIA (Environmental Impact Analysis, EIA by its acronym in Spanish) and TSF (Tailing Storage Facility report).** 
Addenda (approx. 400 observations).

 **Processing PAS 135 Tailings Deposit** (Environmental Sectorial Permit, PAS by its acronym in Spanish), extends current TSF authorization for 3 years.

Processing **46 environmental and sectorial permits** 

Supplementary Addendum EIA Modification TSF, by the end of 2021. 

 **Processing Tailings Deposit Permit, Sernageomin (Chile's National Geology and Mining Service) for 3 years.**

Sustainability policy

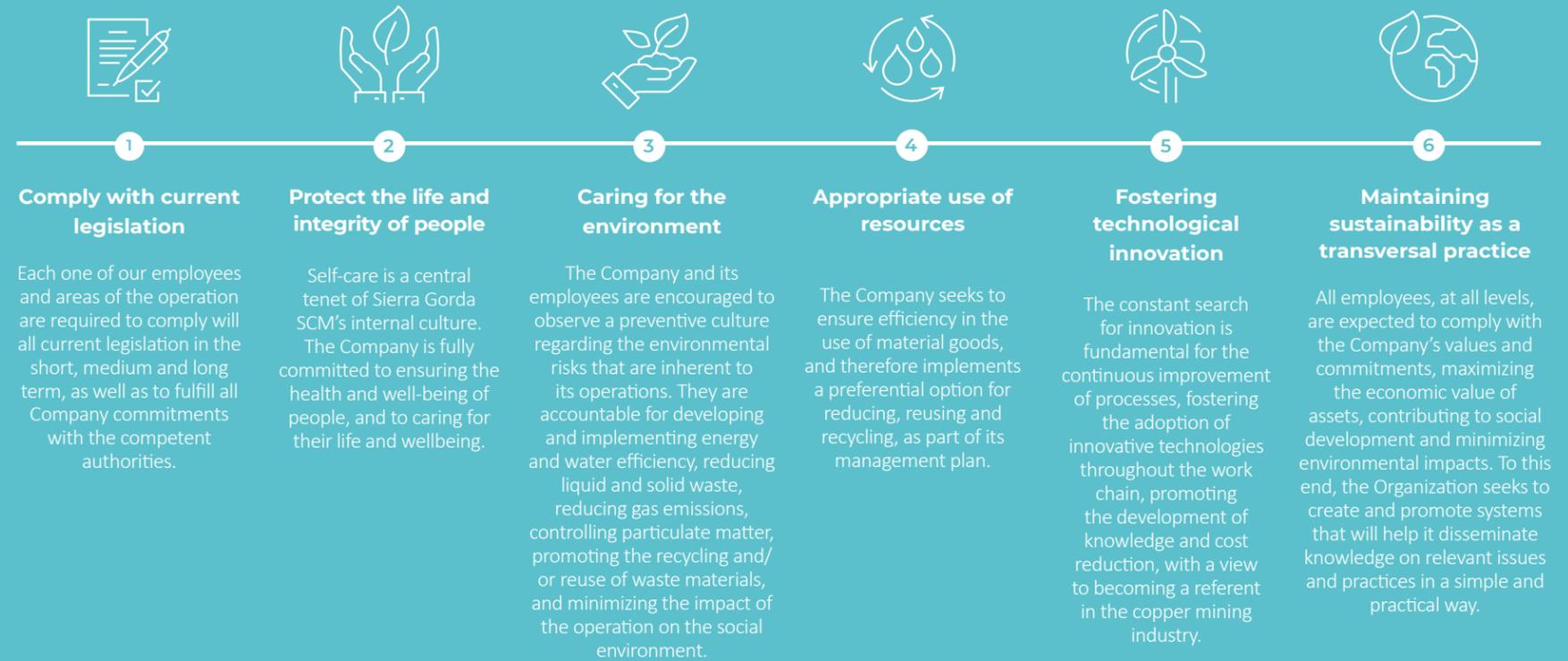
GRI 2-23

CAware of the role we play in our area, we established a Sustainability Policy that contains the necessary guidelines to project our operation over time in a responsible manner. To this end, we follow the pillars of sustainable development and endeavor to strike a balance between environmental, social and governance aspects.

complies with all legal requirements and is aligned with human, environmental and communities' needs.

Each of the workers at Sierra Gorda SCM is entrusted with the responsibility of upkeeping this policy, as it is transversal to the entire organization and allows the Company to operate in the short, medium and long term. The following criteria are central to our Sustainability Policy.

Our Sustainability Policy provides Sierra Gorda SCM with a framework to promote a mining operation that integrates each of these dimensions,





Materiality

GRI 3-1 3-2

To determine the content of this report, we engaged in a materiality process to update the list of issues that the Company is facing in accordance with the changes, trends and new challenges that have arisen over this period. This report seeks to delve deeper into these issues, which have been identified as relevant for both stakeholders and the Company, in the environmental, social or governance arenas (ESG).

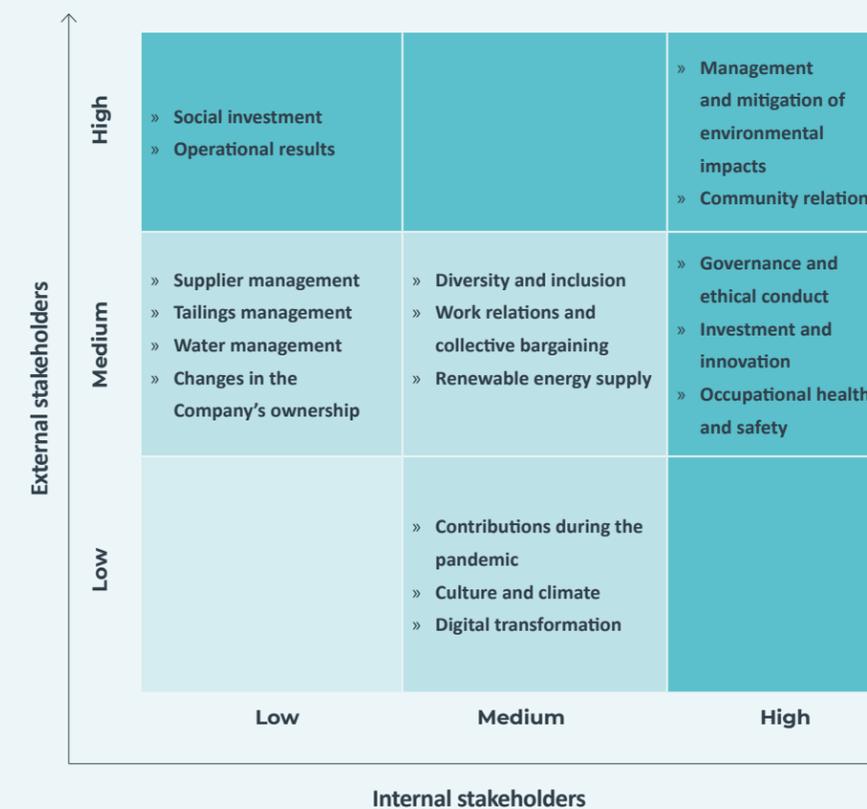
Material aspects and coverage

We went through a comprehensive and multi staged process to define the topics covered in this report.

During 2021, Sierra Gorda SCM reviewed its material issues to identify, prioritize and validate them. To prepare the initial list, various secondary information sources were consulted, such as press releases, press publications and internal Company documents, as well as standards, frameworks and general industry trends. In addition, various Company executives, authorities and members of the community were interviewed.

The issues defined to be primary concerns for stakeholders and the Company went through additional checks. In this way, we obtained the final list of environmental, social and governance (ESG) issues, which are addressed in the following chapters.

These were prioritized in terms of importance for the Company's internal and external stakeholders, going through a simplified matrix. If they were deemed to be low priority, they would rate between 1 and 2; medium priority issues were graded between 3 and 5; and high, 5 or above.



List of material issues

1. Governance and ethical conduct
2. Investment and innovation
3. Management of suppliers
4. Changes in the Company's ownership
5. Operational results
6. Digital transformation
7. Culture and environment
8. Diversity and inclusion
9. Work relations and collective bargaining
10. Occupational Health and Safety
11. Management and mitigation of environmental impacts
12. Supply of renewable energies
13. Tailings management
14. Water management
15. Social investment
16. Contributions during the pandemic
17. Community relations

Main Stakeholders

GRI 2-29

Sierra Gorda SCM encourages dialogue with its various stakeholders and actively participates in governmental, trade and community initiatives that seek to generate value for the people and territories surrounding its operations. As part of an effort to establish shared value initiatives, and exchange experiences and ideas on issues of common interest, the Company maintains an ongoing conversation with communities, and civil and local organizations.

The relationship with stakeholders is managed through the Key Stakeholders Map, a tool that includes all areas of influence that interrelate with the Company. This tool is updated to reflect varying Company's activities, the events that affect its neighboring communities and changes in government administration at national, regional and local levels.

Shareholders:

KGHM Polska Miedź,
Sumitomo Metal Mining,
Sumitomo Corporation.

Workers:

1,653 employees.

Participation and communication mechanisms: Communication initiatives that are part of the internal communications strategy.

Clients:

Copper and molybdenum
smelters and traders.

Unions:

Sierra Gorda S.C.M. Workers' Union; Sierra Gorda S.C.M. Mining Company Workers' Union No. 2; Supervisors and Staff Union SGSCM. 86% of workers are unionized.

Participation and communication mechanisms: Permanent relationship with the Vice-Presidency of Human Resources through the Work Relations and Organizational Development areas.

Authorities and regulators:

Central Government, regional and community authorities.

Participation and communication mechanisms: Protocol meetings and permanent communication and liaison through the Fiscal Office, Sustainability and Corporate Affairs.

Communities:

Sierra Gorda SCM's direct area of influence is made up of the towns of Sierra Gorda, Baquedano and the educational and neighborhood communities near the port of Antofagasta.

Participation and communication mechanisms: Permanent relations and feedback and communication channels with the community.

Civil society:

Non-Governmental Organizations (NGOs), Universities, educational entities and associations.

Participation and communication mechanisms: Meetings, permanent liaison, media, social networks and website.

Suppliers:

This category includes international, national and local suppliers of goods and services associated with the operation of the mine, the production plant and other essential tasks and facilities.

Participation and communication mechanisms: Communication instances established by the Vice-Presidency of Corporate Services.

Standards, guilds and relevant stakeholders:

Through the participation of one of its owners (Sumitomo Metal Mining), Sierra Gorda SCM adheres to the standards of the International Council on Mining & Metals (ICMM). 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 Mesa de Buenos Vecinos de Sierra Gorda (Sierra Gorda Good Neighbors Roundtable).

Participation and Communication Mechanisms: Participation in instances and initiatives promoted by trade associations.

Memberships

GRI 2-28



Asociación de Industriales de Antofagasta (Antofagasta Industrial Association, AIA)



Sociedad Nacional Minera (National Mining Society, Sonami by its acronym in Spanish)

Participation through owners



Mining Council – KGHM



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

3. Economic performance

- Main operational results
- Scale of the organization
- Clients and markets
- Economic value
- Supply management
- Investments



Main operational results

GRI 2-2

In Sierra Gorda SCM we strive to achieve maximum efficiency in the productive processes of the business, and to have an active control of the costs of our activities. To this end, it is fundamental to maintain a philosophy of continuous improvement, to map out all Company procedures and to detect and manage opportunities for growth or improvement.

According to the Financial Statements of Sierra Gorda SCM (the only entity that is part of this report), in 2021, the financial expense amounted to USD 369.8 million.

Over this same period and according to according to Cochilco (Chilean Copper Corporation), Sierra Gorda achieved the second largest increase in mining productivity in Chile. In 2021, our total production was 198,217 metric tons of fine copper (TFM), exceeding the 156,115 tons obtained in 2020, by 27%. Meanwhile, Sierra Gorda produced 6,876 metric tons of molybdenum in 2021, 9.7% lower than the 2020 metric.

Scale of the organization

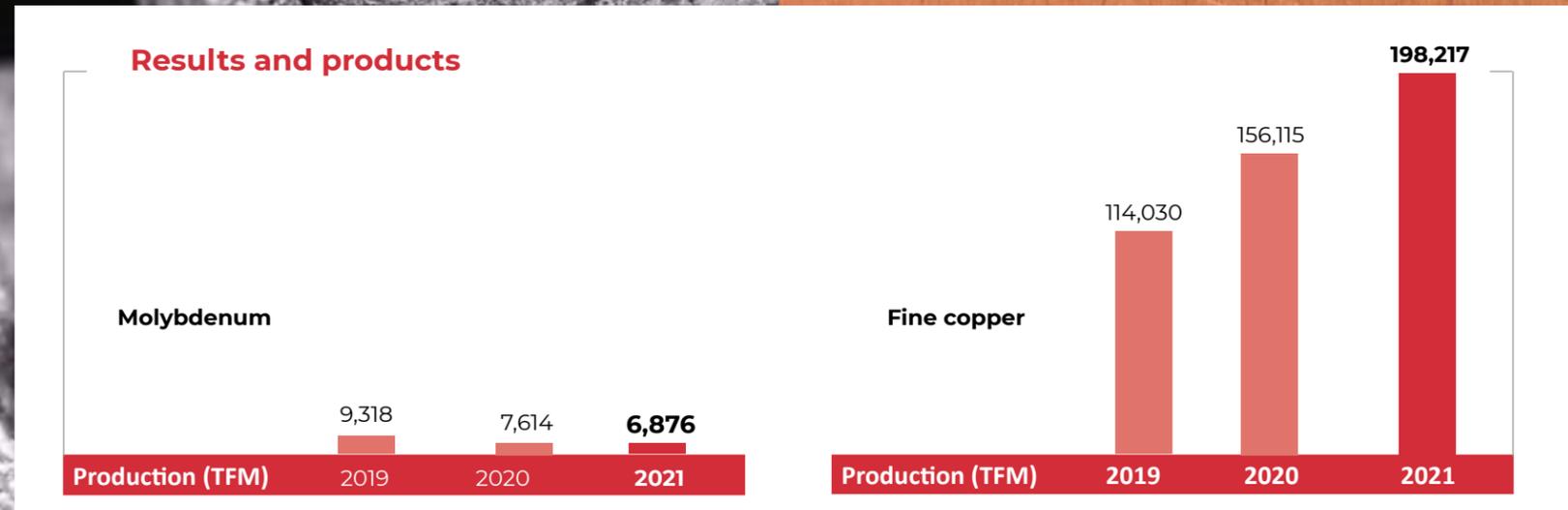
GRI 2-6

Sales, revenues and services Sierra Gorda SCM	2019	2020	2021
Total number of operations	1	1	1
Net sales for private sector organizations	946.9 thousand USD	1,210.4 thousand USD	2,150.7 thousand USD
Net income for public sector organizations	660,907 USD	725,774 USD	4,238,691 USD
Total capitalization (for private sector organizations) broken down in terms of debt	98.1 million USD	106.2 million USD	156.9 million USD
Total capitalization (for private sector organizations) broken down in terms of equity	74.5 million USD	87.6 million USD	114.4 million USD
Quantity of products provided or loaned (sales)	Copper:		
	245,345.8 thousand pounds	325,307.72 thousand pounds	409,900.8 thousand pounds
	Gold:		
	58.1 thousand ounces	56.6 thousand ounces	55.9 thousand ounces
	Silver:		
875.2 thousand ounces	1,615.2 thousand ounces	1,797.4 thousand ounces	
Molybdenum Oxide:			
21,240.2 thousand pounds	116,863.8 thousand pounds	14,734.0 thousand pounds	

NOTAS:

* Considered as net sales: total sales deducting TCRC (Cu Refining) expenses and excluding MTM (Mark to Market). In thousands of dollars.

** Yearly sales.



Clients and markets

GRI 2-6

Sierra Gorda SCM is the largest mining operation to be set up in the Antofagasta Region in recent years. It produces copper and molybdenum concentrate and markets these minerals to customers outside Chile, mainly traders and smelters.

The refining process is completed abroad, and the final product is used to produce goods such as computers, automobiles, mobile communication devices and parts for the electrical and renewable energy industries, among a wide range of other everyday products.



Economic value

GRI 201-1

The Company generated economic value for the country, the Antofagasta Region and the communities surrounding the project both in terms of **Economic Value Generated (EVG) and Economic Value Distributed (EVD)**. The latter includes operating costs, workers' salaries and benefits, payments to capital suppliers (domestic and foreign), tax and municipal revenues, and investments in the community.

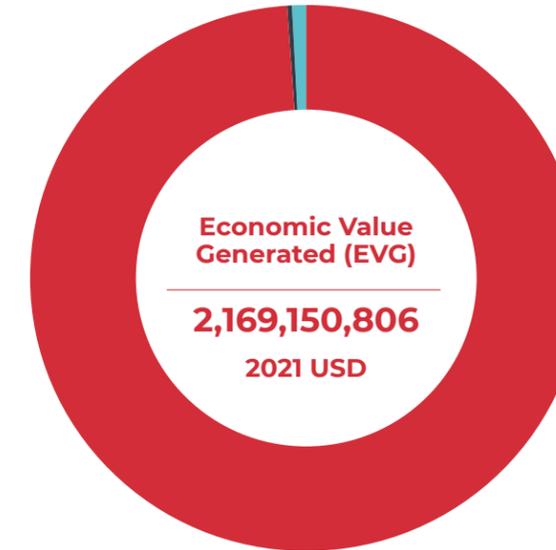
During the first half of 2021, Sierra Gorda SCM achieved profits for the first time, totaling US\$ 222 million, as compared to US\$ 139 million lost in 2020.

Revenues for the entire period reached US\$ 1,031 million, growing 2.2 times as compared to the previous year.

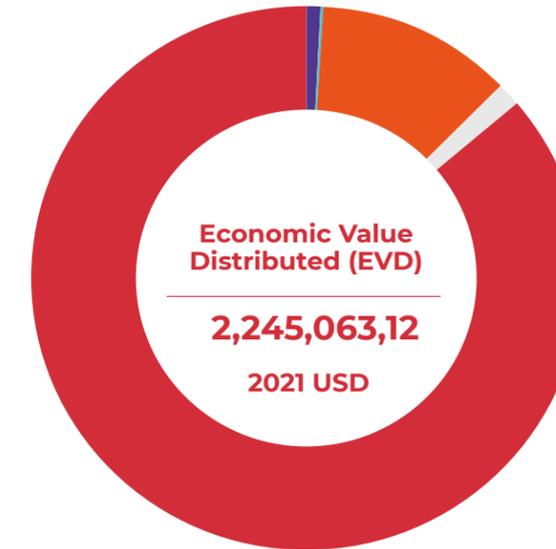
In 2021, the Economic Value Generated (EVG) was US\$ 2,169 million, while the Economic Value Distributed (EVD) reached US\$ 2,245 million. On the other hand, the **Economic Value Retained**, the difference between EVG and EVD, was USD\$-76 million. The following table shows these results in detail.

	2019	2020	2021
	USD	USD	USD
INCOME			
Gross sales	946,951,427	1,210,402,508	2,150,740,477
Income from financial investments	1,894,419	470,082	525,026
Income from sales of fixed assets and others	5,058,548	8,294,552	17,885,303
ECONOMIC VALUE GENERATED (EVG)	953,904,395	1,219,167,142	2,169,150,806
EXPENSES			
Operational costs	751,467,020	862,408,165	891,467,372
Employee salaries and benefits	130,232,980	95,453,987	138,528,028
Payments to capital providers	369,883,036	426,838,381	1,214,879,073
Tax and municipal organizational revenues	660,907	725,774	
Investment in the community	172,986	47,273	188,649
ECONOMIC VALUE DISTRIBUTED (EVD)*	1,252,416,929	1,385,473,580	2,245,063,123
ECONOMIC VALUE RETAINED	-298,512,534	-166,306,438	-75,912,316

*The total investment in the community considers the expenditure made through the communities' budget. The chapter Our Communities also considers the donations made by other management teams and Vice-Presidencies.



- Gross sales **2,150,740,477**
- Income from financial investments **525,026**
- Income from sales of fixed assets and others **17,885,303**



- Payments to capital providers **1,214,879,073**
- Employee salaries and benefits **138,528,028**
- Investment in the community **188,649**
- Operational costs **891,467,372**
- ECONOMIC VALUE RETAINED **-75,912,316**



Supply management

GRI 2-7

Suppliers and contractors are integral to Sierra Gorda SCM's value chain. In addition to contributing to the sustainability and fulfillment of business objectives, by allowing us access to quality supplies and services, they have been and continue to be essential to achieve operational continuity and thrive. Sierra Gorda's network of suppliers includes small, medium and large companies, providing both goods and services.

The Vice-Presidency of Corporate Services is responsible for managing the relationship with suppliers and ensures the proper functioning of the chain. All the contracts are drafted in accordance with the Company's Code of Ethics and Business and Supply Chain Policy, which promotes long-term relationships with suppliers and fosters strategic alliances with a view to increasing the value of the Company or reducing its costs without compromising quality. Sierra Gorda's value chain includes productive materials and the cost drivers associated with services.

Every employee who deals with suppliers in any of the Company's operations, from purchasing to product or service logistics, has the obligation to maintain and practice the highest standards of business ethics, professional courtesy and competence.

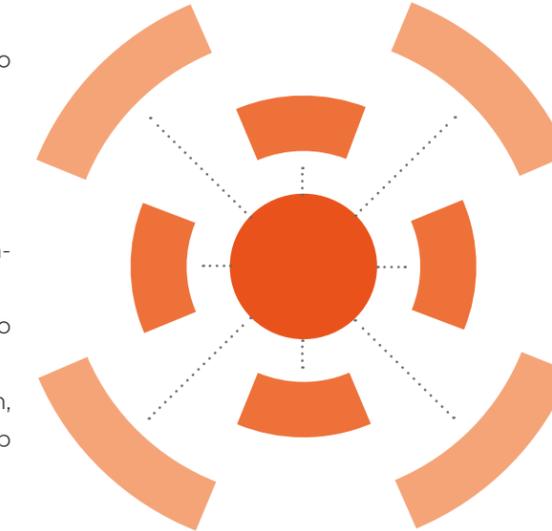
Our sourcing plans contemplate five spheres:

Safe production

- Increase throughput from 130K to 140K ton/day.
- Improve asset efficiency to 91% (plant).
- Improve metal recovery from ore (Cu) to 86%

Bids

- Increase synergies between different contracts to enhance the value of SGSCM.
- Continue the search for new suppliers to maximize SGSCM resources.
- Work together with the Legal, and Health, Safety and Environment areas to develop technical standards.



People

- Adapting processes to the COVID-19 context. Telework culture.

Supplier management

- The supply area has been strengthened to improve communications and attention to suppliers.
- Build synergies between suppliers and contracts (Q reduction).
- Work in tandem with suppliers to achieve continuous improvement.

Digital transformation and electromobility

- Promote platforms that allow us to improve the administration of agreements and seek efficiencies via automation processes.
- Incorporation of electric vehicles in SGSCM's facilities.



Virtual Business Meeting

The Business Development Center (CDE) of the Antofagasta Industrial Association (AIA), organized a Virtual Business Meeting, which brought together 420 supplying companies from the Antofagasta Region. Representing Sierra Gorda SCM, the Purchasing and Contracts Management area provided strategic information to facilitate access to bidding and purchasing processes.

DURING 2021, SOME OF THE MOST OUTSTANDING EXTERNAL INITIATIVES INVOLVING SUPPLIERS WERE:

- Active participation of the Vice-Presidency of Corporate Services in the different negotiation rounds organized by the Asociación de Industriales de Antofagasta (Antofagasta Industrial Association, AIA) and Expomin.
- Active participation of the Vice-Presidency of Corporate Services in the presentations involving local suppliers organized by the AIA.
- Active participation of the Vice-Presidency of Corporate Services in meetings between Sonami's CAR (Responsible Sourcing Committee, CAR by its acronym in Spanish) and supplier groups.

Supply chain



The relationship with suppliers and the proper functioning of the supply chain are the responsibility of the Vice-Presidency of Corporate Services of Sierra Gorda SCM. This vice-presidency is responsible for maintaining and practicing the highest standards of business ethics, professional courtesy and competence with our strategic partners, in accordance with the guidelines of the Code of Ethics and the Business and Supply Chain Policy of the Company.

In 2021, the Company added a new information tool to the contracts portal, with a view to supporting the commercial administration team and having a database of relevant contract information such as data and approval of associated KPIs, readjustments, progress of expenditure, compliance with social security payments and other early alerts that require preventive actions on the compromised contract(s).

Platforms

Sierra Gorda SCM currently works with SAP Ariba, an Integrated Business Management System that covers aspects such as collaborative management of the supply process, invitation of Registered Suppliers (SICEP, Ariba Network), online quoting and awarding, payment management and electronic invoicing.

For HSE evaluations, Sierra Gorda uses the SICEP prequalifier and to purchase cataloged materials, Unilink.



- ▶ Engage in collaborative management of the procurement process for goods and services.
- ▶ Invite registered suppliers to participate (SICEP, Ariba Network).
- ▶ Conduct online quotations and awarding.
- ▶ Manage payments
- ▶ Electronic invoicing

Currently, HSE evaluations are carried out using the SICEP prequalifier.

Purchases of listed materials are done through Unilink.

These digital platforms have generated benefits for the company, such as:

- Timely management of each contract through the online availability of key aspects.
- A broader view, incorporating all dimensions of contract dimensions of contract management.
- KPI tracking and performance evaluation of a commercial agreement.
- Visibility at portfolio level, with critical information relevant to various areas of the relevant to various areas of the Company.
- Consolidate data and access to information on the universe of universe of contracts through mobile devices.

Supplier development

We have a Supplier Portal that can be accessed by all companies looking to do business with Sierra Gorda. This portal supports autonomous consultation of the status of invoices issued to Sierra Gorda SCM and provides background information, so that collaborating companies have the required documentation to deliver their goods and/or services.

Local suppliers

GRI 204-1

Within the framework of the relationship with neighboring communities, Sierra Gorda seeks to promote local employment by encouraging the development of local suppliers and to deliver value to the people. To this end, the Logistics and Inventory, and Maintenance divisions hold regular meetings with local suppliers to promote their integration into the value chain.

We work with small, medium and large companies that provide us with services as well as supplies and goods.

In 2021, we worked with 215 local suppliers of services, with an associated expenditure of USD \$78,053,748, which is equivalent to 30% of the total volume of services. 54.5% of service providers are companies located in Chile's Metropolitan Region.

Over this same period, Sierra Gorda spent USD \$709,739,345 on services supplied by 711 companies.

As for goods and other supplies, we work with 115 local companies that account for an associated expenditure of USD \$19,969,247, which is equivalent to 28% of the total cost of goods. 58% of companies supplying goods are in Chile's Metropolitan Region.

In 2021 a total of USD\$ 154,003,992 was spent on goods, which were provided by 411 suppliers.

Below is a detail of the total expenditure on suppliers during the two periods reported:

Spending on suppliers	2019	2020	2021
Total spending on suppliers	881,140,816	850,881,334	863,743,337
Spending on local suppliers	80,895,178	99,672,804	98,022,995



Supply chain with a sustainability and environmental focus

In each bidding process, Sierra Gorda includes requirements to advance a sustainable value chain, which is fundamental for the Company. Some of these pertain to the first round of business, where each supplier documents specific aspects that are relevant to Sierra Gorda SCM. For example, each potential supplier’s commitment to communities and the environment.

While searching for and selecting candidates, we look beyond pricing. We favor sustainable value proposals that build added value with a long-term view. To guide us in this approach, we apply our four pillars to address all relevant aspects.

- Safety: Complying with HSE standards
- Environmental policy
- Support to community
- Circular economy

Our suppliers run the full spectrum from small businesses to large companies.

Sustainability carries a 10% to 15% weight in the technical evaluation of each bidding process.

Technical elements weigh 40% of the final evaluation.

Investments

Business development is key to our Company. Year after year we seek to advance by optimizing techniques and improving operational areas. To this end, Sierra Gorda has defined the following long-term objectives:

- Increase Plant capacity to 160ktpd constant and 86% copper recovery by 2025.
- Optimize overall costs and secure the supply and critical services of electricity, water, outbound logistics and ports.
- Optimize the use of resources and promote the highest value-added initiatives for the Company.

Sierra Gorda implemented its Debottlenecking (“DBN”) project to improve plant reliability and asset efficiency by increasing processing. By implementing this roadmap, the Company was able to reach a significant milestone in 2021: 140 thousand metric tons of daily processed material.



The next step for Sierra Gorda is for the plant to increase production to 160,000 tons per day, thanks to a new milling line and a new primary crusher

By the end of 2021, Sierra Gorda spent almost US \$120 million in capital expenditures and expects to surpass US \$200 million by the end of 2022.

Our long-term strategy includes more production increases, which will be supported by growth in investment funding.

By the end of 2025, the total budget spent on projects will exceed US\$400 million.

Some of the projects promoted within the framework of Debottlenecking are listed below.

1. THIRD TAILINGS THICKENER

This new high-rate thickener is 86 meters in diameter, achieves a discharge density of 62% and aims to optimize tailings density for better disposal and to recover more water in the process. It is scheduled to be completed in 2023 with an estimated investment of USD \$80 million.

2. EXPLORATION CAMPAIGN

In 2021, Sierra Gorda SCM designed and approved the largest brownfield exploration campaign since 2012, with a projected expenditure of USD \$11 Million in 2022. This campaign aims to further investigate ore bodies that have already been found in the Company’s concession area but are yet to be included in its production plan. Additionally, the campaign seeks to find new ore bodies in the vast Sierra Gorda concessions, an area of approximately 7 thousand hectares.

4. Innovation and technology

- Featured projects
- Expande Minería Agreement, seeking solutions for innovation challenges
- Digital transformation



Innovation and technology

Innovation is a key aspect of our foundational pillars and represents an ongoing challenge for Sierra Gorda. We rely on new technologies to become an increasingly more sustainable Company on various fronts: environmental, social and financial. All our productive processes are open to constant improvement.

Some of the issues that we are already working on are improving efficiency in water use, reducing energy consumption, optimizing our operation and increasing the ore to waste ratio. The ensuing reduction in environmental externalities benefits the Company and, at the same time, generates a positive impact on surrounding areas. This is how we conceive responsible work.



Pioneering mining Low grade mining

We are one of the main copper producers in Chile. With an average grade of approximately 0.389% CuT, Sierra Gorda is a sulfide deposit of hydrothermal origin with copper, molybdenum and gold mineralization mainly found in disseminated form and in thin stockwork veins.



Waste rock to mineral ratio challenge

For every truckload of ore, we need to remove four truckloads of waste rock material. Even if the Sierra Gorda mining district presents challenging characteristics, we have achieved excellent results.



Mining Processes



Safety



Innovation



Sustainability



Environment



Corporate Governance



Diversity and Inclusion



Community Relations

Featured projects

By applying both large and/or small innovations, we have achieved excellent results in our processes and operations. Below are some of our feature projects:

1. Renewable energies



As of 2023, the entire energy supply required by our operation will be renewable, a shift that will allow us to stop emitting 1 million tons of CO₂. This was made possible via a long-term power purchase agreement signed with AES Andes.

This agreement provides for an annual consumption of approximately 1,240 GWh, which will be supplied by the generating company's progressively renewable portfolio, which includes hydroelectric, wind, solar and batteries.

+For further information, see chapter on Environmental Management

2. Tailings: salt crust



The bid for efficiency and innovative alternatives is meant to benefit not only the Company, but also the communities. An example of the above is our ongoing investigation to develop a salt crust to cover the tailings deposit.

As an alternative to protecting the tailings with borrow material, a salt crust's high resistance to erosion would prevent the unconsolidated particulate material from being blown away with the wind and affecting the neighboring communities of Sierra Gorda and surrounding areas.

Furthermore, a salt crust has low porosity and low permeability to water and air, and its density is higher than that of the underlying soil.

3. Seawater use



Our efforts are focused on achieving a conscious, optimal use of water. To this end, the Company built the Mejillones-Sierra Gorda aqueduct, which is expected to reach pumping values of over 1,500 liters/second.

This work represents a relevant environmental milestone, as it carries recirculated water that has already been used in the cooling process of the electric turbines in the thermoelectric plant of Mejillones. Our water transport system (STA by its acronym in Spanish) uses seawater.

+For further information, see chapter on Environmental Management

4. HPGR Mills



By using high pressure rollers, High-Pressure Grinding Roller Mills (HPGR) minimize the use of energy and water, and so foster the Company's competitiveness in the copper industry. Sierra Gorda is the sole player to use this technology in Chile.

The use of these mills is also correlated to lower levels of byproducts such as particles and other aggregates. Although HPGR mills are mostly used for hard rock material, they are also capable of refining softer materials such as industrial minerals.

5. Mining 4.0



In recent years, the mining industry has accelerated the implementation of technological solutions to improve its performance in terms of safety and productivity at the lowest possible cost. This process is called Mining 4.0.

In 2021, Sierra Gorda SGSCM signed a contract with the company EPIROC for the automation of its 3 PitViper Diesel Drills (403, 409 and 412), which are part of a 10-piece fleet.

To name this project, the Company launched a contest for workers to submit ideas. The winning entry was *Awatiri*, or shepherd in the local Aymara language. The automation initiative began its implementation in March and works will be ongoing for 12 months.

In 2023 we expect to have three PitViper-351 drills operating independently. The *Awatiri* automation project will improve performance and ensure greater productivity.

Why Awatiri?

Awatiri means shepherd in the Aymara language, which was spoken by Atacama's native people.

For the Aymaras, the *Awatiri* is the person that guides the herds of sheep and llamas in the Andean highlands. For the purposes of the drilling automation project, the operator who controls the drills from the control room becomes an *Awatiri* of sorts, always watching over the safety and productivity of the entire operation.



Expande Minería Agreement, seeking solutions for innovation challenges

Expande Minería is a public-private program designed and implemented by Fundación Chile with the objective of contributing to Chile's economic development by promoting a local industry of technological suppliers for the mining industry, both Chilean and international. By furthering the development of technological capabilities to support a competitive and sustainable mining industry, Expande Minería seeks to produce value for the entire chain surrounding mining operations.

This agreement works by identifying challenges and calling on different market players, both in Chile and abroad, to provide solutions. In 2021, it aimed to find innovative ideas to maintain CAEX tires, foster the use of seawater in the mining industry and advance the online systems used in production processes.

In 2022, the project reviewed and analyzed its performance in terms of creating value.

Digital transformation

At Sierra Gorda, technology is key to optimize our processes and operations, and to keep us connected both internally and externally.

Some of the most recent innovations on this front are:



In human resources, the introduction of an e-learning platform, giving the Company the ability to automate its onboarding process.



Improving the system created to operate during the pandemic.



Improved functions of the *ESTAR conectados* application.



Implementation of the *Habitability 2.0* application, which manages the requirements of various onsite services. Digitalización de carrera de operadoras.



Digitization of operators' careers



Integration of the Power seal of approval in the application.



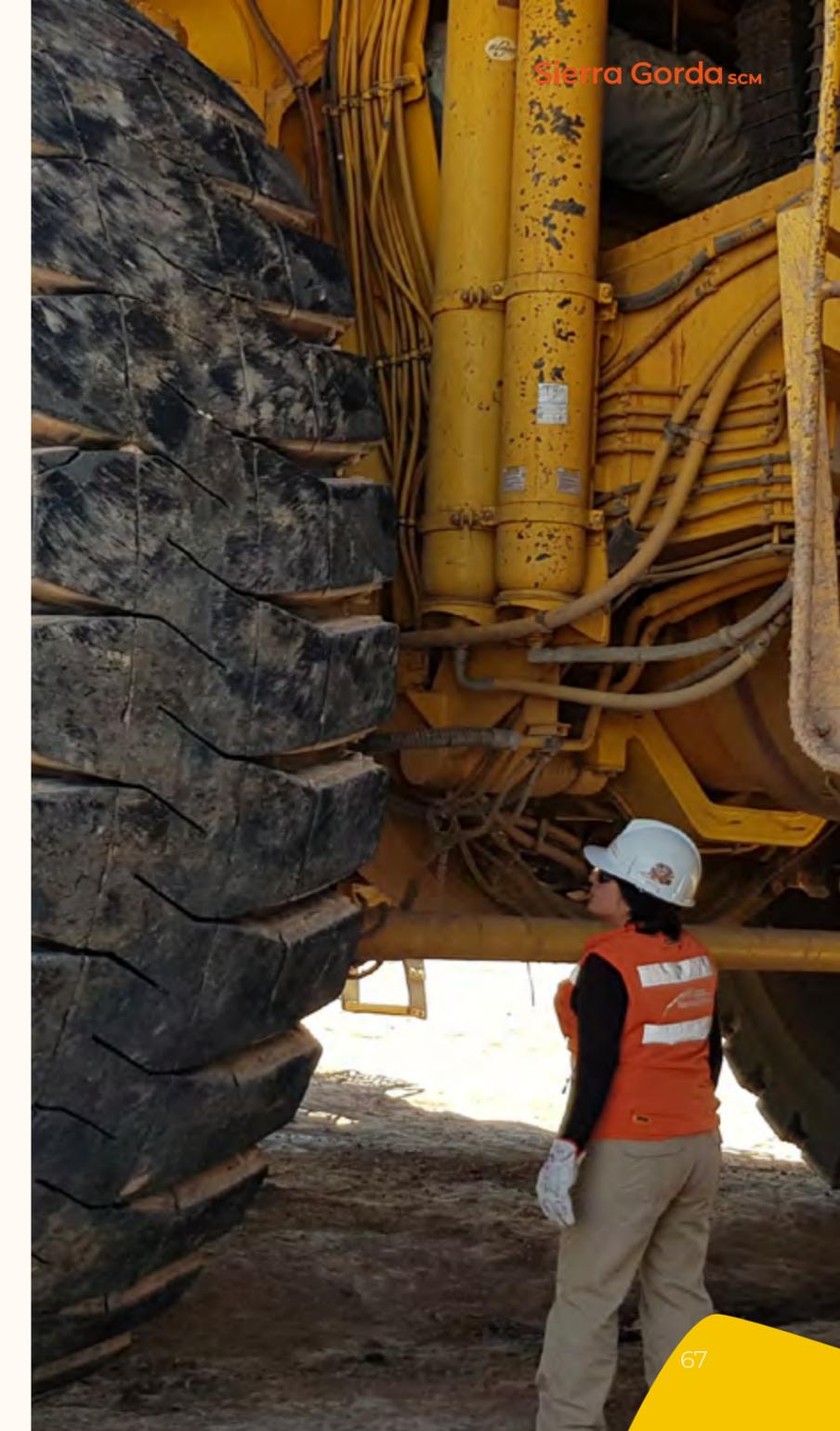
Integrating a shift calendar in the application.



Providing online training.



First edition of *ESTAR en Familia* online, an event that had only been held in hybrid format, so far.



5. Community relations

- Community development programs
- Health and safety
- Education
- Culture
- Quality of life
- Communication channels
- Social investment

Community relations

GRI 413-1 413-2

Sierra Gorda SCM is constantly seeking to establish frank, direct and permanent relationships with our communities, in the understanding that mining generates both positive and negative externalities and that it needs to coexist with other economic activities in a harmonious and sustainable manner.

The work with our neighboring communities and the contributions that the Company makes on this front are based on the Strategic Plan for Community Relations, which in turn is developed by the Fiscal Office, Sustainability and Corporate Affairs, which establishes areas of influence based on:

- > **The proximity to the Sierra Gorda SCM operation.**
- > **The positive and negative externalities of the operation on the inhabitants of that specific territory.**
- > **The ability to positively influence the communities and their quality of life**

Based on the above, the prioritized zones of direct influence of Sierra Gorda SCM are:

- > **Sierra Gorda locality.**
- > **Town of Baquedano.**
- > **Educational and neighborhood communities near the port of Antofagasta.**



The current Community Relations Strategic Plan aims to generate shared value initiatives to improve the quality of life of the communities and strengthen relations between Sierra Gorda SCM and the different stakeholders.

The Communities division manages and aims to consolidate connections with organizations and social leaders that coexist with different aspects of the operation. These are defined as “areas of direct influence”.

In this way, Sierra Gorda promotes associative and multisectoral projects, to advance a culture in which the Company is aware of the role it plays in the environment and within the communities with which it coexists in near proximity.

Community development programs

Our work with the communities is organized into four lines of action within the Strategic Plan for Communities. These fields were updated in 2021:



Each line of action seeks to reflect and respond to the main needs detected in that specific sphere, as well as to the guidelines and objectives of community involvement. Also, Sierra Gorda aims to manage and establish connections with organizations and social leaders that are close to the different areas of the operation, defined as “areas of direct influence”.

The Communities team is responsible for implementing the Strategic Communities Plan and for maintaining direct and permanent contact with stakeholders, community leaders and neighbors in general.

In 2021, in the context of diminishing restrictions associated with the coronavirus pandemic, we gradually resumed our presence and direct work, once again managing to implement community initiatives defined and agreed with our neighbors.



Health and safety

Although the Covid-19 health emergency has reduced its intensity and impact on our communities, Sierra Gorda SCM maintained its commitment to the prevention of the coronavirus, either in association with government entities or working directly with our neighbors.

The Regional Government of Antofagasta invited Sierra Gorda to join the Save Lives roundtable. The Company participated actively and contributed 20,000 paper towels to the Antofagasta Health Service, which were then used in the different health facilities in the region.

In Sierra Gorda, 130 digital thermometers were delivered to local families: in Baquedano, 2,5000 disposable towels, 150 boxes of masks, 300 disinfectant sprays, 1,000 alcohol hand sanitizer bottles and 150 units of disinfectant floor cleaners. The Municipality of this neighboring district received 60 Covid-19 kits (similar to the ones used onsite at Sierra Gorda), 60 boxes of KN 95 masks and 60 white paper coveralls.

Regarding air quality, in May 2021 a group of leaders, neighbors and workers of the Company who live in Sierra Gorda visited the monitoring station that Sierra Gorda SCM has in town, to learn about its operation, warning system, measurements and to have more information to convey to their neighbors.



Education

Sierra Gorda SCM is committed to providing concrete job opportunities for the residents of Sierra Gorda and Baquedano. After listening to the needs of local neighbors, the Company launched its Community Trainee Program in 2016, delivering three versions since then. The Community Trainee Program is a Sierra Gorda SCM initiative that is highly valued by the community.

Its main objective is to provide development tools in mining techniques, so that the beneficiaries can enter the labor market. The program offers theoretical and onsite training for one year, during which the participants receive a market salary and do effective work on 7x7 shifts, just like regular mine operators.

In 2021 Sierra Gorda resumed the third version of the program, which had to be suspended due to the coronavirus pandemic. 13 residents of Sierra Gorda and Baquedano began their practical training, which ended in August 2022 and resulted in 10 residents being hired as Company Operators (07 Mine Operators and 03 Plant Operators).

In addition, with the objective of contributing to the employability of the residents of Sierra Gorda and Baquedano, we conducted a "Security Guard, OS 10" training for 18 people; and a "Concentrator Plant Operator" course, which benefited 15 people.

Also in the educational area, in 2021 we delivered the sixth version of "Better Industry Technicians," a program that is taught at the Don Bosco High School and which could once again be taught in person. This version benefited 200 young people in their last year of high school in Antofagasta. This training initiative is done in partnership with the Antofagasta Industrial Association (AIA) and the National Training and Employment Service (SENCE, by its acronym in Spanish).

In addition, the Company imparted a forklift mechanics and plant maintenance course, which enabled 30 young people from the school to obtain their class D driver's license-enabling them to operate heavy machinery-, and therefore improve their future employability.

Finally, we collaborated with the "Preschool on Wheels" initiative of the Regional Integra Foundation, contributing 40 backpacks with didactic material that went to children in four remote and difficult to access locations in the district of Antofagasta.



Culture

During 2021, we continued to be an active part of the celebration of Miners' Day in the district of Sierra Gorda, a festivity that is commemorated by decorating the streets of the town in lively colors and participating in processions of religious dances dedicated to its patron Saint Lorenzo.

On this occasion, we organized an encounter dedicated to memorializing the festivity, called "Encounters with San Lorenzo," and we participated and contributed to the traditional celebration, as part of the Good Neighbors Roundtable.

The town of Sierra Gorda also celebrates the Virgen de Carmen, a festivity that we also endorse, contributing to its commemoration.

In 2021 we started an ambitious cultural project with the Museum of Calama, called "Touch to See". This initiative seeks to implement an exhibition of the most representative elements of the cultural heritage of northern Chile that is specially designed for visually impaired people, with elements that can be touched and explanations in Braille. In this way, Sierra Gorda seeks to contribute to the integration, education and culture of visually impaired people. The works are in their final phase, and the inauguration is planned for the end of 2022.

Finally, and with the aim of disseminating local culture, the Company commissioned traditional costumes for the *Agrupación Artística y Cultural de Baquedano*, benefiting 20 young people and 20 adults belonging to the organization.



Quality of life

We constantly seek to generate initiatives that improve quality of life for our neighboring communities, supporting and promoting leisure and sports initiatives.

In Sierra Gorda, we contributed with sports equipment for a soccer school, specifically complete sports gear for 30 children.

Senior citizens are an important priority group for our Company. In 2021, we implemented a series of improvements to their social club in Sierra Gorda, offering seniors a better space to get together and engage in their regular activities.

As part of our ongoing work with the Municipality of Sierra Gorda, we supported the celebration of Fiestas Patrias (Chilean Independence Day) in Sierra Gorda and Baquedano, and also provided Christmas gifts for the community children.

In 2021 we resumed the graduation celebrations for the children of Sierra Gorda, contributing with the graduation ceremonies for the local middle and high schools.

During Teletón, a national fundraising event for disabled children, the Company doubled the donation raised by the Sierra Gorda community.

Communication channels

At Sierra Gorda SCM we believe that fluid and open communications strengthen the social and productive wellbeing of our neighbors.

We are part of the Mesa de Buenos Vecinos (Good neighbors Roundtable), made up of the municipality of Sierra Gorda, community representatives and other mining companies operating in the district. This dialogue instance seeks to establish priority issues for the community and to define initiatives to be developed jointly. Beyond developing a workplan for specific projects, this roundtable aims to empower neighbors and local institutions, consolidating the bases of the Company-community relationship.

To facilitate communications with the community, Sierra Gorda has implemented a feedback system for neighbors to contact the Company's Communities team with queries, comments, complaints or compliments via the email comunidades.sg@sgscm.cl. According to the current protocol, all concerns are received and must be answered within 20 days.

During 2021 and through various channels, Sierra Gorda neighbors conveyed 17 compliments and 1 complaint.

Following are other media and platforms created to strengthen the communication with neighbors:



Catabela Community Newsletter: This bimonthly publication seeks to promote the local initiatives supported by the Company, as well as other community activities and undertakings.



Digital platforms: The website www.sgscm.cl is an active means for the community to get in touch with the Company. At the same time, it serves as a sounding board to communicate Sierra Gorda's activities and make other information available, such as air quality reports and job opportunities.

Social investment

GRI 203-1

	2021
Budget for community contributions	USD 188,649
*Community contributions by Internal Management	USD 78,571
Total	USD 267,220

*Training tax exemptions.



6. Our workers

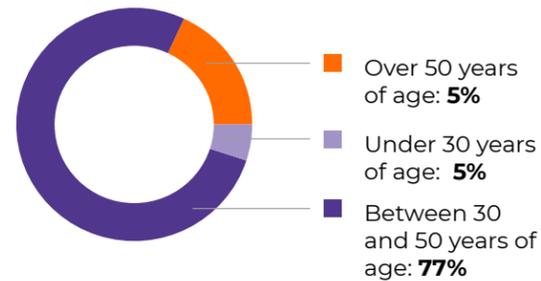
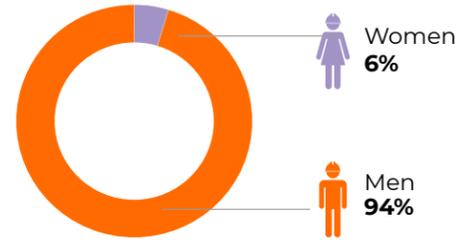
- Workforce
- Local employment
- POWER seal of approval
- Work environment
- Diversity and inclusion
- Talent management: training and development
- Performance management
- Work-life balance
- Collective bargaining
- Occupational health and safety



GRI 2-1

Total workforce:

1,653



Turnover:

8.7%

Total hours of training:

18,184

Workforce GRI 401-1 2-7

Our main asset is our people, and we constantly strive to foster solid relationships based on respect and constant dialogue with our workers. This is the driving force behind the values of Sierra Gorda SCM, which are summarized in the ESTAR pillars. We want to guarantee a safe and encouraging work environment that promotes wellbeing and provides the best possible conditions for the members of our Company to thrive.

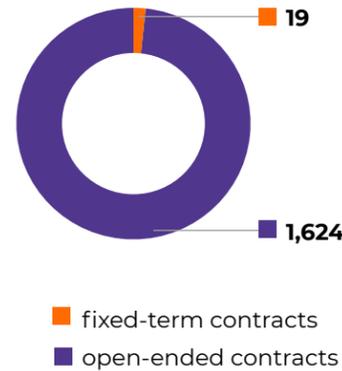
To this end, the Company applies its Human Resources Management Model, through which Sierra Gorda aims to remain connected and in touch with its workforce, to properly identify and address any setbacks or issues that may arise.

Turnover

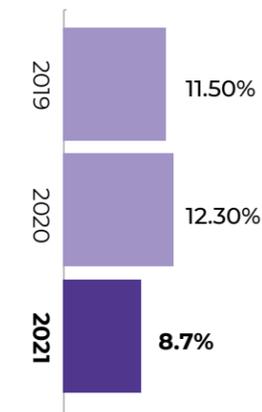
In 2021 there were 179 new hires, 32 women (18%) and 147 men (82%). Over this period, the total number of terminations was 144 (13 women and 131 men), establishing a turnover rate of 8.7%.

As a company, we grant legal severance payments to our employees. In addition, compensation is determined by internal advisors, in accordance with the Compensation Policy. This policy considers the use of an international job evaluation system that allows us to describe, evaluate and value each role within the organization.

Total employees by type of contract



Turnover rate



Local employment

To fulfill our commitment to promote local development, Sierra Gorda has various programs that seek to facilitate the entry into the labor market of the residents of the districts in which we operate.

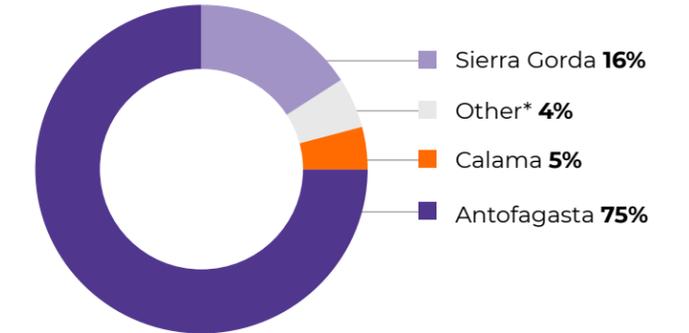
The Sierra Gorda SCM Community Trainee Program is an initiative headed by the divisions of Mine Management and Communities.

Through this initiative, the Company trains residents of the Sierra Gorda community who are interested in different operational activities. This is a one-year immersive program that gives trainees the opportunity to gain one year's worth experience by joining one of our teams.

This program is pioneering in that it does not demand previous mining experience or a license to operate machinery but does require and support participants to obtain it before starting the program. For a year, participants are hired by the Company and earn a market salary, they also integrate into the 7 by 7 shift system that all operators abide by.

In 2021, 13 people were trained in the Sierra Gorda SCM Community Trainee Program.

Percentage of local workers from the Antofagasta Region



*Other districts include María Elena, Baquedano, Taltal, Mejillones and Tocopilla.

“Participating in the trainee program has made me feel useful. I feel part of something and, as a woman, it is very fulfilling to have a job and to know that I can also grow and develop in this world. I feel that I am moving forward and that I have much more to give, It's been great. Where there is a will, there is a way.

The program provides all the tools and the only thing for us to do is to give it a try, to make the most of this opportunity”. Fabiola Orellana, a neighbor of the Sierra Gorda district entered the program in August 2021. Currently, she works at the mine. After completing the program, she now holds an operational position.

POWER seal of approval

At our Company we seek to generate open-ended conversations, in a quest to enhance and share our leadership abilities. Sierra Gorda people are our greatest asset, their strength and capabilities are at the core of all achievements that we as a company have been able to accomplish.

The POWER seal of approval-or *PODER*, which is the Spanish word por Power-, unifies and contextualizes the energy we need to achieve our strategic objectives, while always relying on our values and our approach to mining.



This seal identifies us and drives us to continue moving forward, always striving to reinforce our Company culture.

The POWER seal of approval mobilizes our teams by identifying the behaviors and the way we strive to work to achieve success. It looks to enhance collective and individual capabilities and is in line with our core principles.



Work environment

In 2021, the Company resumed its Organizational Climate Measurement Survey, after having to suspend it due to the pandemic and ensuing restrictions. The survey, which came back under the motto “Because you matter”, was enthusiastically received by workers. Not only did the study reach an important participation rate, but workers also used it to communicate their degree of satisfaction with different dimensions that are part of our ESTAR culture.

The survey is anonymous, and it measures each worker’s evaluation regarding 14 dimensions, which are categorized as follows::



75.9% participation in 2021.

77.4% was the average result of all the dimensions evaluated



1. Communication:

It indicates the extent to which employees perceive that they are made aware of relevant information regarding the Company and how they value their ability to communicate with higher ups.



4. Indirect leadership:

Workers’ perceptions of leadership, supervision style, competence and how they perceive other team members.



7. Safety:

Indicates how employees perceive the Company’s standards in relation to safety practices and conditions in the work environment.



2. Teamwork:

Perception of the extent to which the different functional units of the Company communicate and are aligned around the same guidelines and objectives.



5. Direct leadership:

Workers’ perceptions of leadership, supervisory style, competence and how they perceive their direct superior.



8. Professional development:

Evaluates the perception that workers have regarding development opportunities and how they perceive the Company regarding its involvement with the advancement of people.



3. Identity:

The sense of belonging to the Company and the feeling of shared objectives between workers and the organization.



6. Relationships

Workers’ perceptions of the quality of work relationships and environment.



9. Diversity and inclusion:

Gauges whether workers perceive that the Company provides an environment in which all people are treated with respect, regardless of individual differences.



10. Compensation and benefits:

Indicates the workers’ perception of the benefits, relevance and clarity of the compensation received according to the position they hold, and in comparison, with other organizations.



12. Structure:

Workers’ perceptions around the clarity of their roles and the impact that the organization’s procedures have on easing functions, efficiency, speed and organization of the workload.



14. Commitment:

Positive psychological state characterized by a feeling of vigor, dedication and concentration at work, present in workers with high commitment to achieving results.



11. Recognition:

Evaluates the perception of workers regarding the existence of a culture of recognition within the organization.



13. Intention of staying:

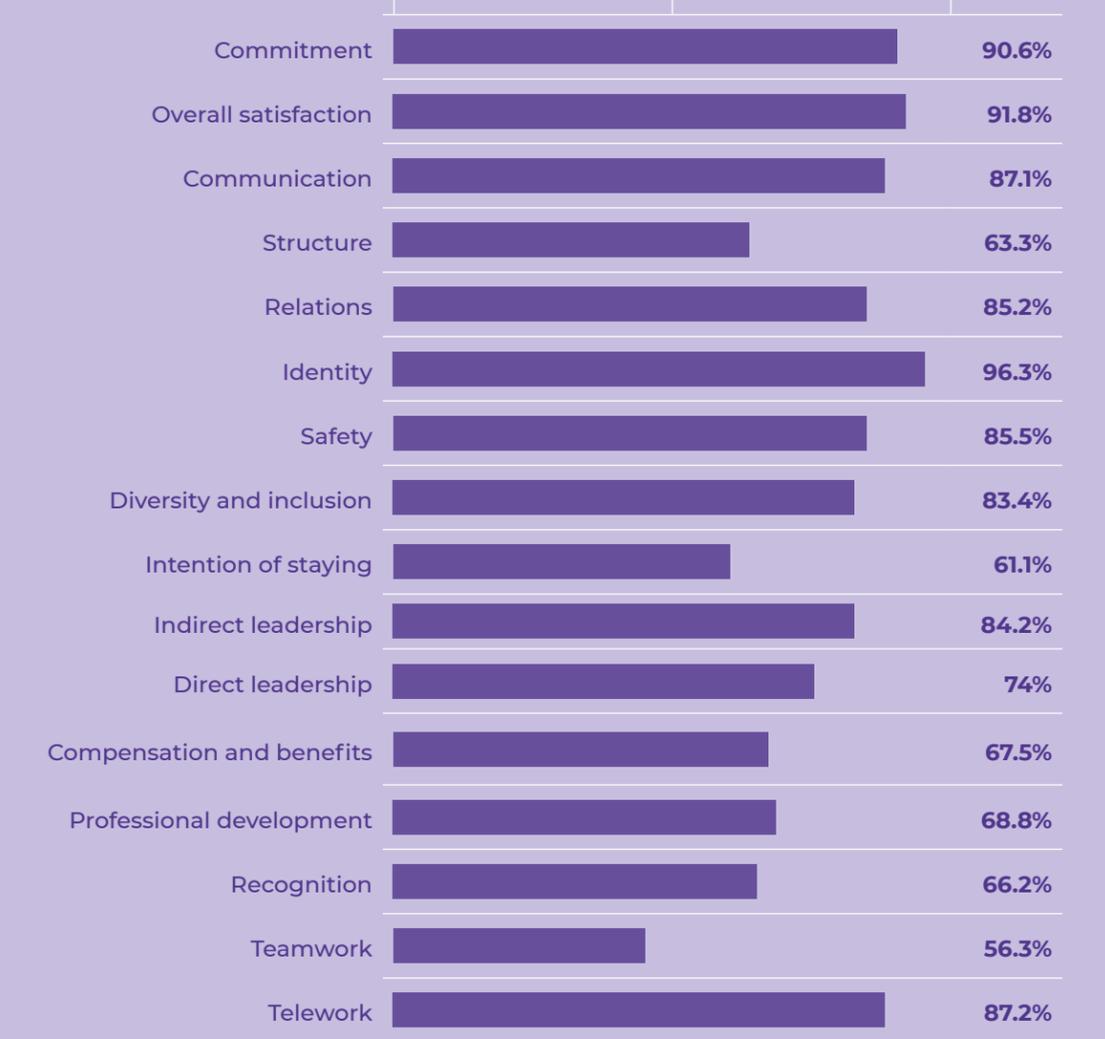
Intention of remaining in the current position or organization in the near future. Good predictor of turnover.



15. Satisfaction:

Overall level of satisfaction with the Company.

The results in 2021 were as follows:



This instance will allow us to continue working on improving opportunities and action plans to make our Company a better ESTAR place.

Diversity and inclusion

GRI 405-1

En Sierra Gorda SCM continuamos impulsando el reto organizacional de gestión de personas con miras a mejorar el liderazgo que ejercemos en ellas.

Our **Diversity and Inclusion Strategy** establishes four priority areas:

Gender diversity: We have the challenge of increasing our female workforce, which has remained stationary over recent years.

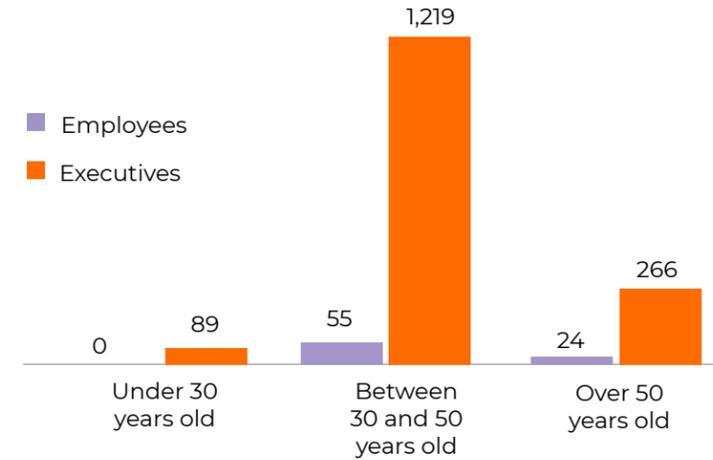
People with Disabilities: We need to prepare our culture and facilities. In 2018 the government passed the Law 21.015, which establishes that at least 1% of a company's workforce must correspond to People with Disabilities.

Multiculturality: We have 11 cultures that coexist in our organization, which poses both a challenge and an opportunity to manage and harness such a diverse workplace.

Intergenerationality: The age average of our workers is 42; our goal is to incorporate both young and experienced workers.

Diversity Indicators

Diversity of directors and executives



Breakdown by gender



In 2021, a total of 16 Sierra Gorda SCM employees were Persons with Disabilities (PwD), which represented 1% of the total workforce.

DIVERSITY AND INCLUSION POLICY SIERRA GORDA SCM

The Diversity and Inclusion Policy lays the foundations to build a corporate culture that is aware of the value of diversity. It establishes the guidelines that ensure responsible management of teams, where respect and non-discrimination prevail, differences are valued, and the entire Company is prompted to engage in strengthening inclusive actions.

Statements:

- For Sierra Gorda SCM, respect for Diversity and Inclusion is an organizational commitment prompting us to value and respect individual differences, fostering a work environment that grants opportunities and space to all people, and building an organization that has the ability to access, develop and retain the best talent.
- We understand that respect and trust are essential to ensure violence-free spaces in all the Company's activities and processes. Therefore, any type of discrimination is absolutely forbidden.

We manage inclusion by designing and implementing processes that deactivate and prevent any potential barriers to the proper incorporation and performance of all people within our teams. We actively strengthen structures and processes that make underrepresented groups visible, and ease their access, ensuring that the only relevant consideration in our recruitment and promotion processes is professional merit and individual performance.

- To monitor the effectiveness of this Policy in the short and medium term, we set clear objectives and define processes to strengthen our organizational culture so that it promotes the sustained development of all workers, based on people and ESTAR values.
- We believe that strengthening our commitment to diversity and inclusion represents an important contribution towards building a more inclusive society. We believe that by inspiring our workers, their families, contractors, clients and the community in which we operate, we will make Sierra Gorda SCM a better and more sustainable company, the mining industry a better industry and Chile, a better country.



Talent management: training and development

GRI 404-1 404-2

A fundamental part of our corporate culture is to offer our employees ongoing training, which we encourage and promote through various initiatives aimed at updating their knowledge and providing them with new and updated work tools and skills.

The uncertainty of the Covid-19 health crisis affected our ability to deliver on this goal, so we had to reduce training during the first semester of 2021. Under these circumstances, our focus was on prioritizing care and prevention, and on favoring online platforms to continue training our workers.

The second semester brought with it the renewed possibility of onsite meetings, albeit with limits to the amount of people and other restrictions that required adapting the spaces so that face-to-face training could restart. As the pandemic restrictions decreased, training hours increased. The only exception are operators and maintenance roles, due to operational restrictions on their availability. .



Strengthening the Sierra Gorda SCM Academy



This is a knowledge management platform that offers asynchronous courses organized in a network model for different roles, and transversal content for all employees. There are 30 courses in different technical areas, which include evaluations and certificates of completion.



Name of the program	Description	Number of workers benefited in 2021
ESTAR training programs	Training for all Sierra Gorda SCM workers.	70
ESTAR training programs for leaders	Training program for workers with leadership potential	42
Yearly training plan	According to the training needs identified in each management team.	240
Seminars and conferences	Training activities aimed at specific managers, involving cutting-edge issues and innovation in mining processes.	6
Certified courses	Training activities aimed at management teams of specific processes.	3
Yearly training plan for operators and maintenance personnel	Training in general knowledge subjects	206
Career development program	Training plans designed to close gaps in the knowledge required for a certain position.	173
Critical equipment accreditation for operators and maintenance personnel	Training on Company safety procedures.	160
Updating of security procedures	Updating training for the operation of critical equipment.	0
Trainee program	Trainings for apprentices and operators	13
Community empowerment programs (pre-contracts and social grants)	Training in occupational trades	103

Performance management

GRI 404-3

At Sierra Gorda SCM we strive to enhance the individual performance of our employees, encouraging them to develop their full potential and grow with us. Providing constructive performance feedback is critical to this end. In 2021, 100% of the Company's employees received an annual evaluation.

To standardize this process, we developed a Performance Management System, which consists of the five key stages detailed below:



PERFORMANCE MANAGEMENT SYSTEM

Sierra Gorda SCM



Regarding goal setting, we prepare an **individual performance agreement** for each worker participating in the Performance Management cycle. This document details the objectives that the employee has for the coming term, on whose completion he or she will be held accountable. The agreement includes both **Goals** (60%) and **Leadership Behavior** (40%):



60%

Goals are the **objectives agreed upon** by the worker and his/her direct supervisor and aim to make each person's work relevant in terms of the Company's objectives. .



40%

Leadership Behaviors are defined as the organizational capabilities that are grouped under the POWER seal of approval, and which seek to align the actions of all the people in the organization and foster teamwork.

Work-life balance

GRI 401-2 401-3

Sierra Gorda considers that promoting work-life balance is fundamental, as we believe it is crucial to achieving overall success, both in terms of each person's personal life and as a company. To this end, we have implemented the following initiatives:

	Benefits (*)	Description	Benefit coverage
	Life insurance	(% of full-time employees)	100%
	Disability coverage	Included in Company insurance	100%
	Parental leave	Legal	100%

(*) Includes all benefits contemplated in the law.



In 2021, 0.1% of our total workforce took parental leave, 100% of whom were women. Of these, 10% returned to work at the end of the leave period and 100% were still employed 12 months after returning to work.

Actions to promote quality of life 2021	Description of policy, commitment or initiatives
Flexible working hours	The staff of the Antofagasta and Santiago offices have 4 alternative schedules per year, giving them the possibility of choosing the one that works best for them.
Remote work	Currently, around 150 people are operating remotely, in teleworking mode.
Childcare facilities (or contributions)	The Company grants a bonus of 12 UF per month (US \$450 approx.) for workers with preschool children.
Maternity leave with pay (above the minimum legal requirement)	In the case of pre- and post-natal parental leave and allowances, including post-natal maternal leave, the Company will pay the difference between the allowance granted by the social security agency involved and the employee's remuneration, for up to 5 months.
Paid paternal leave (above the minimum legal requirement)	In the case of pre- and post-natal parental leave and allowances, including post-natal paternal leave, the Company will pay the difference between the allowance granted by the social security agency involved and the employee's remuneration, for up to 5 months.

Family ESTAR

ESTAR en familia (Family ESTAR) is a program based on the values and culture of Sierra Gorda SCM, with the specific goal of strengthening engagement and contributing to the quality of life of workers, both of Sierra Gorda and of contractor companies. The 2021 version brought employees and their families together.

The 2021 Family ESTAR had to be carried out online and included feature talks delivered by different speakers, as well as recreational activities to bring the family together around different topics.

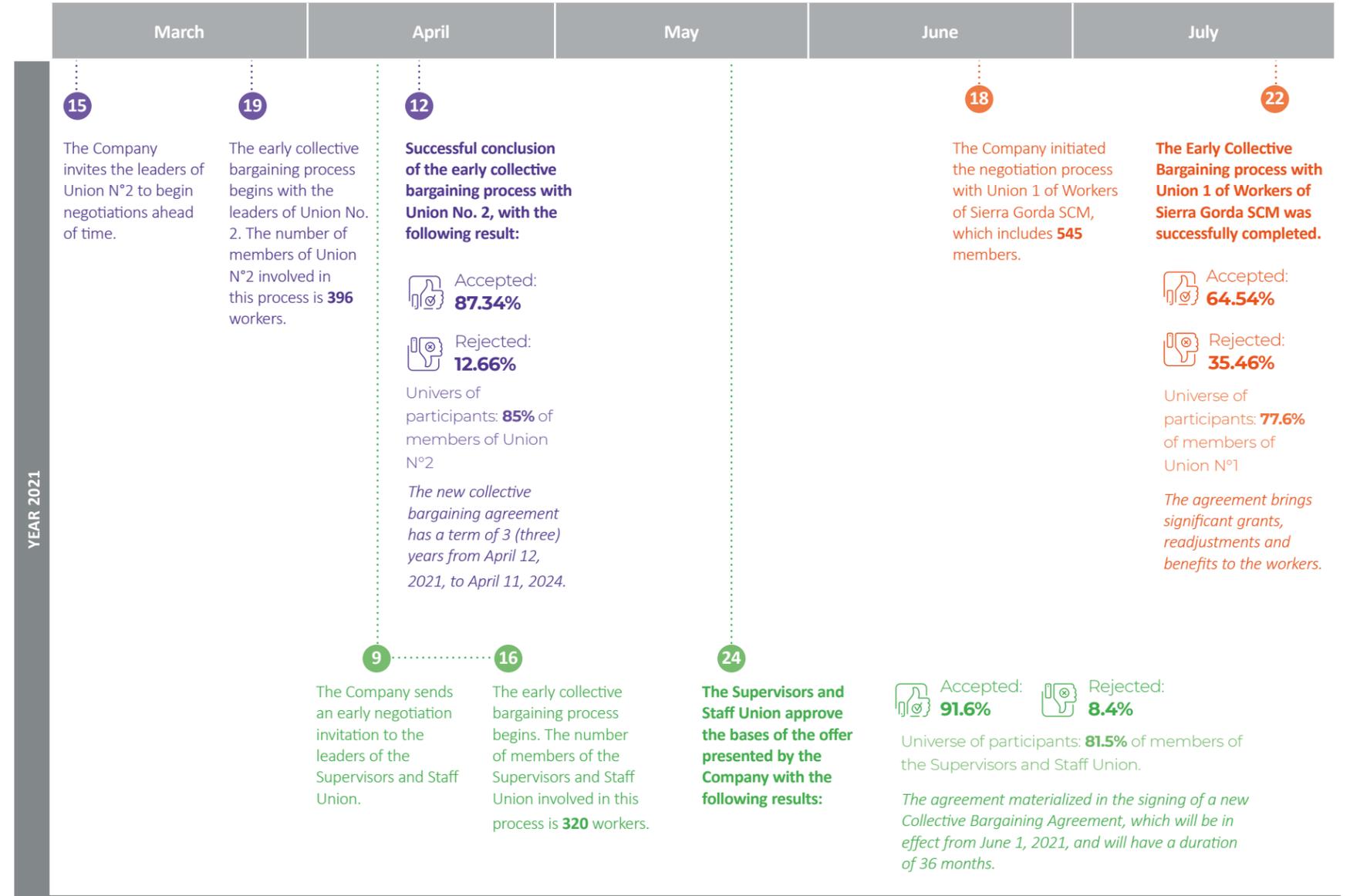
For example, there was a talk on "Mental health in times of pandemic"; a painting contest for children with a "national holiday" theme; a talk on autism and Asperger's; a bingo and a Christmas show, among others.

GRI 2-30

Collective bargaining

In 2021, Sierra Gorda SCM engaged in three collective bargaining processes with its unions. All negotiations were conducted in an atmosphere of respect, constructive dialogue and openness to understand each other's points of view, demonstrating once again that better agreements can be reached when all sides come together as a team, aiming for the solution that works best for the common good and the peace of mind of workers and their families, and considering the difficult times we are going through due to the pandemic and its aftermath, a situation that affects Chile as much as the rest of the world.

The process was completed successfully and was characterized by a good environment and the mutual commitment to take care of Sierra Gorda SCM, maintain operational continuity in these complex times and continue fighting together to achieve the objectives for 2021 and beyond.



Negotiation Process 1



Negotiation Process 2



Negotiation Process 3

Occupational health and safety

GRI 403-1 403-7 403-10 403-6

The Integrated Management System of Sierra Gorda SCM, standardizes the elements and requirements pertinent to Health, Safety, Environment and other risks that are inherent to the Company’s operation, which in turn serves as a blueprint and reference point for Company plans and programs. Based on legal and corporate requirements, management defines the corresponding actions according to the facts on the ground and our operational environment, assigning responsibilities and drafting performance agreements.

This system incorporates a philosophy of continuous improvement on risk management and is based on the Company’s Health, Safety and Environment Policy and its Values, both of which are central to our identity. We strive to meet our fundamental commitment to sustainable development through effective management and by achieving each area’s goals.

Each Vice Presidency and management area designates the person responsible for establishing, implementing and maintaining its field of the Integrated Management System. In turn, he/she reports on the operation to Management, for review and continuous improvement purposes.

In 2021, the number and rate of deaths resulting from a work-related injury or work-related illness was zero.

Sierra Gorda SCM’s Integrated Management System (IMS SG), articulates corporate, legal and local requirements and the guidelines put forth by the Owners’ Council to:

-  **Protect the health and safety of our people (employees, contractors, suppliers, and visits, among others).**
-  **Respect and protect the environment and the communities that coexist with our operations.**
-  **Develop our business activities in an efficient and sustainable manner.**
-  **Maintain our license to operate.**

The Integrated Management System covers all operational services and facilities in the area where the mine and plants are located. Additionally, it covers all Sierra Gorda SCM activities and applies to all Sierra Gorda SCM contractors that qualify as controlled companies. Likewise, it covers all Company investment projects.

The elements and functions of the Integrated Management System of Sierra Gorda SCM run the entire spectrum of hierarchical levels within the organization, from operational roles to the higher echelons, who are responsible

for leading the implementation of the system and keeping it aligned with the Company’s goals and objectives. Its current configuration is:

Improving the Integrated Management System could entail the enhancement of all its constutive elements or simply addressing a specific deficiency as shown in the following figure.



Referencias

The system has been implemented based on recognized risk management standards and/or management guidelines, according to the following list of standards/guidelines.

- D.S. No. 76, Ministry of Labor and Social Security, regulation for the application of Article 66 Bis of Law No. 16,744, on occupational safety and health management in the indicated works, tasks or services.
- D.S. No. 132, Ministry of Mining, Mining Safety Regulation.
- Procedure, Identification, Evaluation and Control of Risks / SG-GSSM-PRG-001.
- Procedure and Management of Change / SG-GSSM-PRG-002.
- Procedure, Objectives, Goals and Programs / SG-GSSM-PRG-003 G.06.
- Procedure, Management Review / SG-GSSM-PRG-004.
- Procedure, Competence, Training and Awareness / SG-GSSM-PRG-005.
- Procedure, Legal and Other Requirements / SG-GSSM-PRG-006.
- Procedure and Operational Control / SG-GSSM-PRG-007.
- Procedure and Emergency Systems / SG-GSSM-PRG-008.
- Procedure and Internal Communications / SG-GSSM-PRG-009.
- Procedure, Documentation, Records and Control / SG-GSSM-PRG-010.
- Procedure, Audits and Monitoring / SG-GSSM-PRG-011.
- Procedure, Incident Investigation and Learning / SG-GSSM-PRG-012.
- Procedure, Follow-up and Performance Measurement / SG-GSSM-PRG-013.

GRI 403-8

Sierra Gorda SCM applies an occupational health and safety management system that is based on legal requirements, standards and regulatory guidelines. **This is an umbrella system that covers all Company employees.**



Risk identification

GRI 403-2

Operations in the Process area of Sierra Gorda SCM entail an inherent risk due to the interaction of personnel with equipment, systems and devices with high energy potential. If these aspects are improperly controlled, they can generate events that could be hazardous to people, facilities and the environment.

Embedded in the continuous improvement cycle, the HSE risk management process is composed of four phases:

	Onboarding course for new employees
Contractors	22,068
Sierra Gorda SCM	2,859
Total	24,927



The proper drafting or updating of inventories require a specially appointed multidisciplinary team of specific area experts and risk prevention advisors and risk management engineers, all duly trained in this procedure.

Sierra Gorda SCM uses the **ESTOY Seguro** tool, which guides workers conducting risk assessments, to ensure that they duly identify, evaluate and control the hazards that occur before, during and after the task or activity at hand.

The process of risk analysis that workers are required to do is composed of four phases:



Stop: The worker(s) stop(s) to check environmental conditions that could unravel in an undesired event.



Evaluate: The worker(s) review(s) behaviors and work environment conditions to identify hazards that may injure workers, damage equipment, or impact the environment or process at hand (See Annex N1).



Control: The worker(s) implement(s) the necessary measures to correct the detected deviations that occur “before, during or after” the task or activity involved.



Operate: The worker(s) begin(s) to execute his or her task or activity now that risks are under control. The worker(s) are still required to keep monitoring changes in the environment that could demand further actions.

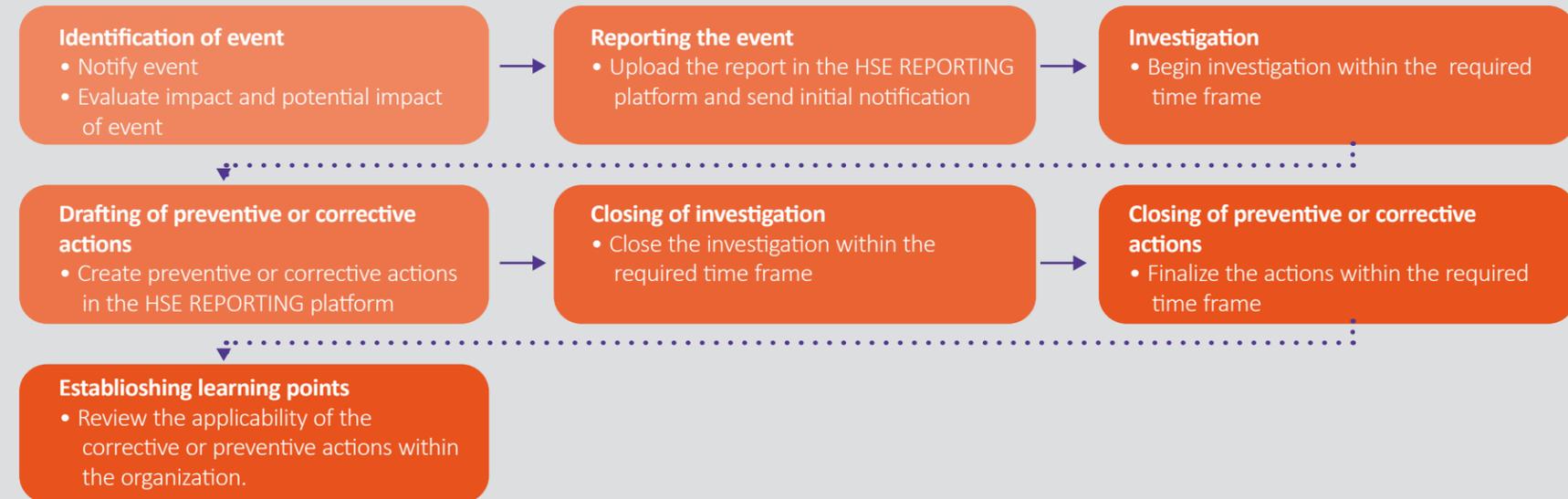
Conditions that require to update the inventory of hazardous materials:

- Occurrence of a high potential accident (according to the Chilean legislation or to the evaluation of the incident).
- Changes in processes, tasks or services.
- As a result of corrective actions defined in incident investigations.
- As a result of corrective actions defined in audits.
- Changes in legislation that affect the risk assessment associated to inventories.
- As a result of requirements made by supervisory authorities.

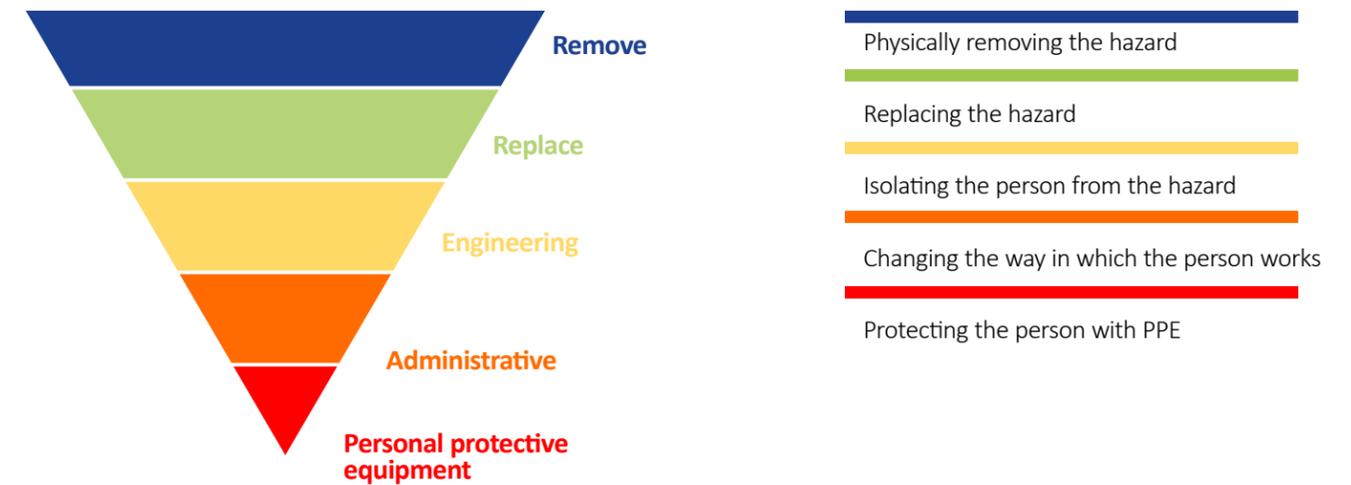
The objective of Sierra Gorda SCM is to implement a culture that strives for zero repetition. This requires that all incidents to people and high potential events that affect the normal operation of the Company are investigated according to high-quality standards, allowing for the implementation of immediate corrective, preventive and effective actions. The ensuing learning points are to be shared with internal and external stakeholders, as applicable.

When an incident occurs in Sierra Gorda SCM, the ensuing investigation is a process through which information is collected, data is validated according to a causal model, the direct and root causes of the incident are identified, and then recommendations and control solutions are determined. This thorough process involves four stages: report, investigation, preventive or corrective actions and learning from events.

The following flow chart is a representation of the research process:



The corrective and preventive actions should be applied according to the Risk Control Hierarchy, always prioritizing the implementation of actions in the following order: eliminate, replace, engineering, manage and personal protective equipment. The following chart shows the correct application of the control hierarchy.



Internal communication process

GRI 403-3 403-6

At Sierra Gorda SCM we always have open and transparent communication channels for health, safety and environmental issues. These allow us to inform and consult, with the aim of maintaining effective and permanent collaboration with the different stakeholders, both internal and external. To this end, the Company has identified the optimal and most effective formal means, as applicable to each interest group.

The processes of participation, consultation and communication of relevant information on occupational health, safety and environmental issues are as follows:

- **Zero Harm meetings in person and online.**
- **How are we doing? meetings in person and online.**
- **Operational meetings in person and online.**
- **Safety meetings in person and online.**
- **Corporate mails and newsletter.**

- **“ESTAR conectados” app.**
- **Leaders that are visible and well-known.**
- **Safety walks.**
- **Joint Health and Safety Committee SGSCM - onsite.**

Participative management of workers and contractors in Sierra Gorda SCM is based on the use of communication channels, facilitating initiatives for improvements in health, safety and environmental issues, considering creative inputs at all levels of the organization and concretizing them in innovation initiatives, i.e., improving a process, performance or risk management guideline.

Participative management concepts

Visible leadership	Safety meetings	Zero harm meetings	Safety walks	Joint Health and Safety Committee SGSCM - onsite	How are we doing? meetings
The process by which the executive committee, managers, superintendents, and contractors meet the workers to go over the main issues concerning their health and safety or the environment.	An internal meeting used to inform the general progress of risk management in the Company, report the results of investigations of high potential incidents or the progress of focused leadership programs on the ground. Other objectives that could be relevant: conveying learning points after incidents or findings, finalizing action plans and informing on the progress of the hygiene or occupational health program and the environmental management program.	Communication processes with the entire organization and its contractors, which seek to convey the main accident indicators, plans to improve health, safety and environmental management in contractor companies and share experiences or good practices applied by specific management units or contractor companies.	This is an opportunity to discuss the main aspects of workers' health, safety or the environment, reinforcing the positive aspects and, if necessary, constructively addressing unsafe behaviors or conducts when observed.	Technical participation instance between Sierra Gorda SCM and its workers, to detect and evaluate the risks of accidents and other occupational hazards. The committee includes the participation of representatives of the workers and the Organization. A commission of contractor companies also takes part in this effort, which is now called the Worksite Joint Committee.	An internal communication addressed to all SGSCM workers, covering topics such as the strides the Company has made in the completion of its objectives in terms of safety, production and the recognition of workers



Onboarding for new SGSCM employees and contractors

Sierra Gorda SCM has a streamlined onboarding process that all new employees of the Company or contractors go through. An external company delivers this process under the guidelines of the Health, Safety and Environment Management.

Training

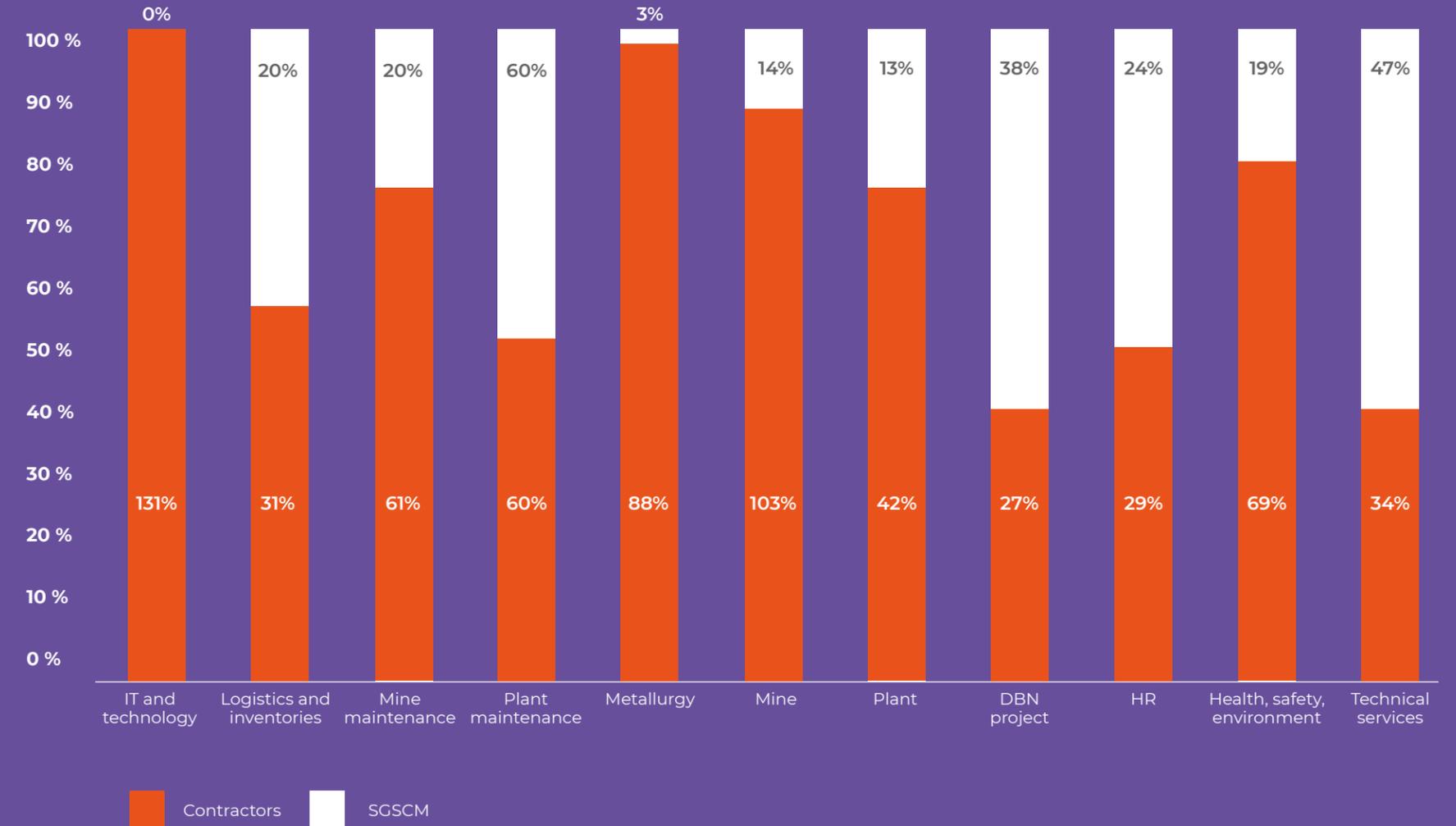
GRI 403-5

knowledge in risk management, developing attendees' skills and providing them with tools to tackle associated risks and situations be it within the Company or elsewhere.

This model's strategic view brings together critical works, occupational health and environmental management. To this end, the Company identifies the operational processes that present important levels of variability, and from this starting point, tools are devised to train workers and improve results.

To deepen the hold that the Company's safety culture has on the ground, during 2021 Minera Sierra Gorda SCM carried out the following training programs for Company workers and contractor employees:

% of SGSCM and associated contractors' trained personnel



Material risks

GRI 403-2

Our priority number one is the health and safety of people, so we are concerned with identifying and managing material risks to ensure that workers, contractors and our neighboring communities remain safe and healthy.

Material fatality risks are those that can cause one or more fatalities in our operations. To manage them, the organization applies a process to identify the risk, define critical controls and verify their correct implementation in the field. In 2021, we carried out a relaunch of the measures pertaining to material risks. Some of this process' highlights are listed below:

- 1. Each of the 13 material risks is assigned a Company managing counterpart, who is entrusted with leading the situation.**
- 2. Survey of 55 critical controls validated by the Owners' Council.**
- 3. Drafting 14 safety instructions that were validated by the managers of each onsite material risk.**
- 4. Training of workers on material risks in 2020, completed by 369 Sierra Gorda SCM employees and 1,651 ascribed to contractors.**



7. Environmental management

- Strategy
- Regulatory compliance
- Water efficiency
- Air quality
- Clean Production Agreement (CPA)
- Energy and Greenhouse Gases (GHG)
- Waste management

Strategy

Environmental risks and their management are a fundamental part of our concerns and priorities. Sierra Gorda SCM actively engages in minimizing the impact its operations have on the environment and mitigating it as required.

This is achieved through an environmental strategy that begins with an exhaustive survey of the information and data needed to recognize and control potential environmental impacts, always considering the commitments that the Company has acquired, and the legal requirements that apply to our operation.

Our work focuses mainly on the following issues:

- ▶ Air quality.
- ▶ Management of waste products and hazardous substances.
- ▶ Management of archaeological heritage sites.
- ▶ Water management.
- ▶ Rescue of fauna.

2021 Milestones

- ▶ Complete clean-up of the domestic waste storage site, after fire.
- ▶ New restrooms were installed in the logistics and inventory warehouse, Tragal truck parking area, concentrate plant and Mejillones stations PS1 and PS2.
- ▶ New hazardous waste yard for truck shop.
- ▶ Creation of the first network for Energy Efficiency and Emission Reduction in Mining in Chile, which brings together 14 small, medium and large companies in the industry, including KGHM CHILE.

Regulatory compliance

Compliance with environmental standards and regulatory frameworks is essential to all Company operation processes.

Sierra Gorda SCM strives to be accountable for the externalities caused by our mining operation. To this end, we apply a Sustainability Policy that aims to mitigate and/or minimize unfavorable environmental impacts, practicing a proactive, responsible and transparent culture.

We also seek to extend this commitment throughout the value chain, subscribing to the Equator Principles and the World Bank guidelines. Furthermore, we manage and comply with environmental commitments by uploading all relevant information to the website of the Superintendency of the Environment. As a result, Sierra Gorda SCM closed the 2021 period with no environmental sanction processes.



Water efficiency

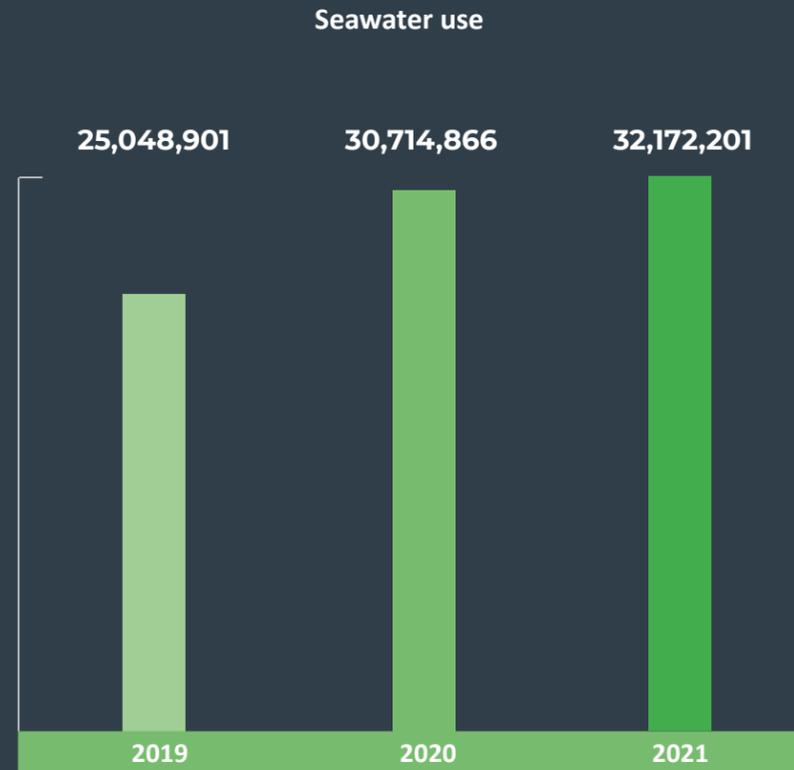
GRI 303-1 303-3

Water resources are indispensable for human existence and the development of communities. Therefore, these resources demand to be used and managed with the utmost responsibility, especially considering the local context of water scarcity that has been worsening in Chile, particularly in the Antofagasta Region and its immediate surroundings.

Taking this into consideration, Sierra Gorda SCM has been supplying its site with reused seawater since the beginning of operations. This water reaches the mine after cooling a thermoelectric plant in Mejillones. The process begins with a water transport system (WTS), which extracts the water by pumping it at over 1,389 liters/second. The water then runs through a 143 km long aqueduct that flows into the seawater storage pool at the site. The pumping system is designed to supply a maximum flow of 1,500 liters/second of water.

The seawater is used for practically all the operation's processes, except for human consumption and certain specific activities, and is desalinated in the reverse osmosis plant.

The following graph details the extraction of seawater during the reported period.



Air quality

The particulate matter emitted by our operation is a priority issue both for the community and our Company. On this front we use protocols that are aligned with environmental regulations, and a monitoring system that up to industry standards.

Therefore, we engage in an ongoing process to monitor air quality and publish monthly reports to keep our stakeholders updated. The main communication platform on this issue is the Minera Sierra Gorda SCM Air Quality Monitoring Web portal.

As for blasting processes, which are planned detonations that fragment the rock, we carry them out in observation of exacting protocols. For each case, we monitor exhaustively the possible effects that this operation may cause on air quality and the emission of particulate matter and wait for specific atmospheric conditions so that the procedure can be done while minimizing environmental impacts. To determine the most favorable conditions and schedule the blastings, Sierra Gorda uses information derived from the various monitoring stations. This is complemented with a strict procedure that includes actions to be taken in case of adverse weather events, such as rainfall or windstorms, and direct communication channels with community stakeholders.

Management measures for particulate matter:

-  Implementation of a meteorological forecast model
-  Monitoring of meteorological variables
-  Humidification of roads and worksites.
-  Blasting postponement protocol

Mining-logistics Clean Production Agreement (CPA) for Antofagasta Port

During 2021, the mining-logistics Clean Production Agreement (CPA) for the Port of Antofagasta maintained its certification for all its facilities. The agreement began its implementation in 2016.

The CPA has become one of the most successful agreements of this kind in Chile. It includes productive and environmental management strategies and puts forth specific goals and actions to be carried out within a specific timeframe.

The certification has encouraged several improvements, including the use of technological alternatives to tarp-covered trucks, such as tipping containers or trucks fitted with automated hermetically sealed hoppers, which prevent the filtration of concentrate during transportation. This technology was developed by a local supplier.

100% compliance with the commitments of the Mining-Logistics Clean Production Agreement (CPA) for the Port of Antofagasta.

Three audits have been carried out in the Company over the period that this CPA has been active. These enquiries confirm that we have met all our objectives and commitments. Some of the Company divisions that have worked jointly towards this achievement are the Vice-Presidency of Human Resources, Superintendence of Quality Assurance and Laboratory, and Superintendence of Staff Services, all of them led by the Fiscal Office, Sustainability and Corporate Affairs.

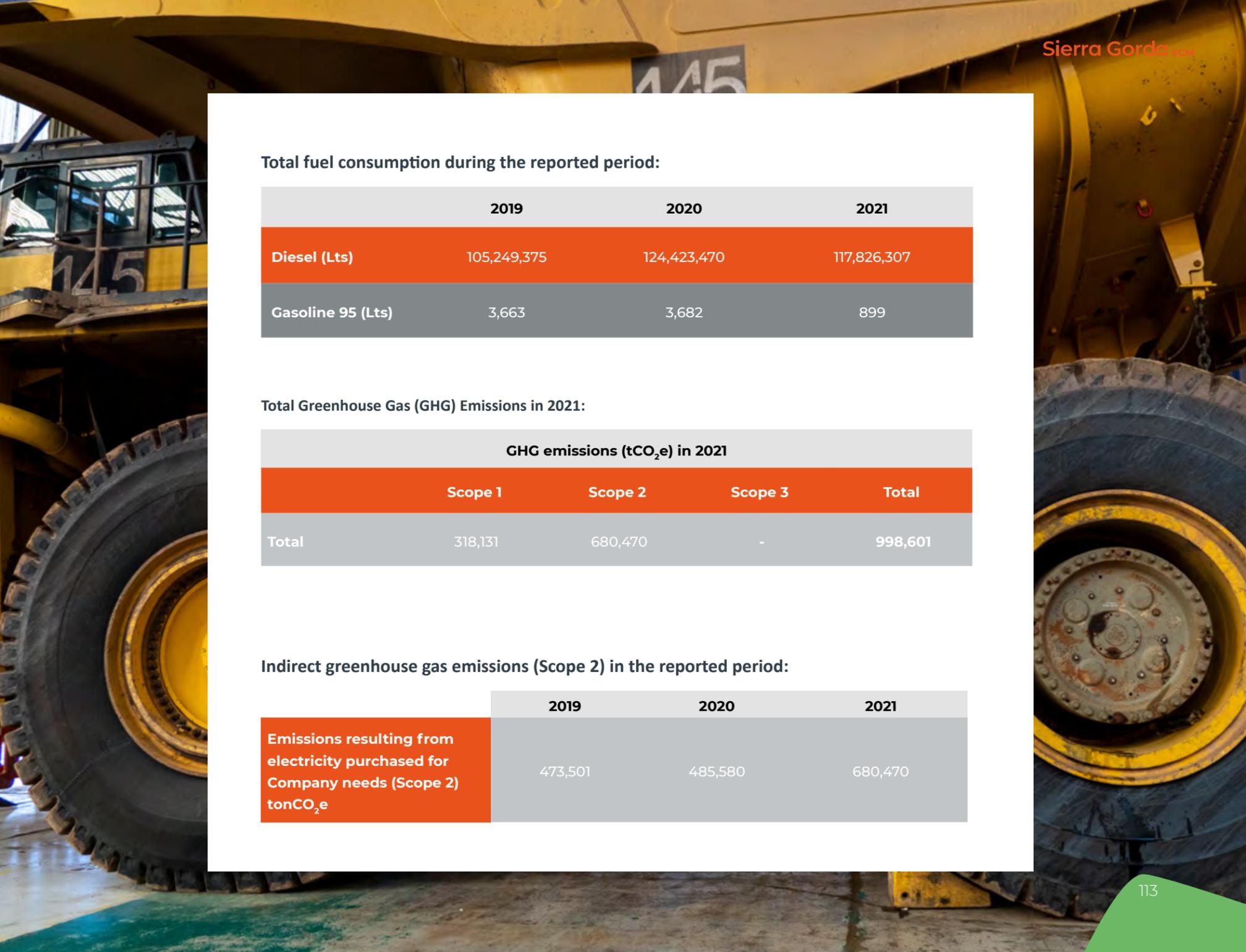
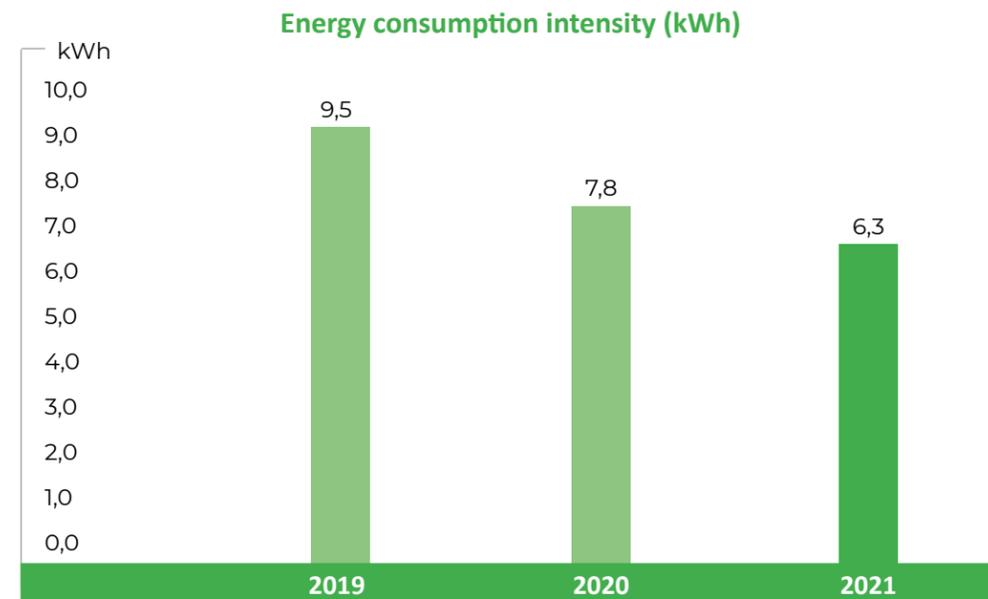
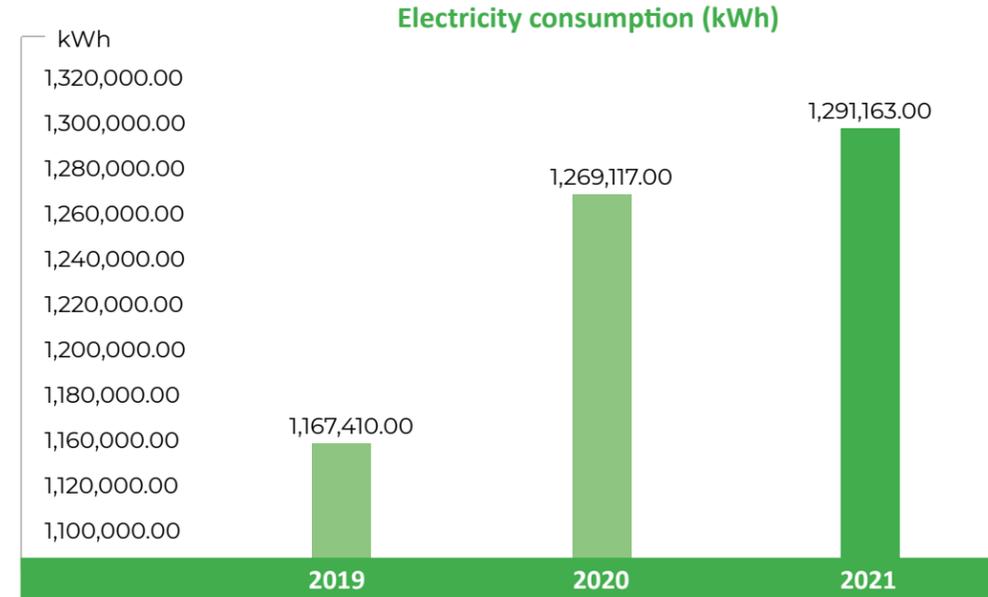
Energy and Greenhouse Gases (GHG)

GRI 305-2 302-1 302-3 305-1

There is an environmental impact associated to the supply of multiple energy sources, especially fossil fuels (diesel), required to power mining sites for optimal operation. Sierra Gorda is aware of this and strives to optimize energy by strengthening our commitment to Non-Conventional Renewable Energies (NCRE).

Sierra Gorda SCM's electricity supply comes from Empresa Eléctrica Cochrane. This company feeds a substation located inside the mine through a high voltage line (220 kV) that is powered by a 500 MW generating plant.

The following graph shows the Company's electricity consumption during the period covered by this report.



Total fuel consumption during the reported period:

	2019	2020	2021
Diesel (Lts)	105,249,375	124,423,470	117,826,307
Gasoline 95 (Lts)	3,663	3,682	899

Total Greenhouse Gas (GHG) Emissions in 2021:

GHG emissions (tCO ₂ e) in 2021				
	Scope 1	Scope 2	Scope 3	Total
Total	318,131	680,470	-	998,601

Indirect greenhouse gas emissions (Scope 2) in the reported period:

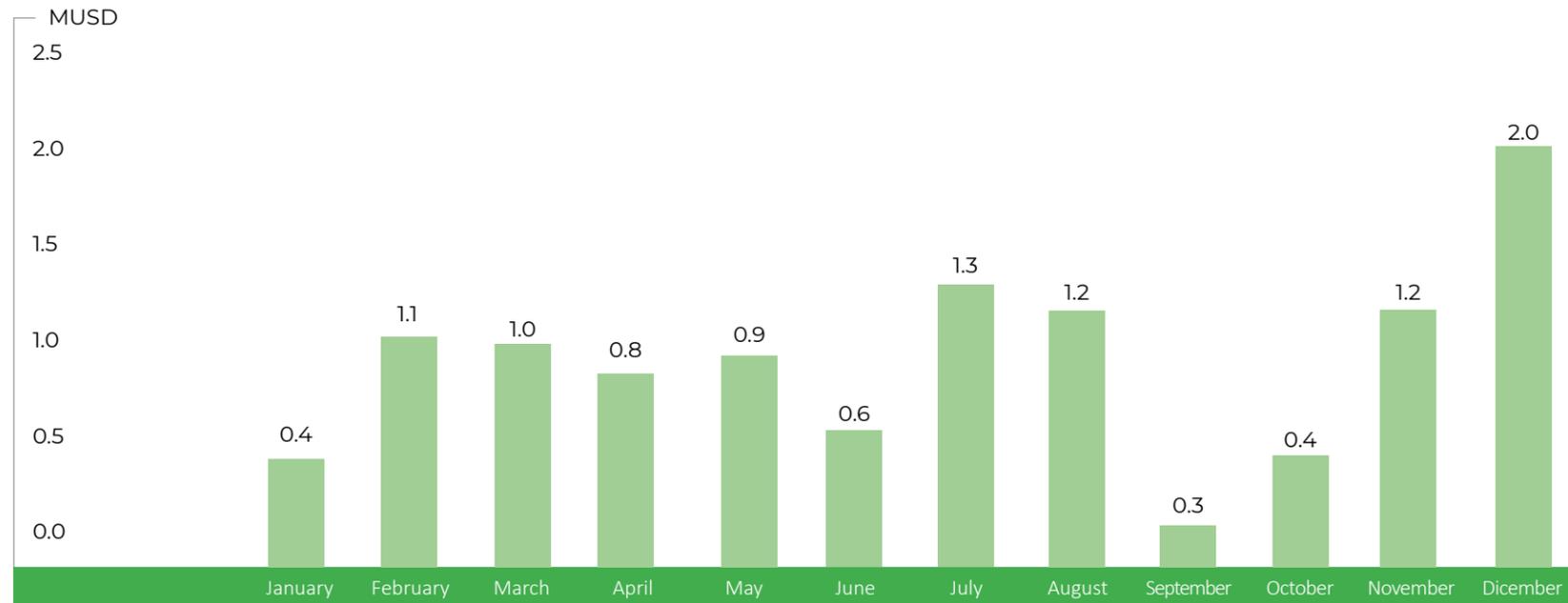
	2019	2020	2021
Emissions resulting from electricity purchased for Company needs (Scope 2) tonCO ₂ e	473,501	485,580	680,470

100% renewable energy by 2023

One of our Company's goals is to power our mining operations with 100% energy from renewable sources by 2023. We aim to achieve this via a long-term power purchase agreement already in place with AES Andes (formerly AES Gener), which establishes that the operation's annual consumption of approximately 1,240 GWh will be supplied from the generator's growing renewable energies portfolio, which includes solar, wind, hydroelectric and battery-stored energy.

This agreement, which was signed in 2020 and came into force on January 1, 2021, has allowed us to join the global trend of opting for green energy and reducing the polluting Scope 2 emissions. At the same time, this shift has decreased our variable energy cost, which is illustrated in the chart below:

Renewable Energy PPA Benefits 2021 MUSD



The agreement currently covers 40% of the operation's consumption, and will increase to 100% by 2023, a percentage that is guaranteed until December 2039.

During the day, the energy will be mainly supplied by the Andes Solar II b photovoltaic park, located in the Antofagasta Region. Come nighttime, the energy will come from the largest battery storage system in Latin America, which is part of the Andes Solar II b project and the renewable energy portfolio of AES Andes.

The use of renewable energies will allow Sierra Gorda to reduce its emissions by 1 million tons of CO2 per year, which is equivalent to supplying zero-emission energy to 100% of the homes in the Antofagasta Region for 2.7 years.

Electromobility

In 2021, we introduced the first electric car and installed a green point to charge it onsite; this was another step towards sustainability. Introducing an electric fleet would allow the Company to reduce the environmental impact of transportation powered by fossil fuels.

In the line of strategic projects, the Company is moving towards a 100% renewable electricity supply by 2023, which is set to be provided by an existing commercial agreement between Sierra Gorda and AES Andes. This establishes the supply of approximately 1,240 GWh, equivalent to 1-years' worth of energy for the operation. This will allow Sierra Gorda to curtail emissions by 1 million tons of CO2 per year, which is equivalent to powering 100% of the homes in the Antofagasta Region for almost 3 years.

Additionally, and as a result of a contract signed with Copec in 2020, the Company invested in technology to boost energy efficiency by optimizing the fueling ring system, acquiring and installing a Voltex (electric charging system) -which was negotiated at zero cost for the Company- and adding an electric vehicle for Copec's use and administration.

Sierra Gorda SCM continues to make strides in its quest to join global trends, promote clean energies, advance sustainability, decrease impacts on the environment and reduce fuel consumption, among others.



Waste management

GRI 306-1 306-2

Sierra Gorda SCM manages waste in accordance with the guidelines of current legislation and the Company's Integrated Waste Management Plan, which contemplates the following:



1. Hazardous waste materials: They are handled in accordance with D.S. N°148. Meaning, they are removed from the generating areas and segregated according to their nature. In the case of waste oils, they are valorized for energy purposes at Inacesa or used as emulsion in the blasting process.



2. Household and equivalent wastes: They are handled according to D.S. N°189: they are removed by an authorized company that transports them to a handling yard where they are weighed, compacted and disposed of in the contractor's own landfill which has been duly authorized by the competent authority.



3. Recyclable waste materials: They are segregated at source. In the case of bottles and cardboard, they are transported for recycling.



4. Non-Hazardous Industrial Wastes: These are segregated at source; the scrap is recovered and the materials with no residual value are disposed of in a duly authorized landfill.

In 2021, the Company recycled 202 tons of recyclable waste materials, such as scrap, bottles and others; and 1,739 tons of non-hazardous waste products. At the same time, Sierra Gorda managed 1,042 tons of domestic and household waste.



Circular economy

Sierra Gorda values the principles of circular economy and follows them to become increasingly more sustainable. This guideline is applied through four main focuses: waste, water, community and energy.

Sierra Gorda SCM abides by the REP Law (Extended Producer Responsibility, REP by its acronym in Spanish) since 2021. So far, the focus has been on mining tires, which are in the measurement stage.

Foco	Casos de éxito	Oportunidades
Waste	<ul style="list-style-type: none"> ▶ Grinding balls ▶ Waste oil 	<ul style="list-style-type: none"> ▶ Tires ▶ Scrap ▶ Wood ▶ Plastics and packaging ▶ Soda and water bottles ▶ Composting ▶ Non-hazardous waste
Water	<ul style="list-style-type: none"> ▶ Use of seawater in the process 	<ul style="list-style-type: none"> ▶ Optimization of water recovery systems ▶ New technology to increase % of solids in tailings ▶ Optimizing water footprint
Energy	<ul style="list-style-type: none"> ▶ Use of HPGR mills ▶ 100% renewable energy by 2023 	<ul style="list-style-type: none"> ▶ Optimizing carbon footprint ▶ Floating Solar Plant ▶ Piloting change from diesel to a green hydrogen generator ▶ Electromobility pilot project
Community	<ul style="list-style-type: none"> ▶ Working with local suppliers ▶ Making furniture with pallet wood 	<ul style="list-style-type: none"> ▶ Promoting local suppliers ▶ Community recycling projects (as a source of income) ▶ Community projects with recycled materials ▶ Donation of materials for other uses ▶ Education initiatives in schools

Tailings

During 2020, the Company began processing an Environmental Impact Study to install and operate a tailings dam. More sectoral permits were required, with authorities delaying their responses and extending the timeframes. No sanctions were applied.

This US\$400 million project aims to optimize the operation of the deposit by lowering its walls to reduce movement of material and improve stability. In addition, the project proposes a larger deposition surface, with the aim of increasing the evaporation rate of the reservoir and minimizing the possibility of seepage.

Technical data:

Status: Operational since 2015. Its last Environmental Qualification Resolution was approved on September 10, 2018, and its useful life extends until 2035.

Closure Plan: It was approved as updated in Resolution No. 1545/2019.

Emergency plan: The document “Procedure for operational emergencies, tailings area” details the processes to identify unexpected failures and establishes action plans to be applied in case of a possible operational emergency in the area, which begins with the transport chute that takes the tailings to the disposal point. In addition, all associated risks that may affect people, equipment, facilities and the environment are identified and addressed.

Risk Classification: The deposit is classified as a low-risk deposit because there are no communities, ecosystems or critical infrastructure downstream from it. This categorization is done according to SERNAGEOMIN’s methodological guide.

Project to optimize the operation of the tailings deposit

In 2021, R.E. N°165/2018 allowed the Company to begin works on a new project, which contemplated the lowering of the tailings deposit walls to minimize the movement of material and improve the overall stability of the walls. Furthermore, the project included an increased deposition surface, to increase the evaporation rate of the tailings deposit and minimize the possibility of potential seepage.

Following is a list of the most important modifications to the tailings deposit (TD):

- ▶ **Increased surface of the disposal area of the TD (571 ha projected in the southwest area of the TD).**
- ▶ **Construction of new walls for the TD, named 8, 9 and 10 (projected for the expansion area of the TD).**
- ▶ **Modification of the design (lowered height) of walls 3, 4, 5, 6 and 7 (wall 7 corresponds to the extension of wall 6), all previously approved.**
- ▶ **Adaptation of existing walls 1 and 2 as interior berms of the TD.**
- ▶ **Modification of the TD’s tailings conduction and distribution system.**
- ▶ **Modification of the TD’s clear water recovery system.**
- ▶ **Modification of the TD’s seepage control system.**

- ▶ **Replacement of a part of the existing 33 kV electrical transmission line to accommodate the projected expansion area.**
- ▶ **Construction of a new section of the Mining Road (extension of the existing one) to access the projected expansion area.**

In addition, the existing contour channel of the TD will be replaced to prevent the contact of runoffs generated by rainwater with the existing mining road to the northeast of the TD, on which high tonnage trucks circulate.

Annexes

- Economic performance
- Our workforce
- Environmental management

Economic performance

GRI 207-1: Tax approach

		Tax payments (USD)						
Exchange rate	2021	Mining licenses	Real estate tax	Municipal taxes	Stamp duty	Mining tax F22	Excess tax on debt F22	Total
741.4	January			160.21				160.21
708.04	February							-
732.11	March	74,844.86						74,844.86
705.09	April		111,014.87			830,286.45	516,967.08	1,458,268.40
724.92	May							-
735.28	June		106,456.69		2,400,000.00			2,506,456.69
758.53	July			159.54				159.54
779.97	August							-
803.59	September		99,123.47					99,123.47
805.47	October							-
836.73	November		95,197.53					95,197.53
850.25	December	4,481.25						4,481.25
	Total	79,326.11	411,792.56	319.75	2,400,000.00	830,286.45	16,967.08	4,238,691.95

Our workforce

GRI 2-7: Workforce

	Employees by type of contract and location					
	2019		2020		2021	
	Open ended	Fixed Term	Open ended	Fixed Term	Open ended	Fixed Term
I Region- Tarapacá	113	2	110	2	115	3
II Region - Antofagasta	561	22	519	7	566	10
III Region - Atacama	150	3	131		136	3
IV Region - Coquimbo	255	16	294	8	345	9
V Region - Valparaíso	86	5	85		103	1
VI Region - O'Higgins	16	2	17		22	
VII Region - Maule	12	6	14		16	
VIII Region - Bío-Bío	29	2	32		55	1
IX Region - La Araucanía	5	1	6	1	9	
X Region - Los Lagos	1		1		2	
XI Region - Aysén					0	
XII Region - Magallanes	12		18		18	
XIII Region - Metropolitana de Santiago	121		117	1	175	1
XIV Region - Los Ríos	1		1		1	1
XV Region - Arica y Parinacota	52		53	1	61	
Total	1,473		1,418		1,653	

	Employees by gender and location					
	2019		2020		2021	
	Women	Men	Women	Men	Women	Men
I Region - Tarapacá	2	113	2	110	1	117
II Region - Antofagasta	52	531	45	481	66	510
III Region - Atacama	3	150		131	2	137
IV Region - Coquimbo	3	268	6	296	8	346
V Region - Valparaíso	1	90	1	84	3	101
VI Region - O'Higgins		16		17	1	21
VII Region - Maule		12		14		16
VIII Region - Bío-Bío		31		32	1	55
IX Region - La Araucanía		5		7		9
X Region - Los Lagos		1		1		2
XI Region - Aysén				0		
XII Region - Magallanes	2	16	1	17	1	17
XIII Region - Metropolitana de Santiago		109	13	105	24	152
XIV Region - Los Ríos	14	1		1		1
XV Region - Arica y Parinacota	1	52	1	53		62
Total	1,473		1,418		1,653	

GRI 405-1: Diversity in governance bodies and workforce

Diversity within governance bodies and workforce	2019		2020		2021	
	Directives	Employees	Directives	Employees	Directives	Employees
Breakdown by age						
Under 30 years old	0	123	0	58	0	89
Between 30 and 50 years old	32	1081	38	1089	55	1219
Over 50 years old	20	217	16	217	24	266
Breakdown by gender						
Women	5	73	6	63	8	99
Men	47	1348	48	1301	71	1475
Breakdown by nationality						
Chilean	38	1377	40	1324	64	1528
Australian	1	0	1	0	1	
Bolivian	1	4	1	4	1	5
Peruvian	5	16	4	15	4	15
Argentinean	0	2	0	1		1
Colombian	0	2	0	3		5
Ecuadorian	0	2	0	2		2
Venezuelan	0	1	0	2		4
Mexican	0	1	0	0		
Brazilian						1
Japanese	1	8	1	4	1	3
Polish	6	8	7	9	8	10

*Directives refers to all managers, vice presidents and superintendents.

GRI 401-1: Turnover

	Total number of new employee hires			
	2018	2019	2020	2021
Breakdown by age				
Under 30 years old	16	18	15	21
Between 30 and 50 years old	105	141	96	131
Over 50 years old	19	38	12	27
Breakdown by gender				
Women	11	14	18	32
Men	129	183	105	147
Breakdown by geographic region				
I Region- Tarapacá	12	9	6	7
II Region - Antofagasta	61	57	57	74
III Region - Atacama	9	17	4	6
IV Region - Coquimbo	19	38	21	28
V Region - Valparaíso	7	13	5	13
VI Region - O'Higgins	1	3	1	3
VII Region - Maule	2	2		3
VIII Region - Bío-Bío	4	6	3	7
IX Region - La Araucanía	1	1		2
X Region - Los Lagos				1
XI Region - Aysén				
XII Region - Magallanes		6	4	
XIII Region - Metropolitana de Santiago	21	41	16	30
XIV Region - Los Ríos				
XV Region - Arica y Parinacota	3	4	6	5

	Total number of employee terminations			
	2018	2019	2020	2021
Breakdown by age				
Under 30 years old	2	15	15	20
Between 30 and 50 years old	61	130	115	109
Over 50 years old	16	24	44	15
Breakdown by gender				
Women	8	19	27	13
Men	71	150	147	131
Breakdown by geographic region				
I Region- Tarapacá	6	17	10	13
II Region - Antofagasta	44	74	95	55
III Region - Atacama	2	11	10	11
IV Region - Coquimbo	6	19	14	28
V Region - Valparaíso	5	8	13	8
VI Region - O'Higgins		2	2	1
VII Region - Maule			1	1
VIII Region - Bío-Bío	1	7	1	2
IX Region - La Araucanía	1		1	
X Region - Los Lagos				
XI Region - Aysén				
XII Region - Magallanes		1		1
XIII Region - Metropolitana de Santiago	14	30	22	20
XIV Region - Los Ríos				
XV Region - Arica y Parinacota			5	4

GRI 404-1: Training activities

	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Average hours of training									
Managers, assistant managers and executives	35	42	77	5	23	28	4	15	19
Professionals and Technicians	18	25	43	6	5	10	40	29	69
Operators, sales and administrative staff	16	13	29	25	16	41	37	4	41
Total	9	18	146	11	9	9	38	15	19

	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total hours of training									
Managers, assistant managers and executives	350	2,397	2,747	21	661	682	24	58	82
Professionals and Technicians	1,501	19,812	21,313	907	4,620	5,527	5,701	9,439	15,140
Operators, sales and administrative staff	284	19,012	19,296	1,728	8,596	10,324	1,184	1,778	2,962
Total	2,135	41,221	43,456	2,656	13,877	16,533	6,909	11,275	18,184

GRI 403-5: Training in health and safety**Health course**

Course	Contractors	Sierra Gorda SCM	Total
Ministry Of Health	254	599	853
Ministry Of Health - Mmc	13	52	65
Ministry Of Health - Planisi	9	30	39
Ministry Of Health - Prexor	9	29	38
Ministry Of Health - Psicosocial	9	30	39
Ministry Of Health - Radiacion Uv	9	30	39
Ministry Of Health - Tmert	9	30	39
Total general	312	800	1,112

Safety and environmental courses

Course	Contractors	Sierra Gorda SCM	Total
Isolation and lockout	2,184	228	2,412
Confined spaces	883	153	1,036
New employee onboarding	9,320	175	9,495
Lifting or hoisting	615	150	765
Defensive driving and regulations	1,838	109	1,947
Electrical hazards	405	151	556
Material fatal risks	1,651	369	2,020
Hazardous substances	690	127	817
Work at height	2,462	246	2,708
Hot work	865	126	991
Use and handling of fire extinguishers	843	225	1,068
Total general	21,756	2,059	23,815

Percentage of workers trained in SSL IN 2021

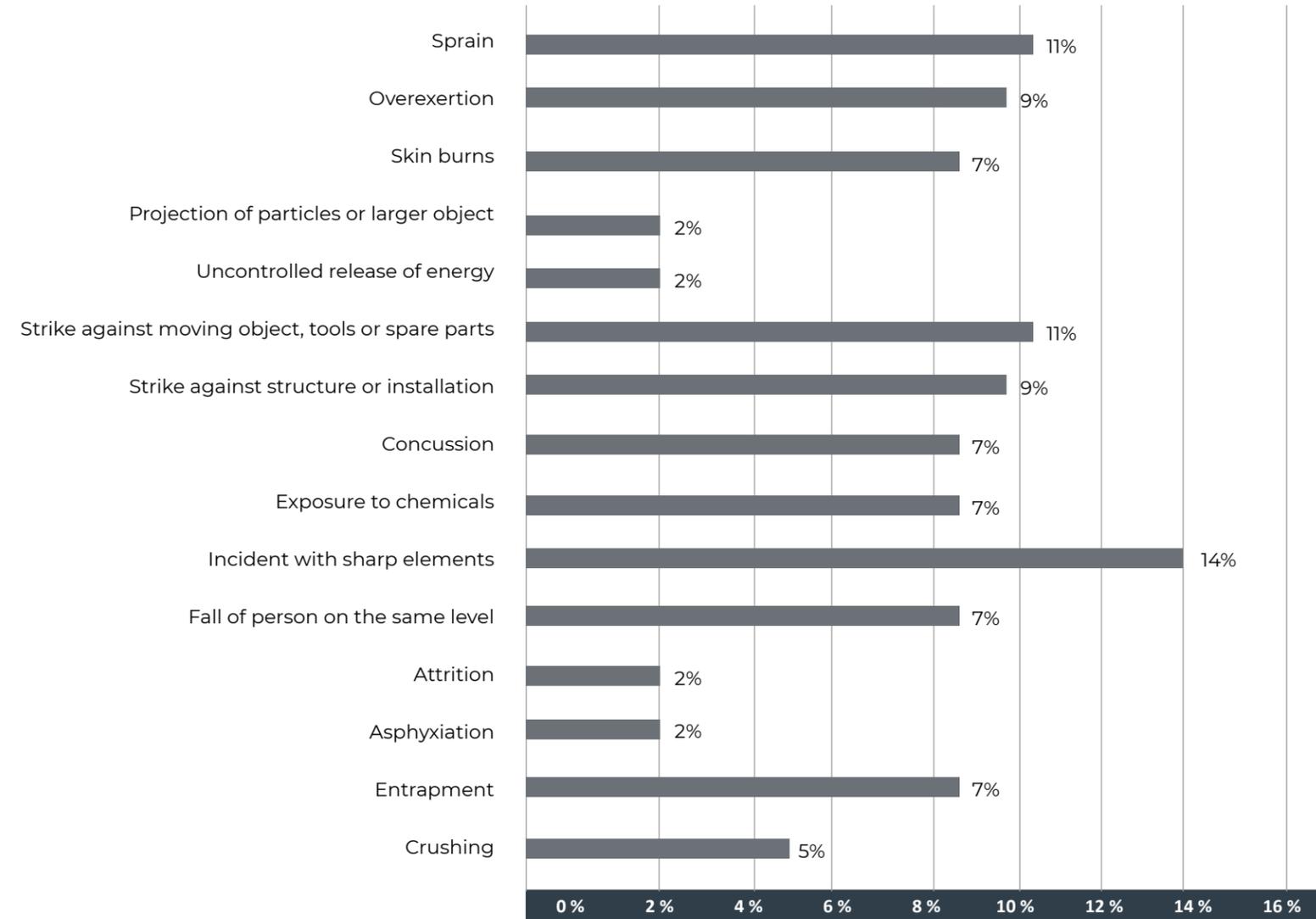
Area	% Contractors	% SGSCM	% trained
Informatics and digital transformation	131%	0%	94%
Logistics and inventories	31%	20%	30%
Mine maintenance	61%	20%	56%
Plant maintenance	60%	60%	60%
Metallurgy	88%	3%	60%
Mine	103%	14%	24%
Plant	42%	13%	28%
Dbn project	27%	38%	28%
Human resources	29%	24%	29%
Safety, health and environment	69%	19%	64%
Technical services	34%	47%	35%
Total Onsite	46%	27%	40%

GRI 403-9: Occupational Health and Safety

Year	Total, Accidentes	Recordable Accidents	Lost Time Accidents	Recordable Incident Frequency Rate	Frequency Index Chilean Law	Severity Index	Lost Days	Fatal Accidents
2017	72	21	16	0.46	1.75	185.00	592	0
2018	63	16	14	0.38	1.66	2248.67	6746	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
2021	62	14	9	0.31	0.99	10.73	98	0

- ▶ 1. Total accidents: lost time, no lost time and fatal accidents.
- ▶ 2. Total number of fatal accidents, with time lost and medical treatment.
- ▶ 3. Accidents with lost time: accidents caused by or in connection with work, in which the worker had to rest for one or more days due to temporary incapacity.
- ▶ 4. Recordable Incident Frequency Rate: (number of recordable accidents + fatalities) / Hours Worked * 200,000n
- ▶ 5. Accident frequency rate: (CTP accidents + Fatalities) / Hours Worked *1.000.000
- ▶ 6. Severity index: (days lost due to accidents + days of charge) / Hours Worked * 1.000.000
- ▶ 7. Days lost due to accidents: Days lost due to accidents caused by or in connection with work and that are subject to subsidy payment, whether the subsidy is paid in the reported month, including carry-over, or not.
- ▶ 8. Fatal accident: an accident that causes the death of the worker immediately or as a direct consequence of the accident

Type of injury



Environmental management

GRI 302-1: Power consumption

	2019		2020		2021	
	Diesel (Lts)	Gasoline 95 (Lts)	Diesel (Lts)	Gasoline 95 (Lts)	Diesel (Lts)	Gasoline 95 (Lts)
January	8,111,752.41	64.59	18,112,293.30	1,255.06	10,168,194	40
February	7,488,305.74	79.19	8,580,498.21	757.28	9,187,733	24
March	8,464,695.72	146.6	9,075,173.99	552.51	9,888,795	-
April	8,317,154.79	8.77	9,164,343.18	769.72	9,532,926	-
May	8,943,663.60	93.24	9,670,613.12	298.91	9,975,591	28
June	8,750,265.32	461.63	9,859,599.55	10.95	9,855,588	20
July	8,952,205.52	354.1	10,000,030.43	0	10,068,735	125
August	9,384,078.32	536.34	9,770,853.07	0	10,142,855	113
September	9,135,135.10	553.92	9,655,633.93	0	10,000,205	49
October	9,282,399.41	660.59	10,051,768.87	23.78	9,760,269	196
November	9,064,979.79	432.45	9,989,950.04	0	9,657,612	131
December	9,354,739.64	271.08	10,492,711.86	13.41	9,587,804	172
Total	105,249,375.36	3,662.5	115,842,971.34	3,681.62	117,826,307	899

GRI 303-3: Water extraction

Seawater consumption (m ³) in 2021	
January	1,725,789
February	2,852,778
March	2,700,438
April	3,192,442
May	2,680,591
June	2,576,201
July	2,510,859
August	2,663,088
September	2,647,888
October	2,545,642
November	2,886,371
December	3,190,114
Total	32,172,201

Potabilized water for human consumption (m ³) in 2021	
January	110,257
February	90,448
March	88,342
April	86,690
Mayo	87,689
June	101,174
July	129,204
August	104,655
September	116,052
October	113,186
November	123,766
December	136,367
Total	1,287,830

GRI 301-1: Materials used

Non-renewable materials used	2019		2020		2021	
	Weightt (kg)	Volume (Lts)	Weight (Kg)	Volume (Lts)	Weight (Kg)	Volume (Lts)
Secondary collector	62,600		15,872		66,000	
Foaming agent mibc	449,460		607,464		613,220	
Quicklime	11,118,790		8,067,810		9,677,713	
Sodium sulfhydrate	3,317,633		3,298,591		2,970,606	
Caustic soda	451,716		426643		422,000	
Liquid nitrogen	145,048		280,278		348,091	
Nitrogen gas	5,409,988		4,781,368		4,781,368	
Carbon anhydride	868,415		680,814		919,494	
1" steel balls	773,407		1,037,618		734,296	
3" steel balls	21,734,975		19,470,190		21,018,267	
Snf 704 flocculant	602,400		321,000		546,000	
Metabisulphite	215,477		2,514,090		2,514,090	
Sodium hypochlorite		154,346		14,1261		202,991
Dust suppressor	256,711		208,208		255,528	
Clarisol5200		33,000		19,000		75,000

Decasol 960 (bisulfite dechlorinator)	6,500		6,325		8,250
Decasol 940 (citric acid)	14,521		2,260		19,290
35% sodium hydroxide		32,140		25,000	40,940
Decasol ca	2,545		2,150		0
Decasol ds	2,635		2,300		0
Passivan 620		6,000		8,000	5,000
RI 9007 (antifouling)		10,775		7,125	10,200
P4000k (defoamer)	884			2,673	2,673
Genesol 704	1,550		60		5,250
Genesol 37	2,100				0
Genesol 32	700		41,740,041	203,059	160
Total non-renewable materials used	45,445,055	236,261			

GRI 306-3 Total waste generated

Total weight of waste generated (Tons) by waste composition		2019	2020	2021
Non-hazardous	Domestic and domestic-like	1,189	957	1,042
Non-hazardous	Miscellaneous non-hazardous	1,617	2,685	1,739
Non-hazardous	Recyclables (bottles, cartons, scrap, HDPE)	936	374	202
Hazardous	Waste Oils valued for energy recovery Inacesa	127	87	189
Hazardous	Waste oils used in the blasting process	0	354	0
Hazardous	Rags, cloths and wipes contaminated with hydrocarbons, etc.	465	539	490
Hazardous	Oil contaminated with water or coolant (emulsion)	287	393	212
Hazardous	Batteries	14	54	34
Total		4,636	5,442	3,908

GRI 306-4 Waste materials not destined for disposal

Non-hazardous waste materials (Tons) not destined for disposal, due to recovery operations	2019	2020	2021
ii. Recycled	974	498	202
Hazardous waste materials (Tons) not destined for disposal, due to recovery operations			
i. Preparation for reuse	0	354	189
ii. Recycled	14	54	34
Total	14	407	223

GRI 306-5: Waste materials requiring disposal

NON-hazardous waste materials (Tons) destined for disposal due to recovery operations	2019	2020	2021
iii. Transfer to a landfill	1,189	957	1,042
iv. Other disposal operations	1,617	2,685	1,739
Total	2,806	3,642	2,781
Hazardous waste materials (Tons) not destined for disposal due to recovery operations			
i. Incineration (with energy recovery)	127	87	189
iii. Transfer to a landfill	465	539	716
iv. Other disposal operations	0	0	212
Total	592	626	1,117

Tailings deposited and accumulated in tank

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
Sep-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
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
Sep-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
Jan-21	2,888,653	232,006,608
Feb-21	3,498,270	235,504,878
Mar-21	3,938,169	239,443,047
Apr-21	4,308,670	243,751,717
May-21	3,879,674	247,631,391
Jun-21	3,689,735	251,321,125
Jul-21	3,637,317	254,958,443
Aug-21	4,229,237	259,187,680
Sep-21	4,280,829	263,468,509
Oct-21	3,624,716	267,093,225
Nov-21	3,823,528	270,916,753
Dec-21	4,412,079	275,328,832

GRI Index

Statement of use	Sierra Gorda SCM has presented the information cited in this GRI content index for the period spanning from January 1, 2021 to December 31, 2021, using the GRI Standards as a reference.
Used GRI 1	GRI 1: Foundation 2021

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Social investment	Community relations	68 - 75
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Work relations and collective bargaining	Our employees; Collective bargaining	92 - 93
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General Contents (2021)			
The organization and its reporting practices			
2-1	Organizational details	Scope of the report	10 and 20
2-2	Parties covered by sustainability reporting	Profile; Mission, Vision and Values	18 and 46
2-3	Reporting period, frequency, and point of contact	Scope of the report	11
2-4	Updating of information	No information was updated in this sustainability report.	
2-5	External verification	This sustainability report is not externally verified.	
Activities and employees			
2-6	Activities, value chain and other business relationships	Profile; Ownership Structure; Scale of the Organization; Customers and Markets	20, 47 and 48
2-7	Employees	Our Employees; Staffing	78, 122, 123
2-8	Non-employee workers	Economic Performance; Supply Management	52
Governance			
2-9	Governance structure and composition	Profile; Corporate Governance and Management	23 and 24
2-10	Nomination and selection of the highest governance body	Profile; Corporate Governance	23
2-11	Chairperson of the highest governance body	Profile; Governance for Sustainability	36
2-12	Role of the highest governance body in overseeing impact management	Profile; Corporate Governance, Administration and Risk Management	23, 24 and 26
2-13	Delegation of responsibility for impact management	Profile; Corporate Governance and Management	23 and 24
2-14	Role of the highest governance body in sustainability reporting	Scope of the report	11
2-15	Conflicts of interest	Profile; Ethical Behavior	28
2-16	Communication of critical concerns	Profile; Corporate Governance and Management	23 and 24
2-17	Collective knowledge of the highest governance body	Profile; Corporate Governance	23

Indicator	Description	Section - Chapter Omissions / Answer	Page
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Message from the Chief Executive Officer	9
2-23	Policy commitments	Mission, Vision and Values	18, 39
2-26	Mechanisms for seeking advice and raising concerns	Profile; Ethical Behavior	28
2-27	Compliance with laws and regulations	In 2021 there were no violation events or fines associated with significant cases of non-compliance with laws or regulations.	
2-28	Member associations	Profile; Stakeholders	43
Stakeholder engagement			
2-29	Approach to stakeholder engagement	Profile; Stakeholders	42
2-30	Collective bargaining agreements	Our employees; Collective bargaining	92
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Economic performance			
201-1	Direct economic value generated and distributed	Economic performance; Economic value	50
Indirect economic impacts			
203-1	Investments in infrastructure and supported services	Communities; Social investment	75
Procurement practices			
204-1	Proportion of spending on local suppliers	Economic performance; Local suppliers	57
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207-1	Tax Approach	Annexes; Economic performance	121
CATEGORY: Environmental			
Materials			
301-1	Materials used	Annexes, Materials	135
Energy			
302-1	Energy consumption	Annexes, Environmental Management; Water Efficiency	133, 110

Water (2018)			
303-1	Interaction with water as a shared resource	Environmental management; Water efficiency	110
303-3	Water extraction	Environmental management; Water efficiency	110, 134
Emissions			
305-1	Direct greenhouse gas emissions (Scope 1)	Environmental management; Energy and GHG	112
305-2	Indirect greenhouse gas emissions when generating energy (Scope 2)	Environmental management; Energy and GHG	112
Waste			
306-2	Generation of waste and significant waste-related impacts	Environmental management; Waste management	116
306-3	Waste by type and disposal method	Environmental management; Waste management	116, 137
306-4	Waste materials bound for disposal	Annexes	139, 140, 141
CATEGORY: Social performance			
Employment			
401-1	Number and rate of new hires and average employee turnover by age group, gender, and location.	Annexes	125, 126
Occupational health and safety (2018)			
403-1	Occupational health and safety management system	Our Workers; Occupational health and safety	94
403-2	Hazard identification, risk assessment and incident investigation	Our Workers; Occupational health and safety	104
403-5	Training of workers on occupational health and safety issues	Our Workers; Occupational health and safety	102, 128, 129, 130
403-6	Health advocacy in the workplace	Our Workers; Occupational health and safety	94, 100
403-9	Work-related injuries	Annexes	131, 132
403-10	Work-related health problems	Our Workers; Occupational health and safety	94

Indicator	Description	Section - Chapter Omissions / Answer	Page
Training and education			
404-1	Average yearly hours of training per employee by gender and by employee category	Talent management; Training and development; Annexes	86, 127
404-2	Skills management and lifelong learning programs that promote the work value of employees and help them manage the end of their professional careers	Talent management; Training and development	86
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Our Workers; Performance management	88
Diversity and equal opportunities			
405-1	Composition of governance bodies and breakdown of employees per employee category, gender, age group, identification with minority groups, and other indicators of diversity	Our Workers; Performance management, Annexes	84, 124
Discrimination			
406-1	Discrimination incidents and corrective actions taken	Profile; Whistleblower channel	30
Local communities			
413-1	Percentage of centers that have implemented development programs, impact evaluations, and local community participation	Communities; Community relations	70
413-2	Operations with significant negative impacts - current or potential- on local communities	Communities; Community relations	70



