



ANTOFAGASTA
MINERALS

DEVELOPING MINING FOR A BETTER FUTURE

SUSTAINABILITY REPORT 2019



ABOUT THIS REPORT

This is Antofagasta Minerals' thirteenth Sustainability Report about our strategy, priorities and performance regarding the main material sustainability issues for our business and our stakeholders in 2019.

The document includes data for 2019 and previous years to provide greater context and covers the following operations: Minera Los Pelambres, Minera Centinela, Minera Antucoya, Minera Zaldívar and Antofagasta Minerals' corporate headquarters.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The published indicators were verified by Deloitte and SGS.

All \$ in this report refer to US dollars unless otherwise indicated.





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SUSTAINABILITY REPORT 2019

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OUR PURPOSE

DEVELOPING MINING FOR A BETTER FUTURE

OUR VISION

**TO BE RECOGNISED AS AN
INTERNATIONAL MINING COMPANY BASED IN CHILE,
FOCUSED ON COPPER AND ITS BY-PRODUCTS,
KNOWN FOR ITS OPERATING EFFICIENCY,
CREATION OF SUSTAINABLE VALUE,
HIGH PROFITABILITY AND AS A PREFERRED
PARTNER IN THE GLOBAL MINING INDUSTRY.**

LETTER FROM THE CEO

Dear stakeholders,

I am pleased to share with you this report on our economic, social and environmental performance in 2019. In it, you will find information about how we are pursuing our purpose of developing mining for a better future.

In 2019, we redefined our strategic framework precisely in order to structure it better around this purpose. This new framework has three components: our strategy, the culture we aspire to as a company, and organisation or, in other words, the way we carry out our work.

Safety and sustainability are, in turn, a key pillar of our strategy and we have defined sustainability as one of our core values. It is, indeed, central to everything we do. It includes the wellbeing and development of our employees, contractors and suppliers, our social contribution to host communities and the country in general, our approach to the environment, our corporate governance and, of course, our economic performance. The latter is crucial, not only as a duty to our shareholders but also because economic sustainability is a necessary condition for all the other aspects of sustainability.

The safety and health of our people is our top priority. I am, therefore, particularly pleased to report that, in 2019, we achieved our best safety performance ever. We suffered no fatalities and significantly improved other safety indicators such as our lost-time injury frequency rate (LTIFR). These results are not a coincidence; rather, they reflect the work we have been undertaking with great conviction over the past five years since implementing our safety management system.

In 2019, we introduced a pilot flexitime system at our Centinela mine and, in January 2020, at our corporate headquarters in Santiago, prior to extending it to the rest of our mining operations. During the year, we also drew up Work-Life Balance Guidelines, designed to foster not only employees' balance between their working and personal lives but also the integration of women and people with disabilities.

As from 1 January 2020, we raised the Ethical Minimum Wage that on-site contractors must pay their employees by 17% to Ch\$500,000 per month, two-thirds above Chile's legal minimum wage. This measure benefits some 3,200 families, many of whom live near our operations.

Environment

For mining, water is a critical input and 2019 was yet another drought year in northern-central Chile's Coquimbo Region where our Los Pelambres mine is located. This makes our focus on water efficiency and management ever more important. During the year, we also worked closely with communities in the operation's area of influence to secure water for human consumption.

Our other three operations are in northern Chile's Atacama Desert where water scarcity has always been acute. Here, we have taken a lead in the use of sea water, which now accounts for some 46% of our consumption. In addition, Los Pelambres is building a desalination plant. We are proud to have obtained Chile's first certified "green loan" for this project.

"In 2019, we redefined our strategic framework to structure it better around our main purpose of developing mining for a better future."

The Chilean government has set a goal of carbon neutrality by 2050 and we are contributing to this in a number of ways. As the cost of renewable energy has dropped and supply increased, we have been shifting out of fossil fuels and expect that, as from 2022, 100% of our operations' consumption will be supplied under contracts for renewable energy.

Social development

We seek to build sustainable long-term relations with the communities near our operations and to contribute to their economic and social development. We do this principally through two flagship programmes: Somos Choapa for the area around Los Pelambres and Dialogues for Development in northern Chile.

During the year, we rolled out a new Social Management Model. It comprises four components - socio-territorial risk management, engagement, initiative management and impact measurement - and seeks to ensure that engagement principles, methodologies and practices, and the measurement of results are consistent across all our operations.

In addition to our own programmes, we work with other mining companies, educational institutions and government bodies through different alliances. They include the Antofagasta Mining Cluster, a public-private alliance for the development of local human capital and businesses in the Antofagasta Region.

In 2019, we implemented a human rights due diligence process as a prior step to drawing up a corporate Human Rights Policy and an associated plan of action. We expect this new policy to receive Board approval in 2020.

Economic performance

I am proud to report that, in 2019, we produced a record 770,000 tonnes of copper, 6.2% higher than in 2018, which was itself a record. As well as higher ore grades, particularly at Centinela, this was the result of a very consistent operating performance at our plants, especially Los Pelambres and Centinela.



We anticipate that copper production will drop to 725-750,000 tonnes in 2020. This is based on our mine plan, so is not a surprise, and is explained by changes in grades at Centinela. However, in addressing this more challenging year, we will be doing so from the platform of our strong performance in 2019 and the underlying operating conditions it reflects.

We also achieved good results on costs, reducing our net cash costs in 2019 to \$1.22/lb, down by 5.4% on 2018. This was largely thanks to our increased production and the Cost and Competitiveness Programme we launched in 2014, which continues to perform well.

Our operations were not immune to the social unrest seen in Chile in the latter part of the year. However, we were able to manage the effects in such a way that any production impact was minimal. The unrest was triggered principally by social demands related to pensions, healthcare and education and Chile now has a unique opportunity to address these issues and positively impact people's wellbeing.

In the case of corporate governance, the Board conducted a robust assessment of our risks and risk appetite and added two new risk areas: climate change and tailings storage. We have now identified 16 risk areas grouped under People, Safety and Sustainability, Competitiveness, Growth and Innovation. Preventive and mitigation measures have been established for all risks.

I would also like to emphasise Antofagasta Minerals' commitment to the achievement of the Sustainable Development Goals (SDGs) contained in the United Nation's 2030 Agenda. We are convinced that, through our activities, we can contribute to this at both the global and local levels.

In 2020, we have, of course, faced a huge new challenge: the coronavirus pandemic. Our first priority has been to protect the health of our employees, contractors and communities through a reduction of the workforce at our operations, the implementation of strict protocols and numerous other preventive measures.

We are also providing support to our communities. In an immediate step, we have set up a fund of \$6 million through which, in consultation with the authorities, we are addressing their needs as regards medical supplies and equipment. However, we are also looking further ahead to ways in which we can contribute to their post-emergency economic recovery and social wellbeing through plans specially designed for this purpose.

I hope that you find our 2019 Sustainability Report useful. The progress it describes is the result of the combined work of all the members of our organisation who, each day, strive to develop mining for a better future, doing so with creativity, conviction, determination and dedication. Their contribution is critical as we move towards more sustainable, innovative and inclusive mining practices.

Iván Arriagada

Chief Executive Officer
Antofagasta Minerals

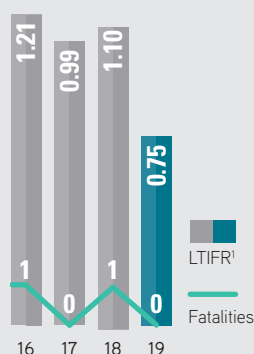
ANTOFAGASTA MINERALS AT A GLANCE



Safety

Performance in 2019

Record safety performance with no fatal accidents and a LTIFR of 0.75.



0
Fatalities

0.75
LTIFR

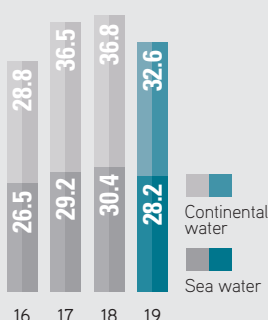
+ See page 36 for more information.



Water consumption

Performance in 2019

Our consumption of continental water and sea water decreased by 12% and 7% respectively mainly due to a decrease in ore processed at Centinela and the optimisation of water capture, use and reuse at Los Pelambres.



60.8m m³

+ See page 51 for more information.



CO₂ emissions intensity²

Performance in 2019

CO₂ emissions intensity decreased by 7% compared to 2018 mainly because of energy efficiency improvements.



3.10 tCO₂e
per tCu produced

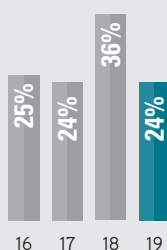
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Local suppliers³

Performance in 2019

We launched our new Guidelines on Regional Procurement and Recruitment to support local supplier initiatives and promote collaborative alliances that foster a productive supply chain.



24%

local supplier companies

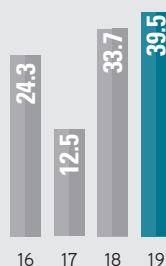
+ See page 31 for more information.



Social contribution⁴

Performance in 2019

The economic social contribution was \$39.5 million including voluntary and obligatory social projects and programmes, donations, social agreements and programmes managed by Minera Los Pelambres Foundation.



\$39.5m

economic social contribution

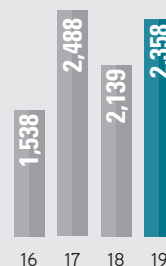
+ See page 39 for more information.



EBITDA

Performance in 2019

EBITDA was 10% higher than the previous year on higher sales volumes and lower unit costs, partially offset by lower realised prices.



\$2,358m

EBITDA

+ See page 12 for more information.

1. Number of accidents with lost time during the year per million hours worked.
2. Tonnes of CO₂ equivalent per tonne of copper produced.

3. Percentage of supplier SMEs headquartered in Antofagasta and Coquimbo Regions. Definition different to 2018, see page 31 for details.
4. Figure for 2019 includes mandatory and voluntary social projects and programmes, donations, social agreements. Also includes programmes managed by Fundación Minera Los Pelambres. In 2017 only voluntary social projects and programmes were included.

2019 HIGHLIGHTS



OUR PEOPLE

- We exceeded our safety targets for the year, achieving record results, and suffered no fatalities.
- A pilot flexitime system was introduced at the Centinela mine and will gradually be rolled out to other areas.
- New Work-Life Balance Guidelines were introduced to facilitate a healthy balance between employees' working and personal lives, as well as the integration of women and people with disabilities.
- In December, we raised the Ethical Minimum Wage, which our on-site contractors must pay employees, to two-thirds above the legal minimum wage in Chile.



ENVIRONMENT

- In 2019, no significant environmental incidents occurred at our operations.
- We are strengthening our Climate Change Strategy, which includes water and CO₂ emissions.
- Los Pelambres obtained Chile's first certified green loan, for the construction of its Expansion project, which includes a desalination plant.
- At Los Pelambres, we are piloting a public-private initiative to provide public access to online data about the condition of tailings deposits.
- Currently, 22% of our energy consumption is supplied from renewable sources and 100% is contracted to be renewable by 2022.



SOCIAL DEVELOPMENT

- We rolled out our new Social Management Model, designed to ensure consistency in community engagement and relations.
- We measured the social impact of four of the programmes implemented by Fundación Minera Los Pelambres (FMLP).
- A human rights due diligence process was implemented as a prior step to drawing up a corporate Human Rights Policy.
- We introduced new Guidelines on Regional Procurement and Recruitment to make it easier for local companies to obtain contracts with our operations.
- Through the Antofagasta Region Mining Cluster, a public-private alliance, we have continued to contribute to the development of local human capital and businesses.



TRANSPARENCY AND CORPORATE GOVERNANCE

- We updated our risk matrix, specifically incorporating climate change and tailings storage.
- Our whistleblowing channel for employees and third parties to submit questions and complaints was improved and updated.
- In June, we published the Group's fourth Payment to Governments Report.

OUR SUSTAINABILITY FOCUS

In this interview, the Chair of the Sustainability and Stakeholder Management Committee, Vivianne Blanlot, talks about Antofagasta Minerals' main sustainability achievements in 2019 and the challenges going forward.

What is the role of the Sustainability and Stakeholder Management Committee?

The Committee supervises and supports the corporate sustainability function and provides recommendations to the Board of Directors on sustainability strategies, policies and measures to ensure Antofagasta Minerals fulfils its established objectives. Its close relations with the sustainability function also mean that it is in a position to provide it with support and guidance if situations or events require immediate action.

Safety and sustainability forms one of the pillars of Antofagasta Minerals' new strategy. What are you doing to implement this pillar?

Sustainability has been a strategic focus of Antofagasta Minerals for many years. Over the past five years, we have intensified our work on safety and occupational health; we have developed a social management model that serves as an example to other Chilean companies; and we have introduced a new environmental management model.

In 2019, Antofagasta Minerals exceeded safety targets and achieved record results for the year. What was behind this improvement?

It is the result of efforts over many years, starting with a change in the management and measurement model. The model promotes a cultural shift and encourages all levels of the organisation to take responsibility for safety and health. This has been achieved through continuous training in safety and the importance given to mechanisms for reporting accidents, near misses and unsafe behaviours.

Antofagasta launched its Work-Life Balance Guidelines in 2019 and introduced flexitime. What was the purpose of these changes?

The way we work in the 21st century is changing for different reasons. The possibilities offered by the latest technology and, in particular, new systems for working remotely and collaboratively, together with social and urban logistical factors that make it harder to reconcile work, family life and leisure mean that flexitime and remote working are necessary elements to ensure the wellbeing and sustainability of our workforce.

For Antofagasta Minerals, an important focus for business sustainability is boosting the local economy. How did you promote this goal in the supplier area?

We are committed to boosting the local economy as it is the only way in which Antofagasta Minerals will be considered a "partner" and a

"Our focus on environmental performance is producing results. We are improving our water and energy efficiencies and consolidating the use of sea water as well as increasingly adopting renewable energy at our operations."

positive force for social and economic development in our areas of influence. Our mining operations require a wide range of services and, where possible, we try and source them from regional or local suppliers. In 2019, we introduced our new Guidelines on Regional Procurement and Recruitment which provide special conditions to make it easier for local small and medium-sized businesses to participate in tenders, for example by automatically inviting interested companies to participate in tenders and reducing financial barriers.

In 2019, Antofagasta Minerals incorporated climate change as a specific risk and developed a climate change strategy. What was behind this?

Climate change has the potential to significantly impact the regions where we operate. Decreased water availability and extreme climatic events, such as flooding in the altiplano winter, among other negative impacts, affect not only Antofagasta Minerals and its operations but also the region and surrounding communities. So climate change presents important operational, environmental and social risks that we are committed to addressing through adaptation and mitigation measures to ensure the long-term sustainability of our operations and the regions where we operate.

In 2019, Antofagasta Minerals consolidated its new environmental model. Is it delivering results?

The model places the responsibility for environmental management and its results on the management of each operation. The creation of environment departments that report directly to the general managers



of operations has increased the visibility of environmental issues. Also, the introduction of environmental management targets in performance indicators should provide the appropriate incentives.

Our focus on environmental performance is producing results. We are improving our water and energy efficiencies and consolidating the use of sea water as well as increasingly adopting renewable energy at our operations. In 2019, we also reduced our CO₂ emissions intensity for the second consecutive year, reducing it to below 2015 levels per tonne of copper produced.

In 2019, Antofagasta Minerals implemented the social management model. What does it involve?

The social management model departs from the traditional approach to corporate responsibility in that it is no longer based on the concept of providing aid but on collaboration between Antofagasta Minerals and surrounding stakeholders at the local and regional level. This involves creating and maintaining permanent engagement channels, identifying issues of common interest, and working together to define solutions.

Our flagship Somos Choapa (We are Choapa) programme and the work we have carried out with local communities in the area of influence of Los Pelambres served to structure our social management model that is now being applied at our operations in the north of the country.

The use of innovation and technology is an important focus for Antofagasta Minerals. How does it contribute to sustainability?

Technology is continually providing new, more efficient and cleaner solutions for people and operational management in various ways. Some of the benefits worth noting are better environmental monitoring systems, the incorporation of renewable energy, cleaner production systems, environmental incident alert mechanisms and devices, and tools to improve safety and monitor behaviour to prevent accidents. New technologies can also promote flexible work systems which can meet the objectives and aspirations of new generations of workers.

What are the main future sustainability challenges?

The main sustainability challenges for the mining sector in terms of the environment are waste management in general and tailings in particular, and the availability of water and clean energy. In terms of social factors, it will be increasingly important for local stakeholders to perceive the benefits of mining so that it becomes a win-win activity in which the sector is recognised as a partner to achieve society's development aspirations.

INTRODUCING OUR STRATEGIC FRAMEWORK

In 2019, Antofagasta Minerals began to work under a new strategic framework that seeks to ensure the full alignment of our activities with our purpose of developing mining for a better future.

Our Vision remains unchanged and continues to demand that we strive to achieve operating efficiency and high profitability, create sustainable value and be a preferred partner in the global mining industry. However, in 2019, we re-evaluated our Strategic Framework, tailoring it more closely to what we have defined as our Purpose: Developing Mining for a Better Future.

This new Strategic Framework brings together the three main elements through which we seek to achieve our Purpose: Strategy or, in other words, what we do in pursuit of it; Organisation or the way we manage our work; and Culture or how we work as expressed principally in our Charter of Values.

In turn, our Strategy has five pillars: People, Safety and Sustainability, Competitiveness, Growth, and Innovation.





Strategy

How we deliver

For each of the pillars that comprise our Strategy, we have defined specific short and medium-term goals that will enable us to continue advancing towards the mining of the future.



People

People are the core of our business. We want our employees to feel recognised and to have the maximum opportunities for personal and professional growth. We understand the need to generate an environment of trust and collaboration.



Growth

We have a portfolio of projects to guarantee growth and achieve competitive and sustainable operations in the long term. Our focus is on the production of copper and by-products in the Americas (particularly Chile, Peru, Mexico, the United States and Canada).



Safety and Sustainability

The protection of the safety and health of our employees is a non-negotiable value. We also seek to protect the environment by using natural resources efficiently and in collaboration with local communities.



Innovation

We innovate as a means of improving social, environmental and economic conditions while, at the same time, delivering strong returns for our shareholders.



Competitiveness

Our key focus as regards competitiveness is to achieve productivity gains through control of costs and the streamlining of our processes. In this, our Competitiveness and Cost Programme (CCP) plays a key role.



Culture

Shared values and the way we work

Our culture represents the way we work and manage risks. It is evident not only in how we relate to each other internally but also in how we engage with our suppliers, partners and customers. We also understand the importance of diversity and inclusion as a driver of our competitive advantage.

Our culture is anchored in our Charter of Values which defines the six core values that guide us in our daily activities: Responsibility, Respect, Commitment to sustainability, Excellence in our daily operations, Forward-thinking and Innovation.

 See page 23 for more information.



Organisation

Designed to deliver results and growth

The way we organise our work is paramount for achieving our objectives. Our structure is conducive to the delivery of results and growth while also having the flexibility to adjust to the challenges and opportunities we face.

Each area of the Group has an organisational structure and Operating Model to optimise asset performance. This is achieved by standardising and strengthening production processes, improving collaboration between key areas, defining clear roles and responsibilities and seeking to reduce variability and deviation from production plans.

OUR BUSINESS

Antofagasta Minerals is the mining division of Antofagasta plc and is one of the six largest copper producers in the world. We are involved in the development and operation of copper mines from initial exploration through to closure.

What we do

We operate four copper mines in Chile, two of which produce significant volumes of by-products. We also have a portfolio of growth opportunities. In 2019, we produced 770,000 tonnes of copper of which 27% were cathodes and 73% was in concentrates.

Antucoya

- 70% owned
- 20-year mine life
- Produces copper cathodes

Centinela

- 70% owned
- 48-year mine life
- Produces copper cathodes, and copper concentrate containing gold and silver and a separate molybdenum concentrate

Los Pelambres

- 60% owned
- 15-year mine life
- Produces copper concentrate containing gold and silver and a separate molybdenum concentrate

Zaldívar

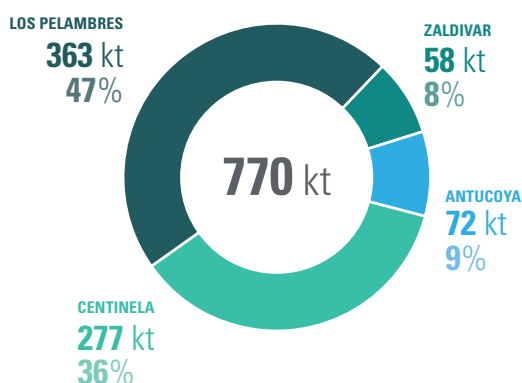
- 50% owned (and operated)
- 11-year mine life
- Produces copper cathodes

ABOUT ANTOFAGASTA PLC

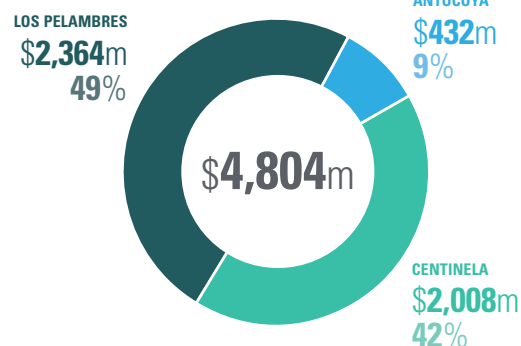
Antofagasta plc has been listed on the London Stock Exchange since 1888. It is a constituent of the FTSE 100 and sustainability indexes such as the FTSE4Good and STOXX Global ESG Leaders. The Luksic family has an interest in 65% of the ordinary share capital of Antofagasta plc, with the remaining 35% held by institutional and individual shareholders.

Mining is Antofagasta plc's core business, representing 97% of Group revenue and EBITDA. The Group also has a transport division, known as Ferrocarril de Antofagasta a Bolivia (FCAB), which it wholly owns.

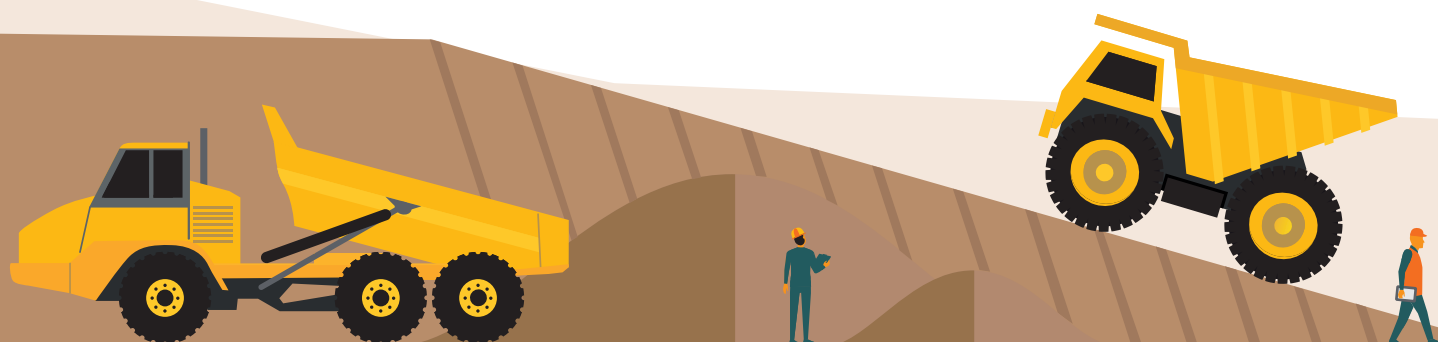
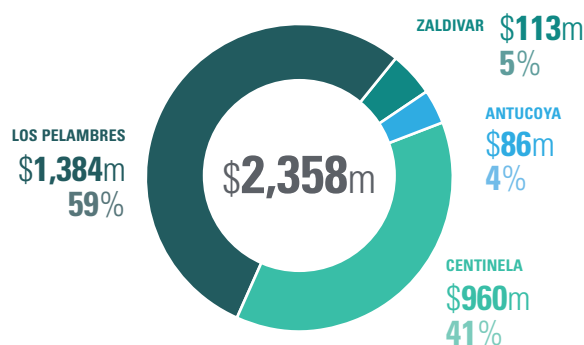
COPPER PRODUCTION 2019



REVENUES² 2019



EBITDA¹ 2019



1. Adds up to more than 100% as it excludes \$184 million of corporate costs, exploration and evaluation expenditure, and other non-operating income and expenses. See note 2 to the financial statements in Antofagasta plc's Annual Report on pages 154 -160.

2. Revenue is not included for Zaldívar as it is a joint venture and is not consolidated in accordance with IFRS 10 (International Financial Reporting Standards) for Consolidated Financial Statements.

How we do it

We aspire to operate and abide by leading safety, health and environmental standards and to provide high-quality, safe and inclusive employment conditions. We are also committed to contributing to the sustainable development of the regions where we operate by fostering local jobs and businesses and engaging in two-way, open dialogue with all our stakeholders.

Generating safe, diverse and quality employment

Antofagasta Minerals

23,114

Antucoya

2,082

Centinela

8,617

Los Pelambres

6,718

Zaldívar

2,634

Corporate offices

3,063

5,185 Employees
17,929 Contractors

798 Employees
1,284 Contractors

2,057 Employees
6,560 Contractors

928 Employees
5,790 Contractors

888 Employees
1,746 Contractors

514 Employees
2,549 Contractors

Contributing to regional development

Providing employment

% of employees from the Antofagasta and Coquimbo Regions

Antucoya



Centinela



Los Pelambres



Zaldívar



Antofagasta Minerals



Protecting the environment

Antofagasta Minerals



of energy use is renewable energy



of water consumed is sea water



reduction in CO₂e emissions compared to 2017



26,921

hectares of protected ecosystems

10%
WOMEN³

0
FATALITIES

0.75
LTIFR
32% improvement since 2015



3. The percentage of female employees as of 31 December 2019.

STAKEHOLDER ENGAGEMENT

Open and transparent engagement with all our different stakeholders is essential for the sustainability and long-term success of our business.



People

Antofagasta Minerals has a workforce of more than 23,000 people (direct employees and contractors' employees), including our operations, projects, exploration programmes and corporate offices. Almost all our workforce is based in Chile and 42% is from communities near our operations. Contractors account for approximately 78% of the workforce at our operations.

Why we engage

Constructive relationships anchored in mutual respect and transparency help us to retain employees and avoid labour disputes, making for higher productivity and efficiency. Contractors are essential to mining operations and operational continuity requires that they adhere to the same standards as those expected of our own employees, particularly regarding safety and health.

How we engage

- Site visits
- Quarterly on-site CEO updates
- On-site reviews
- Engagement surveys
- Regular meetings with unions and contract managers
- Meetings on safety and health and other topics
- Performance evaluation

+ See page 32 for more information.



Communities

Our operations' neighbours include a range of communities in Chile's Antofagasta and Coquimbo Regions. We seek to grow together with our communities and to contribute to their long-term social and economic development. Our operations naturally affect local communities and we strive to prevent, mitigate and compensate for any adverse impact our activities may have.

Why we engage

The wellbeing of local communities is directly related to our business success and we believe that mining activities bring unique opportunities for national and local development.

How we engage

Engagement is one of the four pillars of our Social Management Model and much of it takes place through our flagship programmes: *Somos Choapa* (We are Choapa) in the Coquimbo Region and *Diálogos para el Desarrollo* (Dialogues for Development) in the Antofagasta Region. These programmes include mutual collaboration on the design of initiatives to foster local development, as well as other channels of contact such as mine site visits.

Engagement with local communities is regularly reported to the Sustainability and Stakeholder Management Committee and to the Board.

+ See page 38 for more information.



Suppliers

We work with over 2,900 suppliers, of which 95% are based in Chile. Suppliers provide a wide range of products and services from large mining equipment to catering and transport services.

Why we engage

Suppliers play a critical role in our ability to operate sustainably, safely and efficiently and therefore we seek to ensure that they comply with our standards and guidelines on sustainability matters. We prioritise the use of local suppliers and pay special attention to our largest suppliers in each category to ensure the most cost-effective, efficient and sustainable solutions.

How we engage

The procurement team regularly meets with suppliers who are encouraged to raise any issues or concerns they may have. Tenders take place through an online platform, designed to guarantee fair and transparent processes, and, in 2019, we developed software to automate the issue of invitations to tender, significantly extending our reach and particularly benefitting potential local suppliers.

+ See page 30 for more information.



Antofagasta Minerals is a constituent of the FTSE4Good Index series and the STOXX Global ESG Leaders Index.



Antofagasta Minerals has been included in the 2020 SAM Sustainability Yearbook.



Member of the International Council on Mining and Metals (ICMM).



Antofagasta Minerals publicly discloses its Climate Change and Water Management through the Carbon Disclosure Project (CDP).



Los Pelambres is a signatory to the United Nations Global Compact.



Customers

The majority of our sales are to industrial customers, who refine or further process the copper concentrate and cathodes we sell. Most sales are made under long-term framework agreements or annual contracts with sales volumes agreed for the following year.

Why we engage

Our sales are based on long-term customer relationships and commitments. Without these long-term relationships, we would have to sell a greater proportion of our cathodes and concentrate on the spot market, with greater uncertainty about pricing and volume.

How we engage

- Some of our major customers are also equity holders in our mining operations.
- The Chairman and several directors visit Japan each year to meet our partners.
- We hold regular meetings with customers around the world.
- We conduct business through our marketing office in Shanghai.



Shareholders

Shareholders are the companies, financial institutions and individuals that hold a stake in the Company. They are entitled to receive dividends and to vote at shareholder meetings on certain matters, including the election of the Company's directors.

Why we engage

Shareholders, and particularly institutional investors, are constantly evaluating their holdings in the Company and whether to buy, hold or sell shares. We provide insightful information about our strategy, projects and performance to assist them in their assessment of the Company. We pay special attention to how we communicate with shareholders, maintaining fluent and transparent dialogue with them in order to ensure that they are all treated well and informed of all the relevant information.

How we engage

We regularly meet with institutional investors and brokers' analysts at industry conferences and roadshows, as well as in one-on-one meetings. The Board attends the Company's Annual General Meeting, where its members are available to answer questions. The Company also provides regular production reports, financial and sustainability reports, and other ad-hoc information.



Governments and regulators

Governments and regulators, at national, regional and local levels, draft, implement and uphold legislation, rules and regulations, and set the framework within which we operate.

Why we engage

Mining is a long-term business and timescales can run into decades. Political cycles are typically far shorter and material developments and changes to policy, legislation or regulation can have a major impact on the business.

How we engage

We work alongside mining associations and other industry-related bodies to engage with governments on public policy, laws, regulations and procedures that may affect our business. Our relationship with governments and regulators takes place strictly within their engagement mechanisms, which in Chile are clearly defined in Law N° 20,730 on lobbying.

COLLABORATIVE SOLUTIONS TO COMMON CHALLENGES

Through alliances with public and other private actors, we multiply our efforts to address the mining industry's challenges and contribute to economic and social development.

Public-private alliances and alliances with other private actors, within and beyond the mining industry, are a key part of the way we manage our business. Antofagasta Minerals is a partner in projects, such as the Antofagasta Mining Cluster, that promote the development of areas where we have our operations or, like the Choapa Water Working Group, are designed to tackle specific problems. Similarly, through initiatives like InnovaMinerals, we seek to collaborate in addressing the industry's technical, social and environmental challenges by fostering innovation.

Antofagasta Mining Cluster

One of our key alliances is the Antofagasta Mining Cluster, a vehicle for fostering the development of northern Chile's Antofagasta Region, where three of our mining operations are located. We were the first mining company to join this public-private alliance, which brings together mining companies, government agencies and educational institutions. We are particularly committed to two of the Cluster's strategic pillars: the creation of regional human capital and the development of innovative suppliers.

In 2019, we committed \$1.2 million to educational and training initiatives in the Region, benefitting over 600 people, ranging from students at technical schools and universities to neighbours of our operations. As part of our involvement in the Antofagasta Mining Cluster, we also continued to implement the Eleva programme, providing work experience for pupils from local technical secondary schools and training centres.

ICMM

Antofagasta Minerals participates actively in the International Council on Mining and Metals (ICMM) and is committed to its ten principles. The ICMM, which is an association of the world's largest mining companies, promotes sustainable mining, develops standards and encourages its members to adopt best practices. Our CEO, Iván Arriagada, is the Deputy Chair of the ICMM Council.

The ICMM standards we apply include its Minimum Disclosure Standards for water reporting and its Water Stewardship Framework. In 2019, we participated in a public consultation on new standards proposed under the Global Tailings Review, an initiative which the ICMM co-convened along with the UN Environment Programme and the Principles for Responsible Investment organisation.

Choapa Water Working Group

The Choapa Valley, where our Los Pelambres mine is located, is a water-stressed area that has suffered a drought for the last ten years, of which 2019 was the worst. Among other actions, Los Pelambres is actively participating in a Provincial Water Working Group established by the Regional Government to identify and implement solutions that can improve the area's water security in the short, medium and long term.

Mining Council

Through Chile's Consejo Minero (Mining Council), an association of the country's large-scale mining companies, we are participating in important initiatives for the industry's sustainable development. Our Chairman, Jean-Paul Luksic, is the Past President of the Mining Council of which our CEO, Iván Arriagada, is also a director. In addition, René Aguilar, our Vice President of Corporate Affairs and Sustainability, chairs its Social Context and Communications Committee, while Ana María Rabagliati, our Vice President for Human Resources, is the vice chair of its Human Capital Committee and leads its working group on standards for the employment of people with disabilities at mine sites.

InnovaMinerals

Created in 2017, InnovaMinerals is an open platform through which we share our main operational challenges in order to capture ideas from inside and outside the Group and develop innovations. Since its launch, over 540 ideas have been uploaded onto the platform, 53 of which have been presented to the Innovation Board and 35 have been approved for further evaluation. We also participate in *Expande*, a broader public-private programme, led by the Fundación Chile technology transfer institute, which also promotes innovation in mining.

Programa Tranque

The safety of tailings storage facilities (TSFs) is an important concern for the mining industry and we are participating in the *Programa Tranque* (Tailings Programme), a public-private and community initiative that seeks to increase public access to information about their stability and behaviour. It is being piloted at Los Pelambres' El Mauro tailings dam and the data produced are currently being reviewed by the authorities prior to their public release.

MEMBERSHIPS

Antofagasta Minerals is a member of different international, national and regional organisations related to the copper mining industry and the sustainable development of the areas where we have our operations.



Local

Antofagasta and Coquimbo Regions

- Antofagasta Industrialists' Association (AIA)
- Mejillones Industrialists' Association (AIM)
- Corporación PROA
- Corporación PROLOA
- Fundación Gaviotín Chico
- Alianza Antofagasta
- Antofagasta Mining Cluster
- Industrial Corporation for the Development of the Coquimbo Region (CIDERE)
- Coquimbo Regional Mining Council (CORMINCO)



National

Chilean organisations

- Consejo Minero (Mining Council)
- Sociedad Nacional de Minería (SONAMI, National Mining Society)
- UN Global Compact network in Chile
- Acción Empresas, a local partner of the World Business Council for Sustainable Development



International

International organisations

- International Council on Mining and Metals (ICMM)
- International Copper Association (ICA)
- International Molybdenum Association (IMO)

AWARDS

In 2019, we received a number of awards and other forms of recognition for our performance in different fields. They included:



REDMAD Award, in the Inspiring Company category, for Antofagasta Minerals' systematic work to increase women's participation at different levels of the organisation.



Recognition of Fundación Minera Los Pelambres by the Mutual de Seguridad, a workplace health and safety insurer, for two years without accidents.



Recognition of Los Pelambres as a Leading Mining Company for its contribution to regional and provincial development, awarded by the Mining Ministry's Regional Office for the Coquimbo Region.



Selection of Fundación Minera Los Pelambres to present Somos Choapa at the XII International Forum of RedEAmérica (Lima, March 2020).



San Lorenzo Prize awarded by the National Mining Society (SONAMI) and the Illapel Mining Association to Los Pelambres for its contribution to regional development and the country through the optimisation of its processes.



Recognition of Antofagasta Minerals by the Antofagasta Industrialists' Association (AIA) for its contribution as a strategic partner in its Building Shared Value educational programme.



José Tomás Urmeneta Prize awarded by the Chilean Institute of Mining Engineers (IIMCh) to Los Pelambres for the Somos Choapa programme.



Recognition of Minera Centinela by the Mejillones Municipal Government, its Education Department and the Lucila Godoy Alcayaga school in Michilla for its committed support of the school.



Recognition of Fundación Minera Los Pelambres by the Business Sciences School of the Catholic University of the North for several years of joint work in promoting entrepreneurship in the Choapa Province.



Recognition of Minera Antucoya by the María Elena Secondary School for its constant support of the school's work.

SUSTAINABILITY POLICY

Our Sustainability Policy is structured around five pillars: People, Economic Performance, Environmental Management, Social Development, and Transparency and Corporate Governance. It provides the framework for our constant effort to develop mining for a better future.



"A commitment to sustainability is one of our six core values. As well as seeking to maximise the value of our assets, we aim to contribute to the social and economic development of the areas in which we operate and to minimise our environmental impact, while always being open and transparent with all our stakeholders."

René Aguilar
Vice President of Corporate
Affairs and Sustainability



PEOPLE

For Antofagasta Minerals, people's safety and health is a priority. Likewise, the wellbeing, motivation and development of our workers are a crucial part of the Group's value proposition. We recognise the importance of diversity and equal opportunities, leading us to permanently focus on the creation of environments that allow the integration and professional and personal development of our employees.



ECONOMIC PERFORMANCE

We are always looking for sustainable ways to improve our operational efficiency to ensure value creation for our shareholders and different stakeholders. We operate with a long-term outlook and in a responsible and efficient manner in order to maximise the economic value of our assets, contribute to social development and minimise our environmental impacts.



ENVIRONMENTAL MANAGEMENT

We permanently work to prevent, control and mitigate our potential environmental impacts and always seek to use natural resources efficiently. Environmental management systems are an integral part of the way we do business. We set objectives, goals and KPIs, striving towards continuous improvement and monitoring our environmental performance.




SOCIAL DEVELOPMENT

We seek to generate economic, social and human capital in our direct areas of influence. We initiate effective, participatory and transparent dialogue processes with the different stakeholders in the regions where we operate, acknowledging disputes and seeking opportunities to jointly address these issues and therefore generate a shared vision of development.



TRANSPARENCY AND CORPORATE GOVERNANCE

We believe in the importance of developing effective, responsible and transparent institutions. We have guidelines and internal regulations that establish our commitment to conduct our business in a responsible manner. We behave in an honest, transparent and respectful way with regards to human rights and the law. In addition, we openly report on our performance and implement systems that allow us to internally audit our procedures.

 For details of progress in each of these areas in 2019, see our Sustainability Goals on page 58.

CORPORATE GOVERNANCE

At Antofagasta Minerals, we are committed to the development of effective, responsible and transparent institutions and always apply best international corporate governance practices.

Board of Directors

Antofagasta Minerals is wholly owned by Antofagasta plc. The Board is chaired by Jean-Paul Luksic and has 11 members who have a broad and complementary set of technical skills, educational and professional experience, nationalities, personalities, cultures and perspectives. The Board's role is to promote the long-term, sustainable success of the Group, generating value for shareholders and contributing to wider society.

The Board has established the Group's purpose, values, strategy and risk appetite and monitors its culture as well as its ongoing performance against these measures. The Board is assisted in its responsibilities by five Board Committees: Nomination and Governance, Audit and Risk, Sustainability and Stakeholder Management, Projects, and Remuneration and Talent Management.

In 2019, the Board's activities focused on the oversight and pursuit of the Group's strategy, ensuring critical issues were not overlooked and advising management on the development of strategic priorities and plans that align the values of the Group and the best interests of our stakeholders.

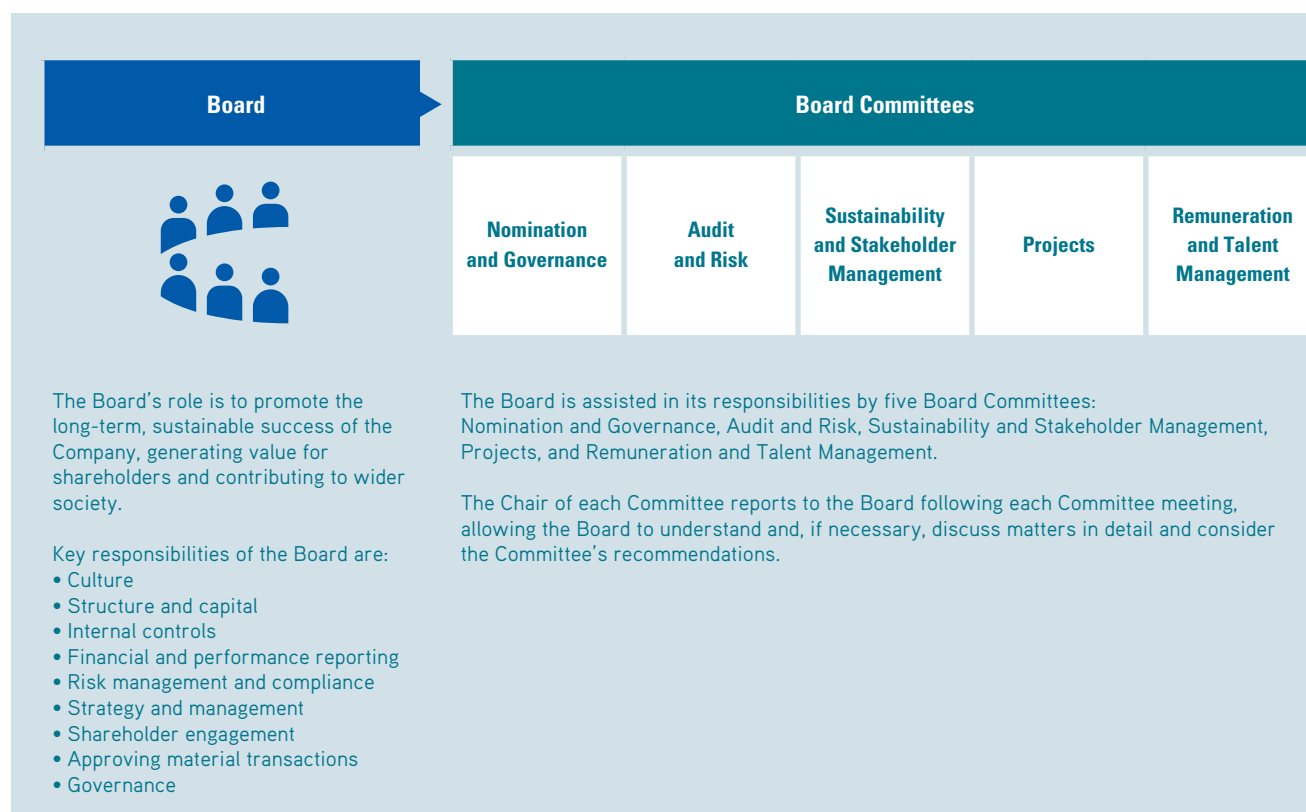
Senior management

The Board has delegated day-to-day responsibility for implementing the Group's strategy and fostering the corresponding organisational culture to its CEO, Iván Arriagada. He chairs an Executive Committee, which reviews significant matters and approves expenditure within designated authority levels. The Executive Committee leads the annual budgeting and planning processes, monitors the performance of the Group's operations and investments, evaluates risk and establishes internal controls, and promotes the sharing of best practices across the Group.

Members of the Executive Committee also sit on the boards of the Group's operating companies and report on the activities of those companies to the Board, the CEO and the Executive Committee.

The Executive Committee is, in turn, supported by five subcommittees: Operating Performance Review, Business Development, Disclosure, Ethics and Project Steering.

✚ For further information about corporate governance, the responsibilities, role and membership of the Board, as well as the priorities and measures adopted to develop and strengthen the Board's collective knowledge on sustainability matters, see pages 84-103 of the Annual Report, available on www.antofagasta.co.uk.





“The Board’s ability to continue to deliver long-term sustainable success relies on a detailed understanding and reflection of the views of our workforce and stakeholders in Chile.”

Jean-Paul Luksic
Chairman



CEO and Executive Committee



The CEO’s role is to implement the business strategy and foster the corresponding organisational culture. The CEO is supported by the Executive Committee, which is chaired by the CEO.

The Executive Committee leads the annual budgeting and planning processes, monitors the performance of operations and investments, evaluates risk and establishes internal controls, and promotes the sharing of best practices.

Subcommittees of the Executive Committee

Operating Performance Review	Business Development	Disclosure	Project Steering	Ethics
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Members of the Executive Committee also sit on the boards of the Group’s operating companies and report on the activities of those companies to the Board, CEO and Executive Committee.

The Executive Committee is assisted in its responsibilities by subcommittees.

Sustainability and Stakeholder Management Committee

The Sustainability and Stakeholder Management Committee supports the Board in the stewardship of our environmental, social and safety and health programmes.

The Committee makes recommendations to the Board to ensure that considerations important for our stakeholders are taken into account in the Board's deliberations.

It reviews and updates the Group's strategy and policy framework, including safety and health, the environment, climate change, human rights, communities and stakeholder engagement. It also establishes targets and monitors the Group's performance in these areas.

The Committee meets as necessary and at least twice a year.



“Understanding our stakeholders is critical to our long-term success. We set ambitious environmental, social and safety and occupational health commitments that are designed to take into account the interests of our stakeholders.”

Vivianne Blanlot
Chair

Chair	Members	Responsibilities	
Vivianne Blanlot	Jorge Bande Juan Claro William Hayes (until May 2019) Ramón Jara (since January 2020)	<ul style="list-style-type: none"> • Policies and commitments • Safety and health • Community relations • Environment 	Other regular attendees include the CEO and Vice President of Corporate Affairs and Sustainability. Sessions are also regularly attended by Directors who are not Committee members, including the Chairman of the Board.

Key activities in 2019

Policies and commitments	Safety and health	Community relations	Environment
<ul style="list-style-type: none"> • Reviewed the 2018 Sustainability Report. • Reviewed the sustainability aspects of the expansion projects at Los Pelambres and Centinela. • Reviewed proposed amendments to the Committee's terms of reference. 	<ul style="list-style-type: none"> • Reviewed the 2020 Safety and Occupational Health Plan. • Monitored safety and occupational health performance, including high potential accidents. • Reviewed reports issued by the Independent Technical Review Board appointed to advise Los Pelambres and Centinela on the operation of their tailings deposits. 	<ul style="list-style-type: none"> • Reviewed the social management model. • Reviewed public perception survey results in connection with the Group's operations in the north of Chile. • Reviewed the community relations programme for the Group's operations in the north of Chile. • Reviewed an evaluation of the social programmes of Los Pelambres. • Monitored results of the Group's communications activities. 	<ul style="list-style-type: none"> • Reviewed environmental management reports. • Reviewed the results of Centinela's implementation of the environmental management model. • Reviewed the statement on the stability of our tailings dams and deposits. • Reviewed the Group's approach to supporting the ICMM proposal to develop a global tailings standard.

Sustainability priorities

Our sustainability priorities are anchored in our Charter of Values, main risks and opportunities, and our stakeholders' key concerns and expectations. All of these are reviewed frequently by the Board and its Sustainability and Stakeholder Management Committee.

CHARTER OF VALUES

Responsibility for safety and health



We are responsible for our own safety and health and that of others. We identify and control our risks and are aware of the impacts of our actions.

Excellence in our daily performance



We constantly strive to achieve the best results through operational discipline. We take care of our resources, we are efficient, austere and honest. We build trust by fulfilling our undertakings.

Respect



We respect people, their opinion matters to us and we therefore interact in an open, transparent and collaborative way. We trust others and are genuinely interested in their wellbeing. We foster a workplace that promotes diversity and inclusion.

We are forward-thinking



Our business strategy seeks to generate value in the long term for both our shareholders and other stakeholders. We learn from our mistakes and have the flexibility and confidence to address changing challenges.

Commitment to sustainability



We operate in a responsible and efficient way with a long-term outlook. We maximise the economic value of our assets, we contribute to social development and we minimise our environmental impacts.

Innovation is a permanent practice



We recognise and foster new ideas that enable us to improve our working practices and the way we engage with others. We seek to create value for the organisation, people and society.

ETHICS AND COMPLIANCE

The way we achieve our objectives is crucial to our long-term sustainable development. We have zero tolerance for bribery and corruption and we are committed to working with integrity and transparency.

Antofagasta Minerals has a robust governance framework to ensure it complies with all applicable anti-corruption and anti-bribery legislation and to prevent any unethical behaviour.

Code of Ethics

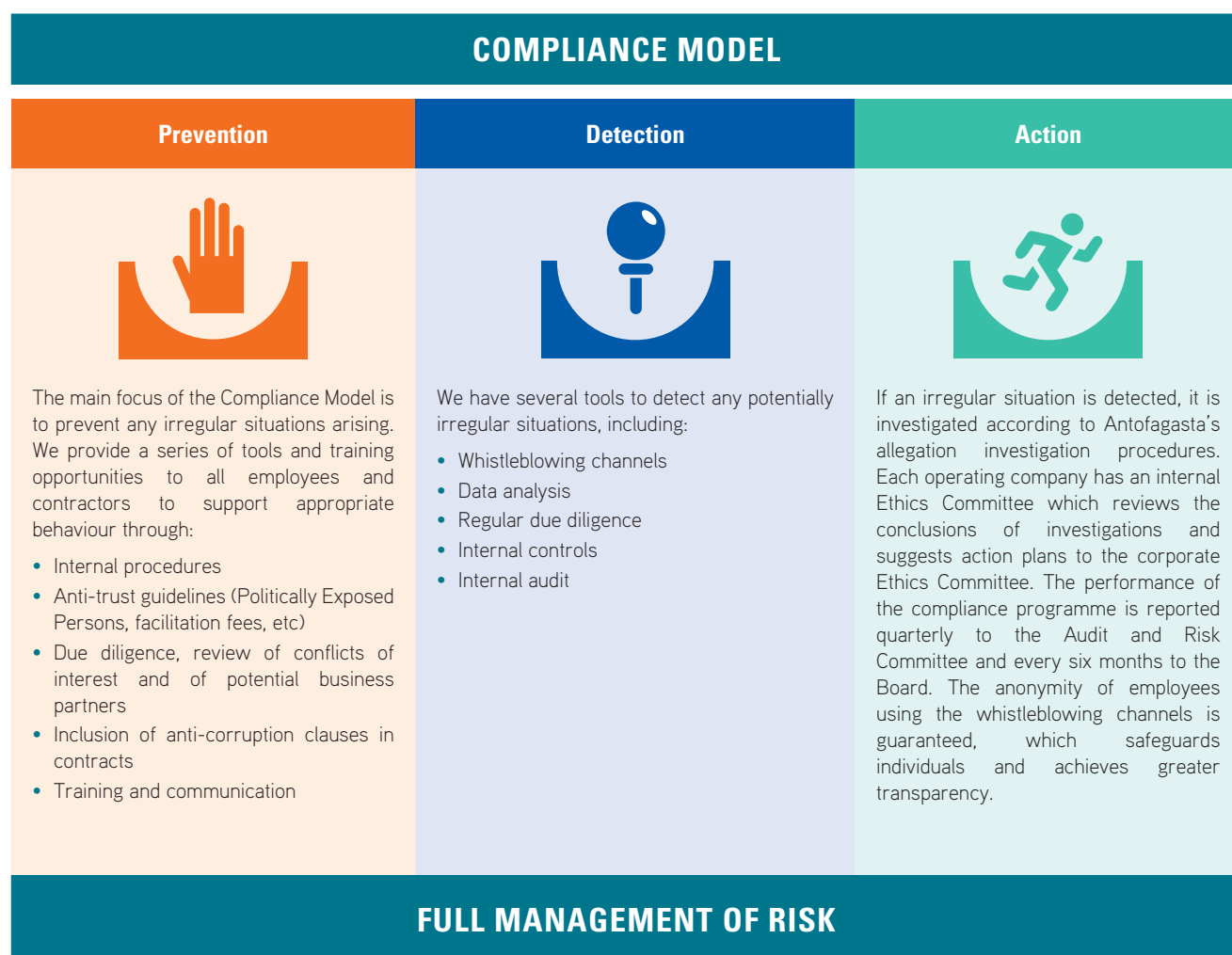
The Code of Ethics stresses the commitment of the Board, employees and contractors to conduct business in a responsible and transparent manner and is the basis for our Compliance Model. It includes the values that guide the Company's actions along with guidelines to identify and manage potential conflicts of interest and for the handling of privileged, confidential and financial information. In 2019, all employees updated their conflict of interest disclosures.

In addition, it provides guidelines on issues such as respect for human rights, local culture and values and the rights of neighbouring communities.

Compliance Model

Antofagasta's Compliance Model, established in 2018, applies to both employees and contractors. It is clearly defined and is communicated regularly through internal channels, as well as being available on our website. All contracts include clauses relating to ethics, modern slavery and crime prevention to ensure contractors' adherence to our Compliance Model.

The Compliance Model is reviewed regularly, both internally and by third parties, and on matters relating to corruption it has been certified under Chilean anti-corruption legislation.





Due diligence

Corporate due diligence of suppliers' legal compliance includes key human rights issues such as general working conditions, the prevention of child labour, discrimination, harassment and other abuses. These are regularly audited by each operation as well as by the corporate centre.

In 2019, we reinforced controls in the Procurement Department and strengthened the supply chain due diligence process, particularly in respect of working conditions and modern slavery.

Crime Prevention Model

Our Crime Prevention Model ensures compliance with anti-bribery and anti-corruption laws in the United Kingdom and Chile and is certified by an external entity. In 2019 we updated our crime prevention manual and re-evaluated related risk to reflect new offences that had been included in the Chilean anti-bribery law.

Training

We ensure that our Crime Prevention Model and our policies and procedures are implemented and understood throughout the organisation. This is achieved through induction training for all new employees, an e-training programme implemented every two years, special training for the most exposed areas and a training plan that is updated annually.

In 2019, we conducted in-depth training and briefings on ethics and compliance, particularly in the higher-risk areas. We also held a Compliance Week for our employees in December as a refresher programme for our Compliance Model.

Whistleblowing

The Group's workforce is encouraged to report any concerns to the Ethics Committee through the confidential whistleblowing hotline. Reports may be made anonymously, and all reports are investigated and reported to the Audit and Risk Committee and the Board.

In 2019, we improved and updated our whistleblowing channel for employees and third parties to submit questions and complaints.



Payments to governments

Antofagasta makes payments to governments relating to activities involving the exploration, discovery, development and extraction of minerals. These payments are primarily taxes paid to the Chilean government and mineral licence fees, which in 2019 totalled \$411 million of which 99.8% was paid in Chile.

Chilean law allows political donations to be made subject to certain requirements, but Antofagasta made no political donations in 2019. However, we often contribute towards the financing of projects benefitting local communities in alliance with local municipalities and the government. These contributions are regulated by specific laws and are reviewed.

Modern Slavery Act

In compliance with the UK's Modern Slavery Act 2015, the Group publishes every year a statement setting out the steps taken to ensure that slavery and human trafficking are not occurring in its supply chain or in any part of its business.

This statement is available at www.antofagasta.co.uk.

Human rights

In 2019, we implemented a human rights due diligence process as a first step to drawing up a corporate Human Rights Policy and an associated plan of action. We respect and support human rights by:

- Providing high safety and health standards, fair wages and good labour relations
- Preventing discrimination, harassment and bullying
- Complying with the UK's Modern Slavery Act
- Providing high-standard accommodation, services and facilities and opportunities for training and development
- Preventing corruption and malpractice
- Preventing or mitigating adverse environmental and social impacts
- Respecting communities' rights, culture and heritage
- Engaging in dialogue throughout the mining lifecycle from exploration to closure
- Responding to grievances
- Supporting community development

Indigenous people

Our only operation whose area of influence includes indigenous communities is Zaldívar. They are the Atacameño communities of Peine, Socaire, Camar and Talabre. Relations with them are governed by our Social Management Model and aligned with ILO Convention 169 and the guidelines of the International Council on Mining and Metals (ICMM).

RISK MANAGEMENT

Effective risk management is an essential part of our culture and strategy. Accurate and timely identification, assessment and management of key risks give us a clear understanding of the actions required throughout the organisation in order to achieve our objectives.

Risk management framework

Antofagasta Minerals is aware that not all risks can be completely eliminated and exposure to some risks is necessary in pursuit of our strategic objectives. Our risk management framework aims to identify, assess and put in place appropriate preventative and mitigating measures to control these risks.

The Board determines the nature and extent of the significant risks that we will accept in order to achieve our strategic objectives. It is assisted by the Audit and Risk Committee which reviews the effectiveness of the risk management process and monitors key risks, preventive and mitigation procedures and action plans. The Chair of the Committee reports to the Board following each Committee meeting and, if necessary, the Board discusses the matters raised in more detail.

The Risk and Compliance Management Department is responsible for risk management systems across Antofagasta Minerals. It promotes our risk management policy, vision and purpose to ensure a strong risk management culture at all levels of the organisation. The Department supports business areas in analysing their risks, identifying existing preventive and mitigating controls and defining further action plans. It also maintains and regularly updates our risk register.

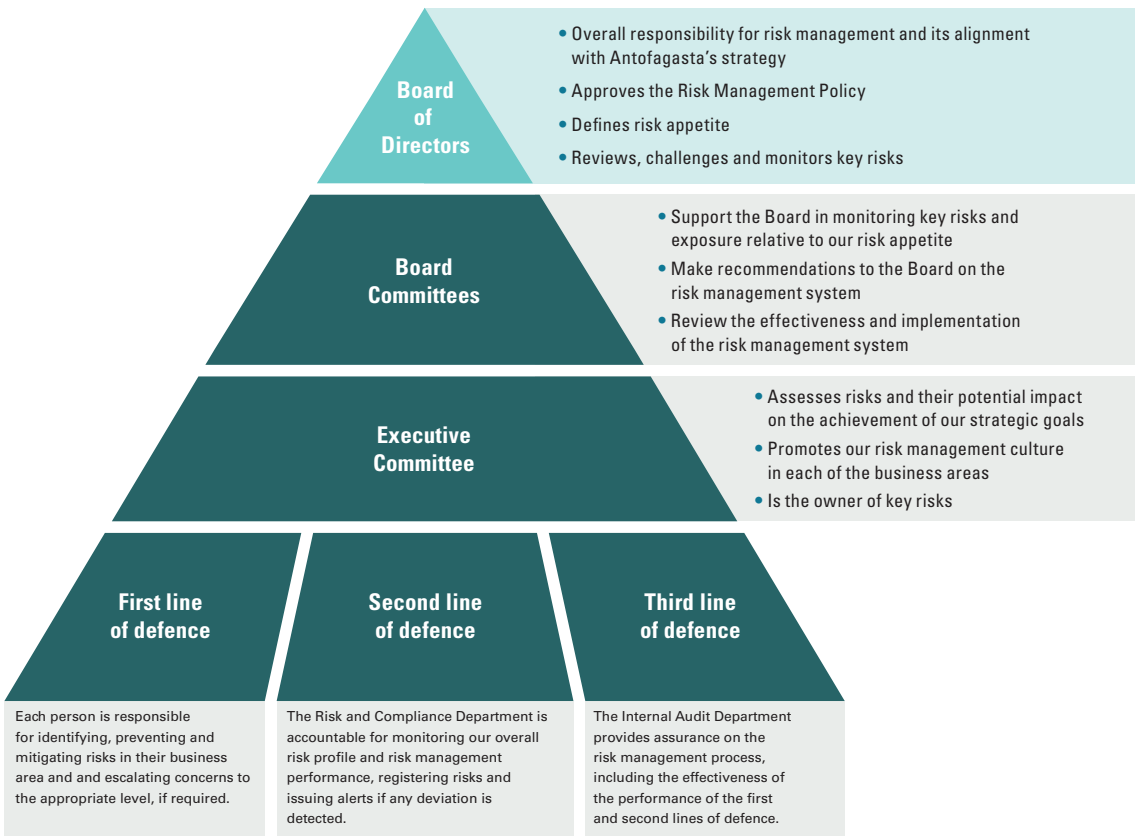
The General Managers of each of our operations have overall responsibility for leading and supporting risk management. Risk owners within each operation have direct responsibility for the risk management processes and for regularly updating individual business risk registers, including relevant mitigation activities.

Mitigation techniques for significant strategic and business unit risks are reviewed quarterly by the Risk and Compliance Management Department. We also have an autonomous Internal Audit function that undertakes regular and ad hoc reviews of risk management controls and procedures, and reports directly to the Audit and Risk Committee.

Focus in 2019

In 2019, we focused on increasing all employees' risk management awareness and accountability. The importance of risk management was reinforced through regular communication and training, with over 95% of our executives and supervisors successfully completing an online risk management course.

We also developed risk procedures and protocols for different areas of the business to ensure all key activities are carried out within the defined levels of risk appetite.



Principal risks

We maintain a risk register through a robust assessment of the potential key risks that could affect our performance. This register is used to ensure key risks are identified in a comprehensive and systematic way and that agreed definitions of risk are used.

In 2019, the Board conducted a robust assessment of our risks and risk appetite and added two new risk areas: climate change and tailings storage. We have now identified 16 risk areas grouped under People, Safety and Sustainability, Competitiveness, Growth and Innovation. Preventive and mitigation measures have been established for all risks.

Key elements of integrated risk management



We recognise that risks are inherent to our business: Only through adequate risk management can internal stakeholders be effectively supported in making key strategic decisions and implementing our strategy.

Exposure to risks must be consistent with our risk appetite: The Board defines and regularly reviews the acceptable level of exposure to key risks. Risks are aligned with risk appetite, taking into consideration the balance between threats and opportunities.

We are all responsible for managing risks: Each business activity carries out risk evaluations to ensure the sound identification, management, monitoring and reporting of risks that could impact the achievement of our goals.

Risk is analysed through a consistent framework: Our risk management methodology is applied to all our operating companies, projects, exploration activities and support areas so that we have a comprehensive view of the uncertainties that could affect achieving our strategic goals.

We are committed to continuous improvement: Lessons learned and best practices are incorporated into our procedures to protect and unlock value sustainably.

For more information about our risk management framework, work in 2019 and detail about our principal risks and their preventive and mitigation measures, see pages 22-30 of the Annual Report 2019.



Safety and Sustainability risks

In 2019, we increased the risk levels of Community Relations and Political, Legal and Regulatory after nationwide social unrest in Chile.

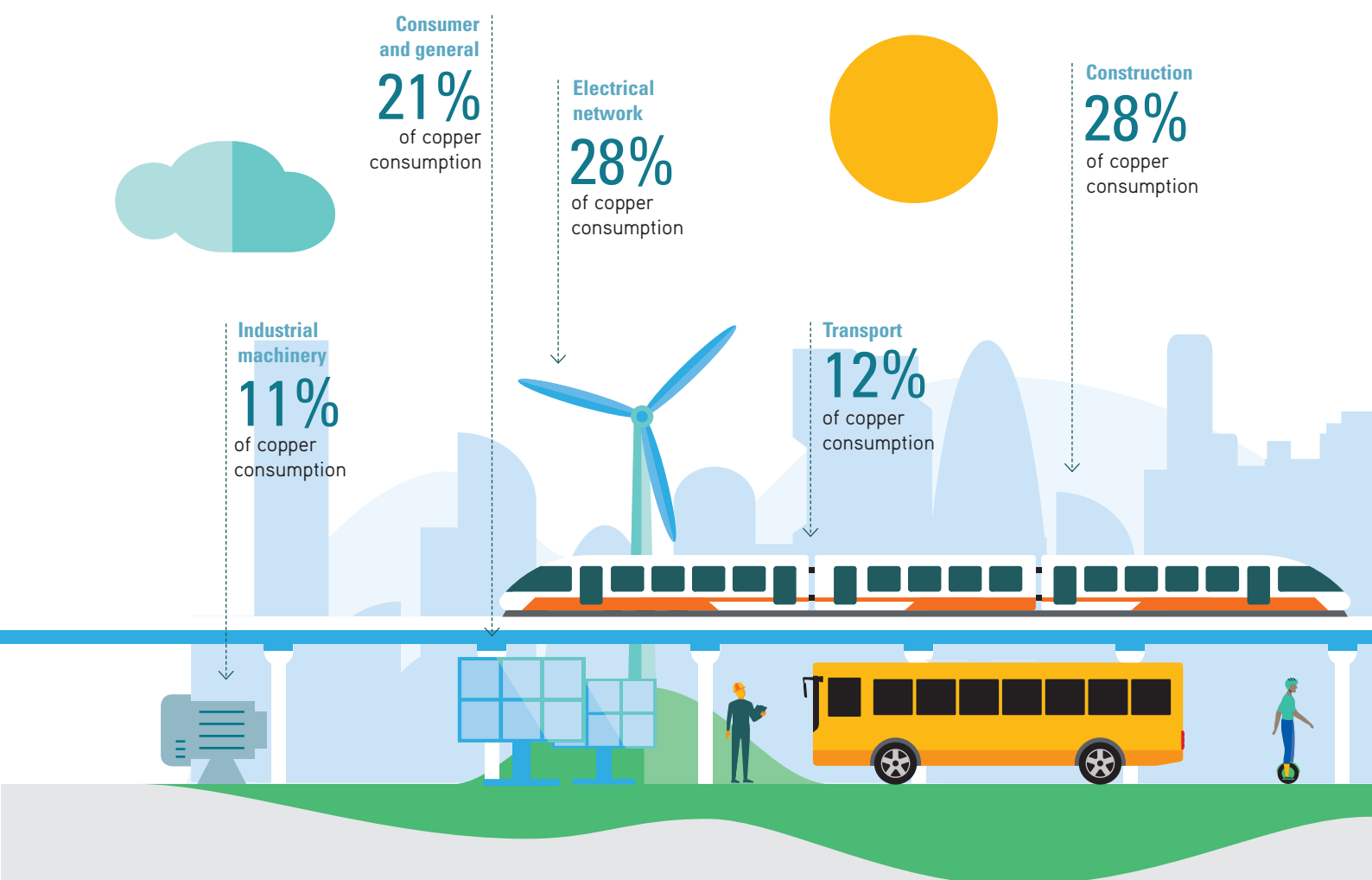
Safety and Sustainability risks	Risk appetite	Risk level 2019	Risk level 2019 vs 2018
Safety and health	LOW	VERY HIGH	
Environmental management	LOW	HIGH	
Climate change	LOW	HIGH	NEW
Community relations	LOW	HIGH	↑
Political, legal and regulatory	LOW	VERY HIGH	↑
Corruption	LOW	HIGH	

For more information about our risk heat map, see page 24 of the Annual Report 2019.

WIDELY USED IN A GROWING WORLD¹

Globally, copper is used in a wide range of business sectors. Refined copper consumption in 2019 was 23.6 million tonnes and this is expected to grow at a compound annual growth rate of 1.7% over the next 20 years to 33.5 million tonnes in 2040. Although most of this growth will come from mined copper an increasing proportion of it will be recycled material, as copper can be recycled again and again without any degradation of its physical properties.

Total consumption 2019
23.6mt



DELIVERING SUSTAINABLE ECONOMIC VALUE

The economic value we generate is distributed directly to all our stakeholders in the form of wages, purchases, contributions, taxes and dividends. There are also indirect economic benefits arising from expenditure by suppliers, employees, the government and others.

Distribution of economic value generated

In 2019, we distributed \$5,254 million to our stakeholders or, in other words, employees, communities, suppliers, shareholders, lenders and governments.

Our aim is to develop mining for a better future and we understand that generating economic value means more than making a profit.

For Antofagasta, creating economic value implies generating profits responsibly and with a long-term vision, incorporating unique and innovative solutions in business decisions to address challenges in the regions in which we operate, and working to tackle today's global challenges.

Total Economic Contribution

\$5,254m

Shareholders

\$470m
Dividends

Lenders

\$74m
Interest payments

Minority shareholders

\$450m
Dividends

Governments

\$411m
Income taxes, royalties and other payments to governments

Suppliers

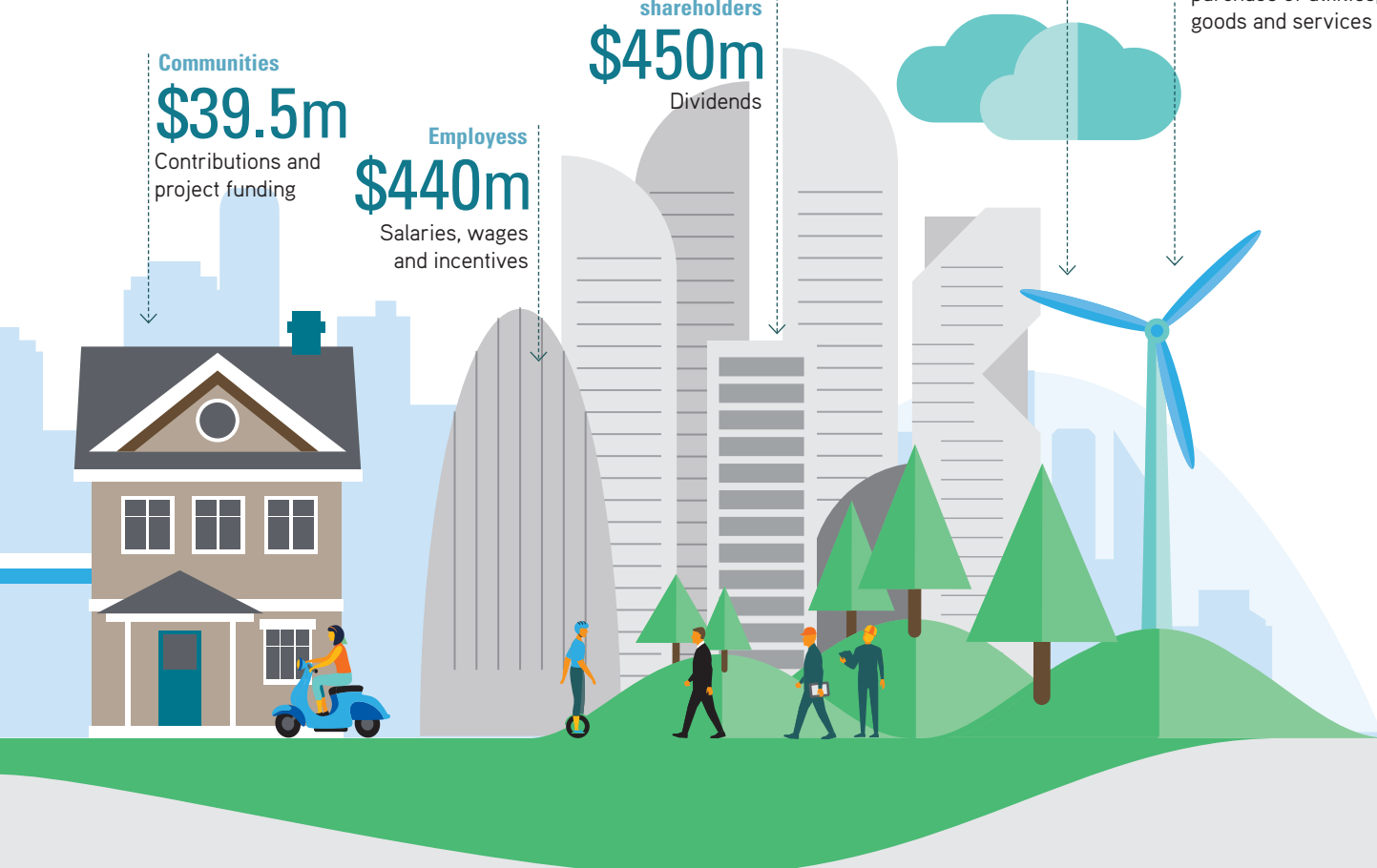
\$3,369m
Payments made to suppliers for the purchase of utilities, goods and services

Communities

\$39.5m
Contributions and project funding

Employees

\$440m
Salaries, wages and incentives



RESPONSIBLY SOURCED SUPPLY

We place particular importance on giving local companies opportunities to work with us as part of our bid to contribute to the development of the areas where we operate.

Antofagasta Minerals works with over 2,900 suppliers which provide a wide range of goods and services from mining equipment and fuel to catering and blasting services.

They are managed by a central team that applies common procedures across our four mining operations and ensures compliance with our standards and practices.

Compliance

Due diligence is carried out on all potential suppliers prior to awarding a contract. We review company ownership, the participation of politically exposed persons (PEP), anti-trust issues, commercial behaviour, legal cases, labour practices, conflicts of interest and contract risks.

Contracts with suppliers include clauses requiring compliance with Chilean Law N° 20,393 on bribery and asset laundering and the UK's Bribery Act and Modern Slavery Act.

In 2019, we included a new clause to contracts stating suppliers' obligation to pay their subcontractors, allowing us to discount any outstanding payments from a supplier's performance bond and even terminate the contract.

We carry out regular audits of direct suppliers to monitor compliance with labour legislation and our Code of Ethics, policies and standards. On-site due diligence and audits are conducted on all companies in jurisdictions with different standards, for example China where we

inspected 29 factories in 2019. In Chile, we made 66 visits to 28 suppliers.

In 2019, we provided training on our policies and practices to suppliers. A new position was also created to focus on supplier excellence and, particularly, sustainability and human rights.

There were no lawsuits or fines for incidents in the supply chain.

Fundamental role

Suppliers play a fundamental role in our ability to operate safely, continuously and efficiently.

Key supplies include inputs such as electricity, water and fuel; spare parts and equipment to ensure operational continuity; and services such as accommodation, transport and medical care. The identification of economic, environmental, labour and ethical risks in our supply chain forms part of our Risk Management Model.

Tender processes

Tenders take place through an online platform, designed to guarantee fair and transparent processes, with objective and auditable award procedures. This platform includes a channel for reporting complaints. Suppliers can also make complaints via the Reporting Line on Antofagasta Minerals' website.

+ See the Our People section on page 32 for further information.



Fostering innovation

We are part of Expande, an open innovation programme that promotes the development of high-potential solutions from technology companies and connects them with challenges faced by the mining industry. We also have our own platform, InnovaMinerals, where our employees and partners can submit their own innovation proposals.

In 2019, we published 16 operational challenges on these two platforms. Short-listed companies took part in 12 pitch days at our mining operations. A total of 11 contracts were awarded.

2,907 Suppliers

Based in Chile
95%

Total payments to suppliers¹
\$3,369m

1. The figure comprises the total amount of contracted purchases in 2019.

Focus on local suppliers

At Antofagasta Minerals, we seek to support local economic growth by promoting the development of businesses in the regions where we operate. This involves both increasing the opportunity for local companies to supply our operations and enhancing their business and financial capabilities, as well as their productivity and use of innovation.

In 2019, we spent \$389 million on goods and services sourced from 702 local small and medium-sized business (SMEs), with headquarters in the Antofagasta and Coquimbo Regions, representing 12% and 24% respectively of Antofagasta Minerals' total purchases.

Regional procurement guidelines

In 2019, we launched our new Guidelines on Regional Procurement and Recruitment which provide special conditions to make it easier for SMEs to participate in tenders.

These measures include automatically registering interested local suppliers on the Group's database, inviting them to information sessions, sharing annual hiring plans and automating the tender invitation process (see Robot Josy case study). As a result, the number of local companies invited to participate in tenders increased significantly as did the number of local suppliers responding to invitations.

In addition, the guidelines reduce financial barriers and accept a wider range of financial guarantees for local companies who wish to participate in tenders. We have also reduced the payment period for local SMEs from 30 days to 15 days.

Los Pelambres Expansion Project

In the framework of opportunities presented by the expansion project, Los Pelambres has established complementary guidelines to make it easier for businesses in the Choapa Province to provide goods and services to the operation.

In addition to reducing financial entry barriers, Los Pelambres specifically targets local companies in tenders for smaller contracts where there is a sufficient market size in the area for it to be competitive. Bidding rules can also specify items or services that may only be subcontracted to local businesses.

Supplier development

One of our undertakings as active members of the Antofagasta Mining Cluster, a public-private alliance to promote a regional industry of technical services, is to foster innovation in local suppliers.

As part of this commitment, we presented 11 operational challenges to local entrepreneurs during the Industrial Weeks for Innovation in Mining in Antofagasta. Workshops were attended by 335 people, 18 pitches were submitted and one contract was awarded.

In addition, in 2019 Antucoya and Centinela launched programmes which led to the development of 45 community suppliers in the local towns of María Elena and Sierra Gorda. We worked with Chile's Economic Development Agency (CORFO) to develop local business capabilities.

Local alliances

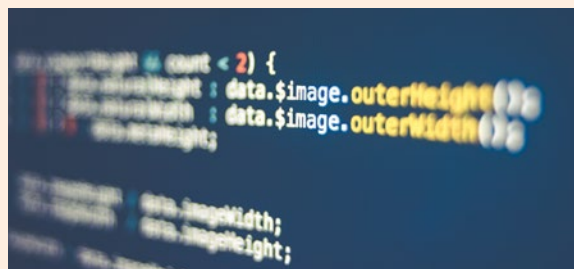
We form alliances with local partners to leverage local knowledge and to establish ties with potential suppliers in the area of our operations.

For example, Los Pelambres has a collaboration agreement with the

Association of Traders and Companies of Salamanca (ACESA) to foster opportunities for businesses in this nearby town. As part of this agreement, 11 companies joined together to bid for and win a contract to rent 30 pick-up trucks to the Los Pelambres Expansion Project. This project has also undertaken to hire 30% of its workforce locally.

Energy efficiency in suppliers

In line with our approach to climate change, we consider energy efficiency when selecting suppliers. In the case of energy-intensive goods and services, this is a parameter in the tender and we have also established energy efficiency KPIs for rented equipment.



ROBOT JOSY

In 2019, Antofagasta Minerals' supply area pioneered the use of an automation software to issue calls to participate in tenders for goods. The initiative forms part of the supply function's strategy to enhance productivity and performance through digital transformation.

The software, dubbed Robot Josy, processes buyers' needs and sends tenders to suppliers including technical specifications, dates, conditions and parameters. This speeds up repetitive tasks as well as allowing employees and external buyers to dedicate more time to duties with added value such as identifying new suppliers or negotiating contracts.

In addition, it enhances the competitiveness of tenders by increasing both the number of companies who are invited to take part as well as the number that actually participate in the tender.

**In 2019, Josy helped
the company make more than**

3,000
purchases.

The main challenge was to help members of the supply area overcome their fear of change and use the system. This was achieved by giving the software a name and by making them part of the development process and incorporating their feedback.

The supply area is now developing Josy 2 which will be able to evaluate bids and propose winners. It plans to use more advanced forms of Artificial Intelligence by 2022.

702 Local suppliers¹

\$389m
of local purchases from SMEs

¹ In our Sustainability Report 2019, local suppliers are defined as SMEs that are headquartered in the Antofagasta and Coquimbo Regions. This is a change from our Sustainability Report 2018 when we defined local suppliers as companies with an operating base in these two regions and headquarters in these, or other, Chilean regions.

OUR PEOPLE

At Antofagasta Minerals, we understand that talent is key in addressing the challenge of developing mining for a better future and we therefore seek to foster employees’ wellbeing and diversity. In 2019, this was reflected in our review of the Leadership Model and the development of work-life balance guidelines.

At Antofagasta Minerals, our People Strategy is built around the four pillars of culture, talent management, organisational effectiveness, and labour relations and commitment. It is aligned with our Charter of Values, approved in 2018, that guides our behaviours and how we operate.

In 2019, our workforce, including employees and contractors, increased by 19% to 23,114 people, mainly because construction ramped up at our Los Pelambres Expansion Project, requiring a larger number of contractor workers. The largest proportion of our workforce is employed at Centinela with 37%, followed by Los Pelambres (29%), our corporate offices (13%), Zaldívar (11%), and Antucoya (9%), respectively.

Employee wellbeing

For Antofagasta Minerals, employee wellbeing is a core aspect of our effectiveness and sustainability as an organisation and, in 2019, we took important steps to improve our employees’ work-life balance as a central part of our Diversity and Inclusion (D&I) strategy.

Flexitime

During the year, a pilot flexitime system was introduced in Centinela’s planning and development area and also in its concentrator plant. In early 2020 it was rolled out in our corporate offices in Santiago and Antofagasta and the plan is to gradually implement it at all our operations.

The system allows employees, with the agreement of supervisors, to choose shift options that suit their individual needs or, in roles where it is feasible, to fulfil their duties outside standard working hours or to work remotely. It also lets employees take time off work to study, care for a sick relative or for other reasons.

Work-Life Balance Guidelines

In 2019, we also worked with our operations and our Diversity and Inclusion Council to draw up a set of Work-Life Balance Guidelines. These are designed to improve the division of employees’ time on work and family or leisure activities, support the integration of women and people with disabilities, and create a more sustainable workforce. It includes benefits that go beyond those required under Chilean law, such as longer paternity leave and support for employees undertaking further education.

D&I GOALS

Double the percentage of women in the workforce by 2022, compared to the 2017 baseline of 8.4%.

Go beyond the 1% of workers with disabilities required by Chilean legislation.



23,114 People

Employees

22%

Contractors

78%

Women

10%

Unionised employees

78%



INSPIRING COMPANY

In 2019, Antofagasta Minerals received the REDMAD award, “Inspiring Company”, for implementing sustainable and systematic strategies to further the position of women in the organisation. In particular, the award recognised the appointment, in 2018, of seven women to the boards of the Group's operating companies.

Inclusive culture

Antofagasta Minerals' Diversity and Inclusion (D&I) Strategy was launched in 2018, initially focusing on the incorporation of women, people with disabilities and employees with international experience. The aim is to create an attractive, inclusive culture that fosters the wellbeing of everyone regardless of their different personal characteristics such as race, gender, sexual orientation, nationality, disability, religion or social background.

A survey of executives and supervisors in January 2019 showed high awareness of the D&I Strategy and 71% identified it as a priority for the organisation. We spent the remainder of the year creating the conditions for its full and sustainable success to ensure both the attraction and retention of a diversity of talent.

Leadership Model

During the year, we updated our Leadership Competencies Model to ensure we have a leadership that is inclusive and facilitates innovation. The new model, developed with the input of over 800 workers at our operations via focus groups and meetings, is built around our Charter of Values and five key leadership skills. These are: I value all contributions, I act thinking of the future, I develop myself and others, I do things with conviction and commitment, and I create value in everything we do.

People with disabilities

Under Chile's Workplace Inclusion Law, people with disabilities must account for at least 1% of a company's workforce from 1 April 2020. We are working towards meeting this goal through a number of initiatives including:

- **Mine sites:** leading an initiative, through Chile's Mining Council, to define the minimum standards required to enable the employment of people with disabilities at mine sites. This technical working group began in mid-2019.
- **Universal access:** implementing universal access to allow disabled

people to work at our corporate offices in Santiago and Antofagasta.

- **Accessible website:** launching changes to our website, including better contrast, different font sizes and a text-to-speech voice reader for people with limited eyesight.
- **Inclusive recruitment:** participating in an inclusive recruitment platform and inclusive job fairs to recruit people with disabilities.

Women in mining

In 2019, women represented 10% of our employees and 17% of our supervisor and senior management positions. The aim is for 16.8% of our employees to be women by 2022, a challenging goal given increasing competition to employ women across the mining sector and the industry's traditionally male-focused culture and shift patterns. The results of the Gender Barriers Early Alert System (SATGEN) survey of our female employees into why women leave the mining industry, conducted by Santo Tomás University, provided important input for our Work-Life Balance Guidelines.

In addition to these and our new flexitime system, other initiatives to foster women in the workforce include:

- **Sexual harassment:** awareness campaigns on our Sexual Harassment Protocol, approved in 2018, at our four mining operations.
- **Women in business:** sponsorship of the creation of a Chilean chapter of the 30% Club, a campaign launched in the UK in 2010 to foster gender balance on companies' boards and in senior management positions.
- **Promociona programme:** active participation in Promociona (Promotes), a public-private initiative that supports female leadership development to increase women's participation in senior management and on boards.
- **Women and Mining Working Group:** active involvement in this public-private working group to address work-life balance issues hindering the incorporation of women into the mining industry.

Building human capital

At Antofagasta Minerals, we seek to develop human capital and talent, not only internally but also in our local communities (see the Relevos case study on page 35). In 2019, 42% of direct employees at our mining operations were resident in the Antofagasta and Coquimbo Regions.

In 2019, we invested \$3.2 million in employee training. This was equivalent to 49 hours of training per employee.

Digital transformation

In mid-2019, we created a new area to implement our Digital Transformation project to ensure we are capturing the advantages of existing technology, improve how we work and develop our skills in readiness for a highly digitalised future. It involves 23 projects to automate or robotise processes in areas such as finance and human resources. As it is rolled out in 2020, the project will significantly change the way we work, including generating synergies with the new flexitime system.

Towards the end of the year, we began a training programme in our corporate offices on how to use technology to improve teamwork and foster integration between the different areas. As part of the latter objective, a co-working space was inaugurated in the Santiago offices.

Fostering young talent

Antofagasta Minerals seeks to attract and strengthen the talent of new generations. We have run a Graduates Programme since 2010 to recruit talented young people with the potential to take on key executive roles. In 2019, 21 young people took part.

We also run an Apprentices Programme that offers job opportunities to young people from local communities. Last year, we provided 10 apprenticeships in our mining operations. Seven of them were hired.

Eleva

We take an active part in the Eleva programme, a public-private initiative that brings together different government agencies, mining companies, the Mining Competencies Council (CCM) and the Fundación Chile technology transfer institute, to improve young people's job prospects and develop human capital for the mining industry of the future. Our Vice President of Human Resources, Ana María Rabagliati, who is President of the CCM, sits on the board.

In January 2020 more than 180 principals and teachers from 54 technical establishments graduated from Eleva's two-year training programme to improve teaching skills and align curricula more closely to the mining industry's needs.

The programme also provides work experience for technical school pupils and, following a pilot programme implemented at Antucoya in 2018, this is now offered by all our mines. In 2019, a total of 58 young people completed the programme and many are in the process of being recruited.

Labour relations

Antofagasta Minerals has 11 unions: four at Centinela, three at Los Pelambres, two at Zaldívar and two at Antucoya, together representing 78% of all employees. We recognise employees' rights to union membership and collective bargaining, and in Chile, freedom of association is protected by law.

We also have a consultation and complaints system that can be used by our employees and contractors.

In 2019, three-year labour agreements were successfully negotiated at Los Pelambres, Zaldívar and Antucoya. In the case of the Antucoya workers' union, agreement was reached only after an 18-day strike, the first in Antofagasta Minerals' history. It took place in a framework of respect and in full compliance with the agreed provision of minimum services.

Chilean legislation prohibits forced and child labour.



FOCUS ON SUSTAINABILITY

We include sustainability targets in our annual Performance Agreements, a management tool that establishes annual objectives and goals and allows performance to be monitored and adjusted accordingly. By doing so, we raise awareness about the importance of sustainable development and mobilise and align our employees behind robust sustainability practices. Targets associated with safety, people, environment and social performance account for 20% of these agreements.

Fulfilment of these targets is supervised in monthly operational performance reviews and included in monthly reports to the Board.

Aligning contractors

Contractors perform key tasks in our businesses and account for 78% of our total workforce. The number of people who provide services as contractors can vary significantly from year to year, mainly depending on the amount of temporary development projects underway. In 2019, 17,929 contractors worked in our operations, 25% higher than the previous year, reflecting the start of full-blown construction at the Los Pelambres Expansion Project.

Ethical Minimum Wage

At Antofagasta Minerals, we endeavour to ensure quality employment for everyone who works in our operations.

As from 1 January 2020, we raised the Ethical Minimum Wage that on-site contractors must pay their employees by 17% to Ch\$500,000 per month¹, two-thirds above Chile's minimum wage.

This will benefit around 3,200 families, many of whom live near our operations.

Contractors and subcontractors are also required by the Group to provide their employees with health and life insurance and, in the case of Los Pelambres and Centinela, support for their children's education.

Our contractors are required to meet all of our labour, environmental, social and ethical standards and apply our best practices on safety and other working conditions. They must also comply with the UK's Modern Slavery Act or risk sanctions and even loss of the contract.

Centinela and Los Pelambres have performance agreements with contractors that include KPIs on key sustainability matters such as health and safety and work stoppages.

+ For further information see our Suppliers section on page 30.



RELEVOS - Boosting productivity and local employment

Marisol Crookee, 32, has an unusual job. She commutes to Antucoya from the town of María Elena, an hour away, to work as a replacement haul truck driver for six hours a day, five days a week.

The mother of two is part of the Relevos (Relief Workers) programme, pioneered by Antucoya, under which 11 residents of María Elena, the nearest town, are employed to cover breaks in shifts, such as lunch periods, when trucks are idle. Six of the relief workers are women.

The initiative, launched at the end of 2018, involves a 12-month theoretical and practical training programme, certified by the Mining Competencies Council and ChileValora, the national skills certification system.

"It's been a great experience!" says Marisol. "I've not only learnt how to drive trucks but also about mechanics." She also appreciates the flexible schedule, allowing her to return home to María Elena every evening to be with her family.

It is a novel alternative to the usual 7 day x 12 hour shifts for Antucoya truck drivers, who sleep at the mine camp, and has caught the attention of Chile's Mining Council and other mining companies. It reflects the flexitime system and work-life balance that Antofagasta Minerals is fostering to attract and retain talent.

The initiative aims to increase Antucoya's haul truck usage rates by at least 1.5 percentage points with positive impacts on productivity. It also meets Antofagasta Minerals' and the International Council on Mining and Metals' (ICMM) goal of boosting local employment and skills.

1. As of 1 January 2020, this was equivalent to approximately \$667.

SAFETY AND HEALTH

The safety and health of our employees, contractors and nearby communities is our top priority. In 2019, we exceeded our safety targets and achieved record results for the year.

Safety and occupational health strategy

Antofagasta Minerals' Safety and Health Strategy is based on four pillars: safety risk management, health risk management, standardised reporting and continuous improvement, and leadership. In turn, it has four goals: zero fatalities, zero occupational illnesses, the development of a resilient culture and the automation of hazardous processes.

In 2019, we focused on strengthening our management of critical controls for high-risk activities and our analysis of high potential incidents (HPIs), defined as incidents that could have resulted in a fatality or multiple fatalities, as part of our strategy to eradicate fatal accidents at our operations.

Performance in 2019

In 2019, there were no fatalities related to Antofagasta Minerals' activities among our employees, contractors or related third parties such as communities. The last fatality was in October 2018.

In addition, we exceeded our safety targets and achieved record safety results for the year. Our Lost Time Injury Frequency Rate (LTIFR)¹, at 0.75, was 32% better than last year and marked a new record. Our Total Recordable Injury Frequency Rate (TRIFR)², at 0.54, was also a record and among the best performances of the members of the International Council on Mining and Metals (ICMM).

Safety risk management

Dynamic risk management

Antofagasta Minerals continually reviews its risk management system based on best practice, workplace incidents and the learnings from investigations into serious accidents and HPIs. These investigations identify root causes, critical control failures and any risk management gaps in order to close them to prevent other similar incidents in the future.

This dynamic approach leads us to constantly revise our critical controls for high-risk activities.

Strengthening critical controls

In 2019, we reviewed our Fatal Risk Standard which covers 15 fatal risks including the loss of control of mobile equipment, rock falls, working at height and electrical hazards. We expanded the scope of the standard to include three new fatal risks and six critical occupational health risks. We also strengthened the corresponding critical controls and are working with those responsible for their implementation in the field to ensure they are fully understood. This forms part of a new approach, to be launched in 2020, of managing risk through a Critical Controls Strategy.

High potential incidents

In a bid to strengthen prevention, in 2019 our efforts to achieve continuous improvement in safety risk management focused on learning from HPIs. Our HPI strategy aims to give us advance warning of control flaws or errors so that we can implement corrective actions before a serious accident occurs.

As part of this approach, we simplified the way we classify HPIs to improve our measurement and understanding of high potential hazards, high potential near misses and high potential accidents. In future, we will use HPIs as a measure of our safety performance in addition to indicators such as the TRIFR, which measures the injuries that actually occurred. The target for 2020 is to reduce HPIs by between 10% and 15%.

During the year, greater emphasis was also placed on sharing the lessons learned from HPIs across our different operations.

Health risk management

Antofagasta Minerals is committed to providing a healthy workplace. Our goal is to have no new cases of occupational illnesses at our operations and to contribute towards the physical and mental wellbeing of our employees and contractors. In 2019, we placed greater emphasis on the importance of implementing critical controls for work-related illnesses, some of which have a long latency, such as noise-induced hearing loss, and may not manifest symptoms for years.

Controlling exposure

We have ten Occupational Health Standards through which we seek to minimise our workers' exposure to hazardous agents and other risk factors. In 2019, we developed critical controls for six high-risk occupational health areas: silica dust, noise, acid mist, fatigue and drowsiness, ionising radiation and ergonomic factors. We will roll these out as part of our new Critical Controls Strategy in 2020.

Medical Surveillance Programmes, which were standardised in 2018, are used to detect early symptoms that can identify an incipient illness. In 2019, we had four cases of occupational diseases, all related to partial loss of hearing.

In 2019, our corporate Safety and Health department included health risks in its monthly Operational Performance Reviews and six-monthly infield-verification of critical controls. Both reports are sent to the Executive Committee.

1. Number of accidents with lost time during the year per million hours worked.

2. Number of accidents with lost time and requiring medical treatment per million hours worked.



Visible leadership

Antofagasta Minerals understands that strong safety and health leadership is pivotal for a robust safety organisation and culture. Through the Visible Leadership programme, the Executive Committee visits our operations on a monthly basis to highlight best practices and key safety issues and to ensure the correct application of critical controls.

In 2019, the senior management was closely involved in raising awareness of potential health risks and the corresponding controls during field visits to raise the profile of occupational health. During the year, leaders also focused on reducing HPIs associated with heavy equipment and light vehicles, a critical risk for Antofagasta Minerals and the mining industry generally. As a result, we reduced the frequency of these HPIs by 56% during the year.

In 2019, safety performance was reported weekly to the Executive Committee and monthly to the Board. The latter's Sustainability and Stakeholder Management Committee reviews any serious safety incidents.

Innovation

Innovation is one of the five pillars of Antofagasta Minerals' new strategic model. It is used to leverage improvements in all areas of our business and includes the automation of hazardous processes.

In 2019, we approved the installation of close-proximity sensors on all our vehicles and extended bumpers on all mining trucks. We are also

introducing autonomous trucks for the new Esperanza Sur open pit at Centinela.

Resilient culture

At Antofagasta Minerals, it is crucial to raise awareness among our employees and contractors of the importance of a proactive approach to safety and health in order to develop a strong preventative culture across the organisation. Our new emphasis on HPIs and also the correct implementation of critical controls is a core part of this strategy.

At the end of 2019, we began training our employees and contractors on the new classification of HPIs and the importance of identifying and removing or controlling high potential hazards as the most effective way to prevent serious accidents. This will continue to be a focus in 2020.

Safety inductions, training and meetings, as well as sharing and discussing the results of accident investigations and participating in joint safety and health committees, all form part of our strategy to create a more resilient safety culture.

Contractors

Our contractors and subcontractors are included in our safety performance data and must comply in full with our safety standards and procedures. In addition, compliance is closely monitored by each operations' contract owner.

 See Our People section on page 35 for more information.

0.75 LTIFR

0
Fatalities

0.54
TRIFR

COMMUNITIES

Through social investment in our host communities, we seek to ensure both their sustainable development and that of our business.

The areas in which our operations are located are socially very different. Los Pelambres is in northern-central Chile's largely agricultural Choapa Valley and interacts with large towns, such as Illapel, Canela, Salamanca and Los Vilos, and more remote rural settlements. In northern Chile, on the other hand, our operations are located in the Atacama Desert, near small communities with a long mining tradition.

Experience has taught us that each area has its own particular needs and challenges. However, beyond these differences, our engagement with neighbouring communities is anchored in proactive and transparent dialogue and its ultimate goal is to achieve significant changes in the wellbeing of their inhabitants, based on sustainable, long-term and mutually beneficial relations.

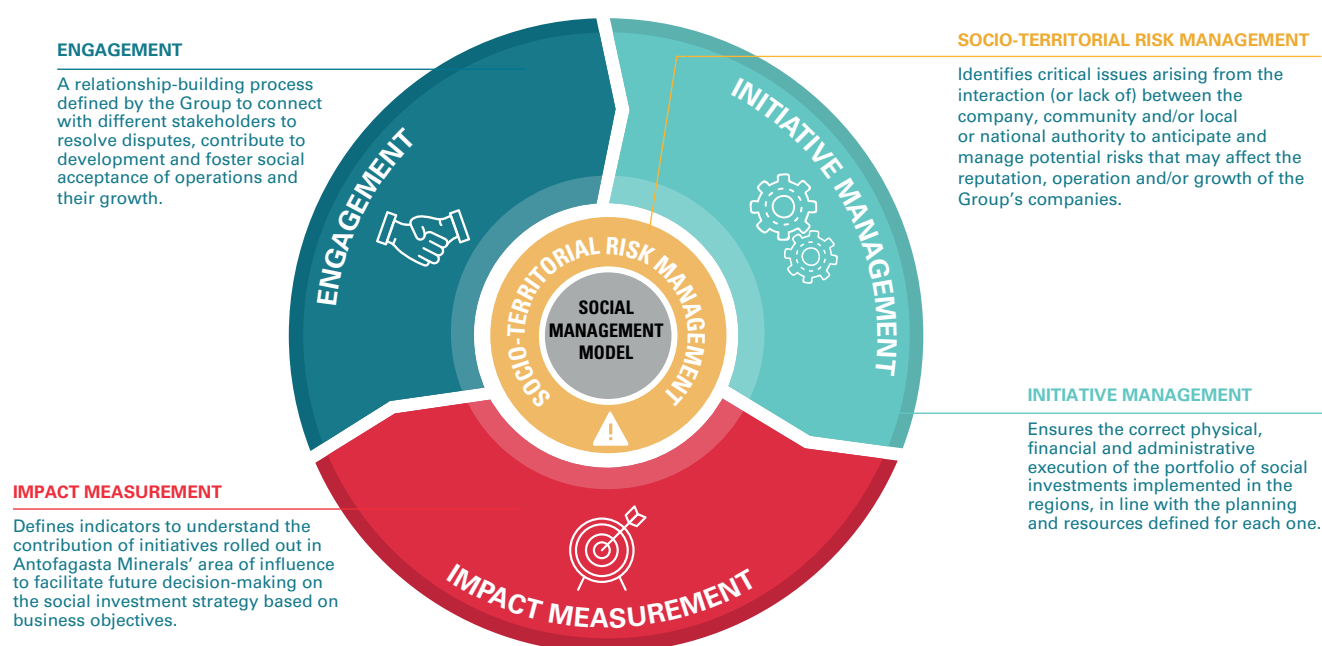
The results of our community engagement are reported regularly to the Sustainability and Stakeholder Management Committee and, through it, to the Board of Directors.

Social Management Model

In 2019, we rolled out our new Social Management Model at our four mining operations. It serves as a vehicle through which to apply common engagement principles, methodologies and practices across our operations, measure impacts and manage risks. Through the information it provides, it also enables us to take evidence-based decisions about current and future social investment.

The model has four components: Engagement, Initiative Management, Impact Measurement and Socio-Territorial Risk Management. In 2019, we complemented the model by drawing up an Engagement Standard and an Initiative Management Standard. These will be followed in 2020 by Impact Measurement and Risk Management Standards.

Our engagement with stakeholders is based on the principles of dialogue, collaboration, traceability, excellence and transparency. In the engagement process, we distinguish three spheres of action: institutional, or how we relate to national, regional and local authorities; territorial, or relations with communities in our areas of influence; and operational, or how our operations impact relations with stakeholders and how they perceive the company.



Impact measurement

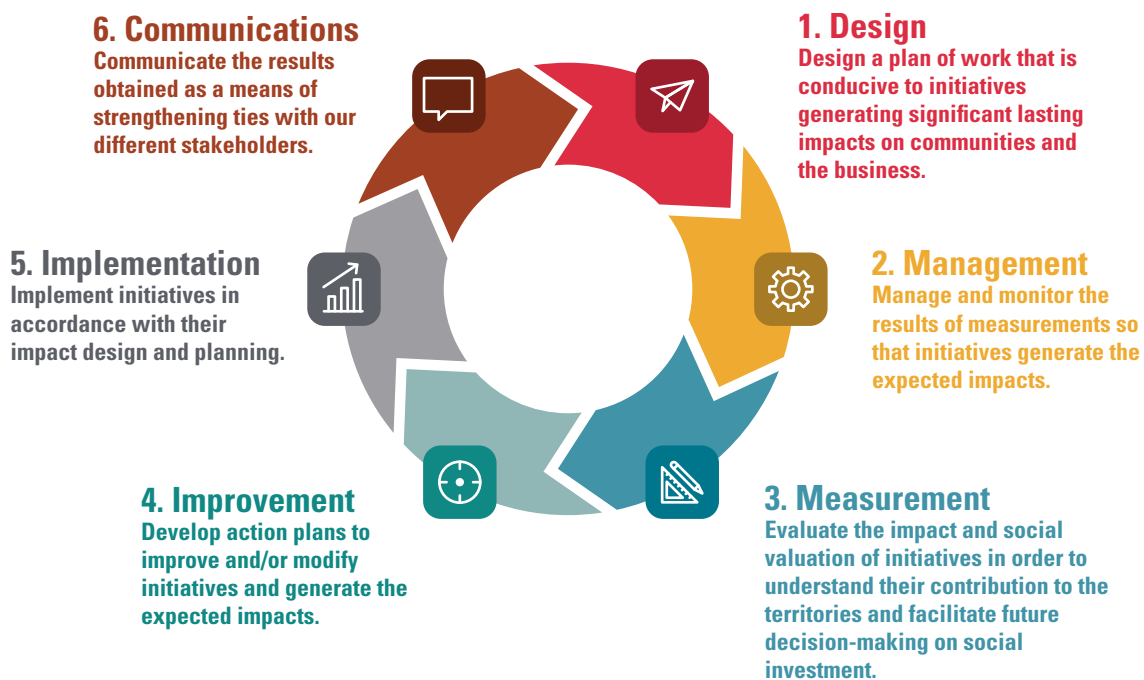
Impact measurement is a crucial input for the management of our current social programmes and the design of those we will implement in future. In 2019, we measured the social valuation of four programmes implemented by Fundación Minera Los Pelambres (FMLP): its Confluye and Cosecha programmes (see *Somos Choapa* on page 42), its Integral Support for Agriculture Programme (AIA) and its educational scholarships programme. The latter programme achieved a Social Return on Investment (SROI) of 20.9 or, in other words, its monetised social impact was 20.9 times FMLP's investment in the programme. It was followed by Confluye, with an SROI of 7.5, Cosecha with 2.6, and the AIA programme, with 0.7 for one its lines of work and 0.3 for the other.

Based on the lessons learned from the four measurements, we have defined our Impact Management Cycle and, in 2020, plan to measure the SROI of four programmes, two implemented by FMLP and two by our operations in northern Chile.

Our main challenges in 2020 as regards impact measurement will be implementing the new Standard and embedding a culture of measurement. In addition, we will be seeking to ensure that this is effective in improving initiatives and that action plans are in line with the expected impacts and help us to adapt to changing situations and contexts.



Impact Management Cycle



**Investment
in the community¹**

\$39.5m
invested in social projects in 2019

17%
up on 2018

1. Mandatory and voluntary social projects and programmes, donations, and social agreements. Programmes managed by Fundación Minera Los Pelambres are also included.

Social contribution

Our social contribution comprises all our operations' social investment projects and programmes, including both voluntary initiatives and legally binding commitments, such as those stipulated in our socio-environmental permits (RCAs)¹. It also includes the programmes implemented by Fundación Minera Los Pelambres.

Our approach to human rights

In 2019, we implemented a human rights due diligence process as a prior step to drawing up a corporate Human Rights Policy and associated plan of action. Numerous interviews were carried out with internal and external stakeholders, including neighbouring communities and suppliers. The Policy is expected to be approved by the Board during 2020.

Complaint mechanisms

In the case of complaints or suggestions, communities' first point of contact is with our local communities teams. Depending on the nature and seriousness of a complaint, the team will report it to Public Affairs which will, if necessary, escalate the matter further. Community members can also use our online *Tu Voz* (Your Voice) service and these complaints are then referred to the Company's Ethics Committee to be resolved.



Indigenous peoples

Our only operation whose area of influence includes indigenous communities is Zaldívar. They are the Atacameño communities of Peine, Socaire, Camar and Talabre.

We seek to develop mutually beneficial relations of trust with these communities and to create shared value, principally in terms of infrastructure and the development of human capital. Our engagement with these stakeholders is governed by our Social Management Model and is aligned with ILO Convention 169 and the guidelines of the International Council on Mining and Metals (ICMM).

A key initiative in 2019 was the construction of the Tchamma Lickan (Force of the People) community centre in Talabre. It has a capacity for 200 people and is equipped with a photovoltaic system to supply its energy needs.

¹ RCA: Resolución de Calificación Ambiental (Resolution of Environmental Approval) or, in other words, the socio-environmental permits that a project requires before it can be implemented.



Diálogos para el Desarrollo

In 2019, our Antucoya and Centinela operations implemented the *Diálogos para el Desarrollo* (Dialogues for Development) programme for the second consecutive year. Dialogues for Development is based on our successful experience with *Somos Choapa* and works with the operations and the municipal governments of María Elena (Antucoya) and Sierra Gorda (Centinela) and other strategic partners to foster the development of these towns and contribute to their residents' quality of life. Priorities are identified and projects selected through a bottom-up process in which the local community plays a predominant role. In María Elena, for example, three priorities - healthcare, local cultural activities and public safety - were identified in 2019 through a participatory process, involving community meetings. Working groups were then established to select and co-design the projects to be implemented.

The activities of Dialogues for Development in 2019 included:



Healthcare programmes

These programmes supplement the care available through Chile's National Health Service by organising "campaigns" in which specialists such as ophthalmologists, gynaecologists and nutritionists visit the towns of María Elena and Sierra Gorda. In 2018, both Antucoya and Centinela implemented three campaigns during which 269 people received attention.



Online pharmacy

To avoid the need for María Elena's inhabitants to travel to larger towns to acquire medicines not stocked by the town's pharmacy, an online pharmacy was established. It consists of a website through which over 1,400 medicines are available for dispatch to the town.



Clean energy

This was one of the three priorities identified by Sierra Gorda in 2019. As a result, 49 homes were equipped with a solar panel and a further 25 received an emergency solar kit. Other activities included training in the installation, use and maintenance of solar systems.

In a further effort to strengthen its ties with Sierra Gorda, Centinela created a volunteer programme in which both its employees and contractors are participating. Its activities have included planting trees and a cleaning operation that collected and disposed of articles no longer wanted by the town's households.

Antofagasta Mining Cluster

Another key vehicle for our social investment in northern Chile is the Antofagasta Mining Cluster. We were the first mining company to join this public-private alliance, which brings together mining companies, government agencies and educational institutions. We are particularly committed to two of the Cluster's strategic pillars: the creation of regional human capital and the development of innovative suppliers.

In 2019, we committed \$1.2 million to educational and training initiatives in the Region, benefitting over 600 people, ranging from students at technical schools and universities to neighbours of our operations. The initiatives included 14 different programmes with the Region's two main universities to support the teaching they provide and increase graduates' employability.

In selecting university students for internships at our operations or to prepare their thesis, we give priority to local universities. In 2019, they accounted for 43% of the students we hosted and our aim is to reach 90% in 2020.

Through the Eleva programme, we also provide work experience for pupils from local technical secondary schools and training centres.

➤ See the Local jobs and human capital section on page 45.

In the case of the promotion of innovation, we are implementing InnovaMinerals, an open collaboration platform to develop innovative solutions to challenges faced by the mining industry. In addition, we participate in Expande, a broader public-private programme, led by the Fundación Chile technology transfer institute, which also promotes innovation in mining.

➤ See the Suppliers section on page 30.



Somos Choapa

In the Choapa Province, where Los Pelambres is located, we channel our social investment principally through our flagship *Somos Choapa* (We are Choapa) programme. Launched in 2014, it is an alliance between Minera Los Pelambres and the Choapa Province's four municipal districts - Salamanca, Illapel, Canela and Los Vilos - through which we seek to contribute to the area's sustainable development and the wellbeing of its inhabitants.

Somos Choapa works through strategic partners, such as NGOs, who implement its different programmes. One of its most important partners is Fundación Minera Los Pelambres, which implements strategic initiatives in three areas: water management, the development and diversification of economic activity, and education and culture. The 15 programmes currently being implemented by Somos Choapa cover areas that range from support for education, the promotion of entrepreneurship and water management to community building, the creation of green areas and the construction of sports infrastructure.

Programmes in 2019 included:

APRoxima

This programme, launched in 2017, supports local committees responsible for managing Rural Drinking Water (APR) systems, and provides training and assistance for the construction and maintenance of infrastructure. In 2019, which was a particularly dry year in the already water-stressed Choapa Province, this programme acquired particular importance and was strengthened by the incorporation of an emergency service that committees can call for minor repairs to their water systems.

Impulso

Introduced in 2018, the Impulso programme seeks to promote the development of local SMEs which provide services that form part of the mining supply chain. Applicants can submit a project to the programme and, if successful, receive a grant and technical support. To date, Impulso has benefitted 109 companies.

Confluye

The *Confluye* (Flow Together) programme works with the Water Users' Boards of the Choapa, Chalinga and Illapel Rivers to improve agricultural irrigation. One of its main activities is to leverage the funds available for irrigation projects from the National Irrigation Commission (CNR), helping the Users' Boards to submit applications and advancing them the funding awarded, thereby avoiding unnecessary delays on a project's implementation. In 2019, through 35 projects, the infrastructure to supply 15,828 m³ of water for irrigation was built and 18.6 km of irrigation canals were improved.

Choapa i

In 2018, the Somos Choapa programme created Choapa i, an open social innovation platform to seek solutions to local problems by serving as a bridge between academic and expert knowledge and that of the communities themselves. In 2019, working with the Santiago-based Universidad del Desarrollo, it addressed eight challenges, related principally to water management and ways of adding value to local economic activities. The process, which involved two boot camps and a final seminar, resulted in the development of three prototypes: a device for transporting live molluscs, a small low-cost fruit dehydrator and a tank for recovering greywater for use in growing vegetables.

Cosecha

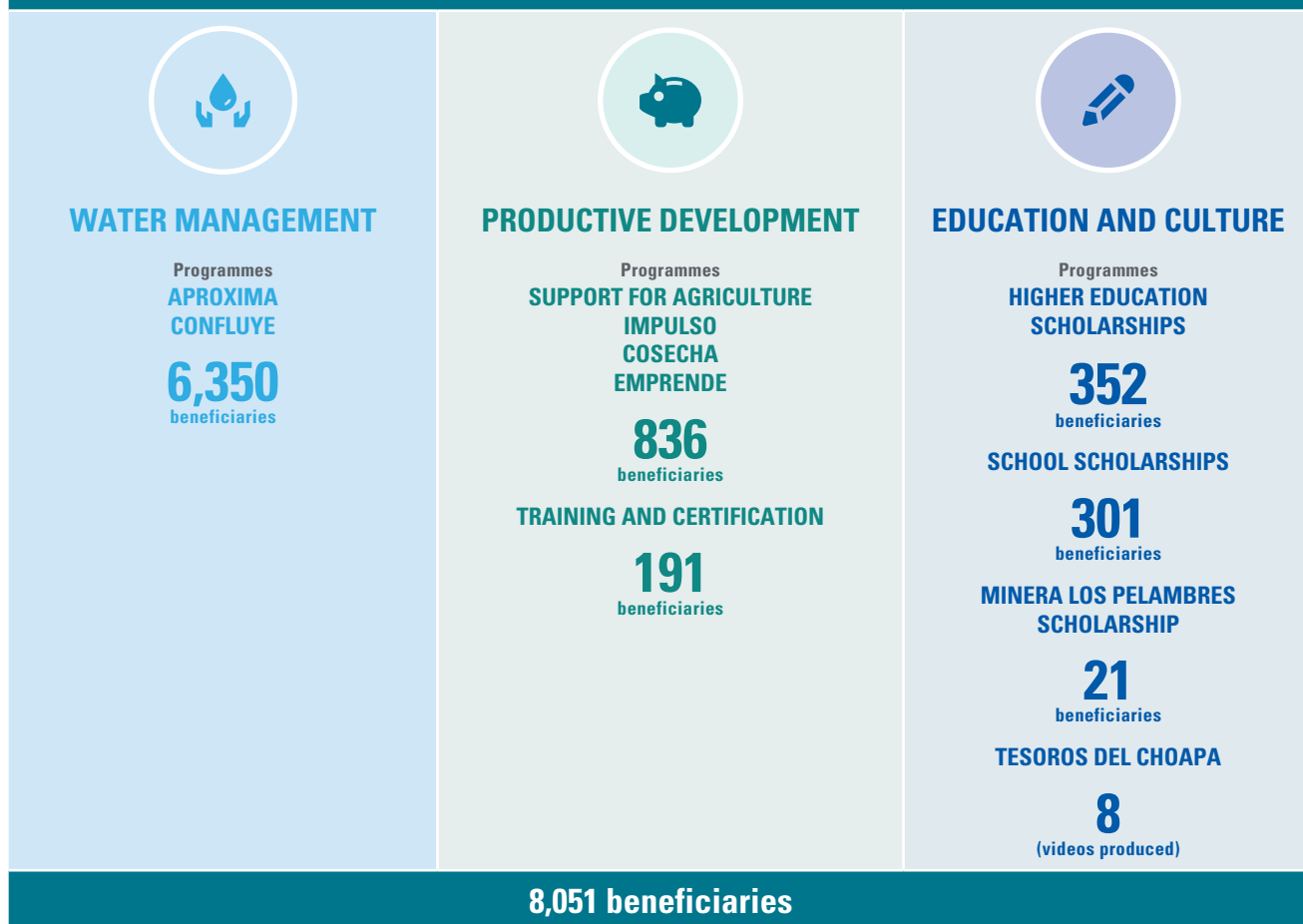
The *Cosecha* (Harvest) programme seeks to increase the competitiveness of small farmers, craftworkers and tourism entrepreneurs whose products and services reflect the identity of the Choapa Province. They receive support and, in alliance with the Universidad Católica del Norte, training. To date, the programme has co-financed 395 enterprises and trained 471 entrepreneurs.

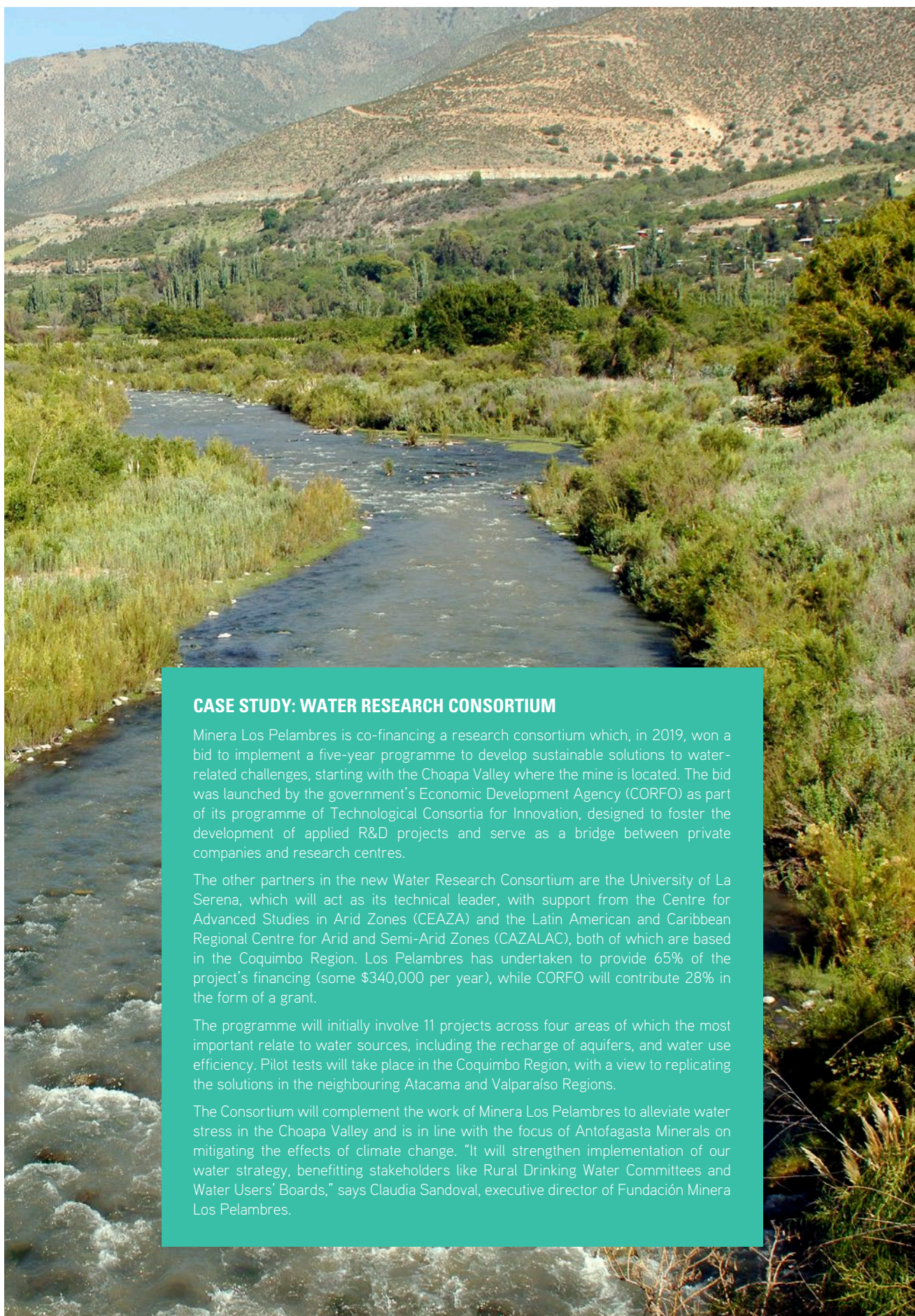


SOMOS CHOAPA KEY INDICATORS 2014-2019



FUNDACIÓN MINERA LOS PELAMBRES BENEFICIARIES 2019





CASE STUDY: WATER RESEARCH CONSORTIUM

Minera Los Pelambres is co-financing a research consortium which, in 2019, won a bid to implement a five-year programme to develop sustainable solutions to water-related challenges, starting with the Choapa Valley where the mine is located. The bid was launched by the government's Economic Development Agency (CORFO) as part of its programme of Technological Consortia for Innovation, designed to foster the development of applied R&D projects and serve as a bridge between private companies and research centres.

The other partners in the new Water Research Consortium are the University of La Serena, which will act as its technical leader, with support from the Centre for Advanced Studies in Arid Zones (CEAZA) and the Latin American and Caribbean Regional Centre for Arid and Semi-Arid Zones (CAZALAC), both of which are based in the Coquimbo Region. Los Pelambres has undertaken to provide 65% of the project's financing (some \$340,000 per year), while CORFO will contribute 28% in the form of a grant.

The programme will initially involve 11 projects across four areas of which the most important relate to water sources, including the recharge of aquifers, and water use efficiency. Pilot tests will take place in the Coquimbo Region, with a view to replicating the solutions in the neighbouring Atacama and Valparaíso Regions.

The Consortium will complement the work of Minera Los Pelambres to alleviate water stress in the Choapa Valley and is in line with the focus of Antofagasta Minerals on mitigating the effects of climate change. "It will strengthen implementation of our water strategy, benefitting stakeholders like Rural Drinking Water Committees and Water Users' Boards," says Claudia Sandoval, executive director of Fundación Minera Los Pelambres.

Local jobs and human capital

The hiring of local people is at the heart of our business strategy to contribute to local development. In 2019, we directly employed 2,157 people from the Antofagasta and Coquimbo Regions, representing 42% of the workforce.

In 2019, Antucoya created a new source of job opportunities for the inhabitants of María Elena through its *Relevos* (Relief Workers) programme. Under it, residents of the nearby town will be employed to drive trucks during breaks in shifts. Eleven people, including six women, were initially selected for the programme. The first stage consists in 12 months of theoretical and practical training.

+ See the Our People section on page 35.

We introduced new Guidelines on Regional Procurement and Recruitment in 2019. They make explicit our preference for suppliers from the region where an operation is located and include measures to make it easier for local companies to win a contract by reducing barriers to their participation in tenders.

+ See the Suppliers section on page 31.

Through the public-private Eleva programme, we help to expand the opportunities of young people from our operations' areas of influence. The programme, which brings together different government agencies, mining companies, the Mining Competencies Council (CCM) and the Fundación Chile technology transfer institute, is designed to develop a new generation of employees for the mining industry of the future. In one of its activities, it offers students from CCM-certified technical secondary schools and training centres opportunities for apprenticeships at mining companies.

+ For other Eleva activities, see the Our People section on page 34.

Eleva is national in scope but, in practice, many of the students serving their six-month apprenticeship at our operations are from the surrounding area. We first implemented the programme in 2018 at Antucoya - where the nine participants from the town of María Elena were all subsequently hired - and, in 2019, expanded it to all our operations. The students acquired experience in areas that included electrical and mechanical maintenance and plant operation.



**Local jobs
and suppliers
2019¹**

42%
Employees from
Antofagasta
and Coquimbo Regions

702
Suppliers from
Antofagasta and
Coquimbo Regions

\$389m
Local purchases
of goods and services

¹ In our Sustainability Report 2019, local suppliers are defined as SMEs that are headquartered in the Antofagasta and Coquimbo Regions. This is a change from our Sustainability Report 2018 when we defined local suppliers as companies with an operating base in these two regions and headquarters in these, or other, Chilean regions.

ENVIRONMENT AND SOCIETY

Our environmental practices reflect our commitment to the sustainable development of our operations and their areas of influence and, more generally, to combating climate change.

We recognise that mining, from exploration through to an operation's closure, has an impact on the environment in the area near the operations as well as, more broadly, through greenhouse gas emissions. Given the places where we have our operations - the Atacama Desert and the semi-arid Coquimbo Region - water is a particular focus of our environmental management.

We seek to use natural resources efficiently and to prevent or minimise the negative impacts we may have and, if they occur, to remediate and compensate appropriately. We believe that this is the way to achieve the long-term sustainability of our operations and the sustainable development of our host communities.

Environmental management model

We have a Sustainability Policy and an Environmental Management Model that seek to ensure that our operations, environmental activities and projects strictly comply with environmental requirements¹ and that we have no incidents with an impact on the environment. Our Environmental Management Model focuses on four areas: leadership, incident reporting, operating risk management and regulatory risk management.

We have specific standards on significant environmental issues such as climate change, biodiversity, mine closure and water management. The general manager of each mining operation is responsible for environmental issues. The corporate Environmental Department is responsible for monitoring and incident reporting. Environmental performance is reported monthly to the Executive Committee and half-yearly to the Sustainability and Stakeholder Management Committee. It also accounts for 5% of our annual performance bonus targets.

In 2019, we achieved ongoing consolidation of the Environmental Management Model. Following important improvements on incident reporting in 2018, particular attention was paid to management of the resulting information in order to make optimum use of it.

Three internal environmental audits took place during the year, two of which were performed by the Environmental Management team and one by Internal Audit. All of them were concluded successfully without any significant negative findings.

Environmental compliance

In Chile, large-scale projects are subject to strict environmental and social impact assessments by the Environmental Evaluation Service (SEA) from which they must obtain a permit in the form of a Resolution of Environmental Approval (RCA). These RCAs include legally binding commitments on matters such as the prevention and mitigation of impacts and compensation measures. Compliance with commitments is enforced by the Superintendency for the Environment (SMA) and failure to comply with commitments can result in fines or even the revocation of the RCA.

We manage compliance with our commitments through an environmental requirements management system on a platform that is common to all four operations.

We have a total of 75 RCAs, entailing some 10,556 commitments on compliance with environmental norms that include water use, air quality and protection of biodiversity.

Air quality

We have no smelters, with their potential for air emissions. Dust (PM10) is the main emission from our mines, which proactively manage air quality through measures to suppress emissions that include the regular watering of roads and ore stockpiles. We monitor dust emissions closely with, in some cases, community participation.

In 2018, in response to concern about dust from Los Pelambres expressed by two communities in the Salamanca municipal district, we reached an agreement with the communities and local government authorities to implement 11 mitigation and monitoring measures in addition to those already in place. They included an undertaking to cover most of the Los Quillayes tailings storage facility with earth and, eventually, vegetation, to cover the mine stockpile with a dome and to start monitoring finer dust particles (PM2.5) in the air in addition to the larger PM10 particles. As of December 2019, six of the agreed measures, including the dome on the stockpile, had been implemented while others, such as the introduction of PM2.5 monitoring and the paving of a local road, were awaiting permits or approval from the corresponding authorities.

Mine closure

Our Corporate Integrated Mining Operations Closure Standard considers the physical and chemical stability of facilities as well as environmental and social aspects. It provides tools for timely and effective closure planning, approval by the authorities and communication with the community as well as other aspects such as risk evaluation, social and environmental impacts, economic matters and post-closure guarantees. As required under Chilean law, all our operations have closure plans approved by Chile's National Geology and Mining Service (SERNAGEOMIN). These plans are updated every five years and, in 2020, we will be working to align all our plans with the Integrated Mine Closure: Good Practice Guide launched by the International Council on Mining and Metals (ICMM).

Emergency plans

Our mining operations have emergency response and action plans co-ordinated with public services and local authorities. Tailings deposits and other facilities are designed to resist earthquakes and extreme climate events.

 See the Tailings Management section on page 52.

1. The most important environmental institutions in Chile are the Ministry of the Environment which defines public policy; the Environmental Evaluation Service SEA (Servicio de Evaluación Ambiental), which assesses and qualifies project impacts; the Superintendency for the Environment SMA (Superintendencia del Medio Ambiente), which is responsible for enforcement; and the environmental courts which, through the judiciary, apply the General Environment Law and its associated regulation.



ENVIRONMENTAL INCIDENTS

In 2019, our operations suffered no significant environmental incidents.

Similarly, no procedures were initiated by the authorities that could result in sanctions and we paid no environmental fines.

CLIMATE CHANGE

Under new power supply contracts, our use of renewable energy will increase sharply in the next few years, helping to reduce our greenhouse gas emissions.



As a Mining Group, we understand that climate change poses risks for our operations. As well as water scarcity, they include sudden intense rainfall and tidal surges. In February 2019, we suffered disruptions to our concentrate shipments in the Antofagasta Region due to tidal surges.

In response, we have incorporated climate change as a specific risk, as distinct from environmental management, into our risk matrix and drafted a comprehensive Climate Change Strategy. This will be completed during 2020 and will include targets and metrics for water and CO₂ emissions.

Energy

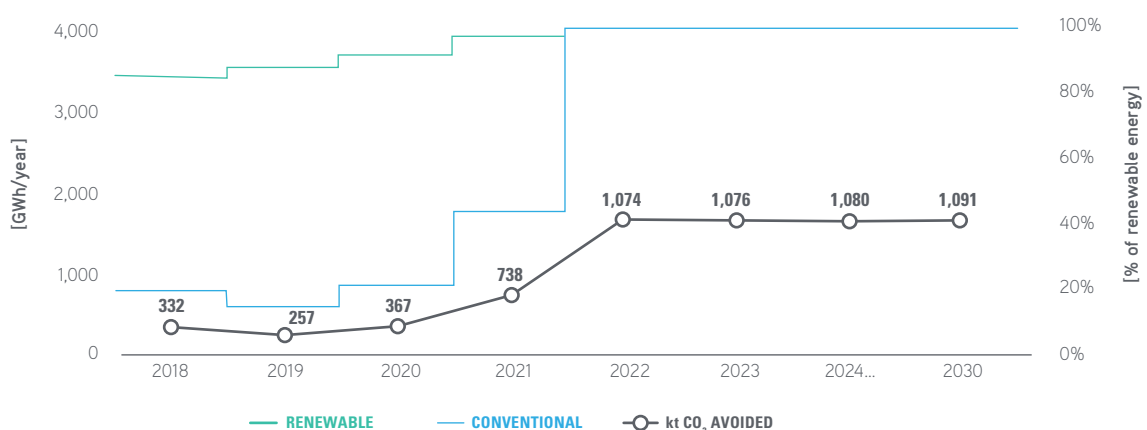
Energy represents some 20% of our mining operations' total operating costs. Out of this, approximately 13% corresponds to electricity, purchased mainly from generators in Chile's National Electricity System (SEN), and 7% to fuel.

Our Energy Management Strategy has four pillars: supply security, price, source and energy efficiency. We have applied this strategy in the renegotiation of supply contracts to decarbonise our electricity matrix, taking advantage of the price of renewable energy which, in Chile, is cheaper than more polluting technologies.

In February 2019, Antucoya signed a contract under which its annual consumption will be 100% renewable as from the beginning of 2022. Following a tender in 2018, Zaldívar will also become 100% renewable as from July 2020. Combined with the recent renegotiation of one of the supply contracts of Los Pelambres and the supply contract at Centinela, we expect that, as from 2022, 100% of our consumption will be supplied under contracts for renewable energy.

In 2019, we modified our approach to energy efficiency, moving from a focus on individual energy-saving projects to a more structural concept under which energy efficiency is an integral part of each task we carry out. In line with this, energy efficiency is one of our annual performance targets.

Antofagasta Minerals Electricity Matrix, 2018-2030



CASE STUDY: ENERGY SAVING AT CENTINELA

An increase in water recovery using thickened tailings and pulp concentrate at Centinela has reduced the volume of sea water that has to be pumped up to the operation. This, in turn, reduces electricity consumption in the pumping process, saving 12,934 tCO₂e of emissions in 2019.



ROADMAP FOR ELECTROMOBILITY

Electromobility will be a key driver of future demand for copper and we are, therefore, interested in promoting its development. In 2018, Antofagasta Minerals became the Official Copper Mining Partner of ABB FIA FormulaE, a motorsport championship that uses only electric cars. In January 2020, the third Antofagasta Minerals Santiago E-Prix took place in Santiago.

We are also working to adopt electric vehicles at our mining operations and, in 2019, awarded a contract for drafting an Electromobility Roadmap whose ultimate objective is to eliminate our operations' use of fossil fuels for transport purposes. Combined with our increasing use of renewable energy we are contributing to Chile achieving its goal of carbon neutrality by 2050.

Since March 2019, our corporate offices in Santiago have been using the taxi services of e-Mov, a local start-up with 100% electric vehicles. In 2019, this meant the avoidance of 1,699 kg CO₂e of local emissions and a saving of 725 litres of petrol.

Carbon footprint

In 2017, we embarked on a series of projects designed to reduce our direct and indirect annual CO₂ emissions (or Scope 1 and Scope 2 emissions) by 300,000 tonnes between 2018 and 2022. These projects, which include increased water recovery at Centinela (see Case Study) and a reduction in the fuel consumption of Antucoya's mining trucks, resulted in the saving of approximately 155 GWh of electricity and 3.7 million litres of diesel in 2019, equivalent to 74,000 tonnes of GHG emissions.

In 2018, our Scope 2 emissions showed a sharp drop due to the integration of Chile's two former separate electricity systems - the Northern Interconnected System (SING) and the Central Interconnected System (SIC) - to form the National Electricity System (SEN). This allowed lower-carbon energy from central and southern Chile to be brought to northern Chile where our Centinela, Antucoya and Zaldívar mines are located. In 2019, the proportion of low-carbon electricity supplied to northern Chile continued to increase, further reducing the emissions of these operations.

CO₂ EMISSIONS (tonnes of CO₂e)^{1,2}

	2019	2018	2017	2016
Scope 1 emissions³	993,431	1,026,220	854,628	795,994
Scope 2 emissions⁴	1,392,223	1,391,695	2,071,937	2,000,010
Total emissions	2,385,654	2,417,915	2,926,565	2,796,004
Emissions intensity (tonnes CO ₂ e/tonne of copper produced)	3.10	3.33	3.87	3.67

1. Further information on our CO₂ emissions can be found on the Carbon Disclosure Project website www.cdp.net.

2. Includes 100% of Zaldívar's emissions although Antofagasta Minerals has a 50% stake.

3. Scope 1: Sources of direct emissions in operations controlled by Antofagasta Minerals, such as from machinery, vehicles and boilers.

4. Scope 2: Indirect emissions from electricity generation activities by sources that are owned or controlled by a third party associated with the consumption of energy inputs, eg electricity from SEN.



WATER

Water is a shared resource and how it is used has never been more important than it is now when Chile is suffering a decade-long drought. We use sea water at two of our operations and are building a desalination plant.

According to the government's General Directorate of Water (DGA), the mining industry accounts for 3% of total water consumption in Chile, as compared to 8% for human consumption and 82% for agriculture.¹ However, most mining operations are in water-stressed areas, a situation that is being aggravated by the impact of climate change, and water supply is one of the key challenges for the mining industry.

In our case, Centinela, Antucoya and Zaldivar are located in northern Chile's Atacama Desert and Los Pelambres in the semi-arid Coquimbo Region of northern-central Chile. All our operations are, in other words, in water-stressed areas and care for this resource is, therefore, a crucial part of our approach to adapting to climate change.

Water management

In 2019, we continued to apply the ICMM's Water Stewardship Framework and we report our direct water extraction in accordance with the ICMM's Minimum Disclosure Standard. In addition, we report our water risk exposure in accordance with the requirements of the Water Programme of the Carbon Disclosure Project (CDP).

During the year, we drew up a Water Management Standard, which we expect to validate internally during 2020. This will be an integral part of our new Climate Change Strategy.

In 2019, raw sea water accounted for 46% of our operations' water consumption. At Antucoya, it accounts for about 97%² of total water consumption and some 86% at Centinela. Centinela also uses pioneering thickened tailings technology to reduce its water consumption.

Los Pelambres mainly uses continental water from the Choapa River. However, the Los Pelambres Expansion Project includes a desalination plant on which construction began in 2019. It was originally scheduled to start operation by the end of 2021 but, due to Covid-19, this has been put back. The plant will produce 400 l/s of industrial water as back-up for Los Pelambres in times of particularly acute water scarcity.

The Choapa Valley, where agriculture is the prime water user, has suffered a drought for the last ten years of which 2019 was the worst year. Among other actions, Los Pelambres is actively participating in a Provincial Water Working Group established by the Regional Government to identify and implement solutions to improve the area's water security in the short, medium and long term. This includes working with the local farming community to help them manage their water needs.

Water withdrawals from each source are measured in terms of both the rate of flow and volume in order to predict the source's behaviour and provide the authorities with compliance reports. In 2019, our operations consumed a total of 60.8 million cubic metres of water, down from 67.2 million cubic metres in 2018. The reduction was explained mainly by lower throughput in 2019 and improved water efficiency.

The main loss of water is through evaporation and no water is discharged into continental water bodies. All our operations are working to increase their water reuse rate, which currently varies between 79% and 97%, depending on the operation.



CHILE'S FIRST CERTIFIED GREEN LOAN

In April 2019, Minera Los Pelambres raised a \$1.3 billion loan from a group of international banks for its Expansion Project. As well as being the largest financing of our history, this also marked another milestone in that an \$875 million tranche was certified as a "green loan" by Standard and Poor's (S&P), making Los Pelambres the first company in Chile and the first mining company in the world to obtain this certification.

Some \$500 million of the loan will be used to finance construction of the project's desalination plant and associated pipeline, which S&P certified as a green project on the grounds of its contribution to reducing freshwater consumption in a water-stressed area.

1. Atlas del Agua, 2016, Dirección General de Aguas (DGA).

2. Antucoya uses 100% raw sea water but, in line with the ICMM's Water Reporting Guide, the 3% of raw sea water retained in heaps and spent ore is considered groundwater.

MINING WASTE

Recent accidents in other countries have heightened concern about tailings deposits and we are working to address this through a public-private programme to increase communities' access to information.

Antofagasta Minerals has three main tailings storage facilities (TSFs): the El Mauro and Los Quillayes conventional tailings dams at Los Pelambres and a high-density thickened tailings deposit at Centinela. In addition, Zaldívar has a very small TSF for the tailings from the flotation of some of its sulphides. Our fourth mine, Antucoya, does not have a TSF because it produces only cathodes.

The Quillayes TSF is no longer in regular use and, with limited remaining capacity, now serves only as back-up for El Mauro, our largest TSF.

The technology used at Centinela's TSF reduces the contained water in the tailings, thereby improving water recovery. It also increases the deposit's stability, requires less surface area than traditional TSFs and reduces its environmental impact.

TSF construction standards in Chile are designed for seismic conditions and permit only downstream and centreline construction methods. All our TSFs are built using the former, which is considered the safest. In the case of Centinela and Zaldívar, there are no nearby communities or settlements downstream from the TSF.



Tailings management

Each of our mining operations is required to assess all the risks arising from their TSFs and to design and implement appropriate measures of control and mitigation. Each mine site has a fully resourced unit and TSF risk controls, which are subject to regular external verification to ensure their effective implementation.

Our TSF management systems define how we construct, maintain and monitor the deposits. Monitoring includes the real-time measurement of safety and stability factors.

The El Mauro, Quillayes and Centinela TSFs each has an Independent Technical Review Board by which they were inspected in 2019. In addition, they were all inspected by Chile's National Geology and Mining Service (SERNAGEOMIN).

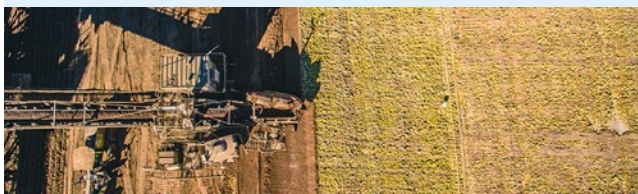
In November 2019, Chile's National Office for Emergencies (ONEMI) approved an Emergency Plan for El Mauro, drawn up by the Los Vilos municipal government and Los Pelambres. This is in addition to the Emergencies Manual that, under Chilean law, all TSFs must have. It refers principally to the Caimanes community, 14 km downstream from El Mauro, where Los Pelambres has installed alarms and signage and designed evacuation routes. This is one of the first such Emergency Plans in Chile.



Tailings safety

In 2019, we participated in the public consultation on the new standards proposed under the Global Tailings Review. This was established by the ICMM, the United Nations Environment Programme (UNEP) and the Principles for Responsible Investment (PRI) in the wake of the Brumadinho and Mariana TSFs' failures in Brazil and the concerns expressed by an investor group led by the Church of England Pensions Board and the Council on Ethics of the Swedish National Pension Funds. If approved, the new standards would complement Chile's strict technical standards by addressing matters such as companies' accountability and communication with communities.

Transparent information is also a key aspect of the Programa Tranque (Tailings Programme), a public-private initiative in which we are participating. Its aim is to establish an online monitoring system for TSFs and it is being piloted at El Mauro (see Case Study).



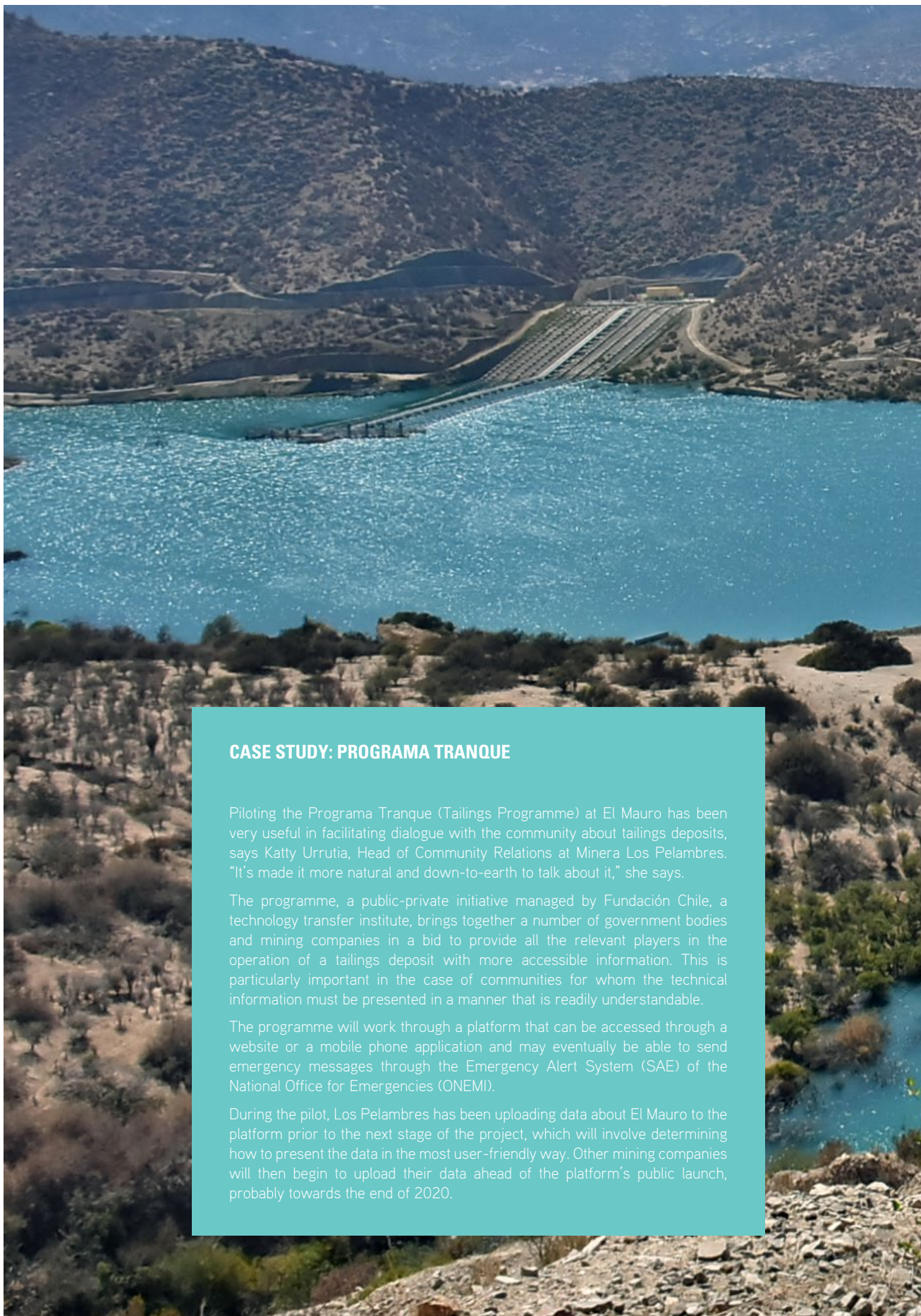
Waste rock and spent ore dumps

The waste rock we remove to extract ore and the spent ore generated by our leaching process are stored in specially prepared dumps at our mine sites. In Chile, the location, operation and closure of these dumps must be authorised by the environmental authorities and SERNAGEOMIN.



Industrial waste

Our processes produce hazardous industrial waste, such as used oil and batteries, and non-hazardous waste, such as sludge and timber. All are managed in accordance with legal requirements. Whenever possible, we reduce waste or recycle it to avoid its final disposal.



CASE STUDY: PROGRAMA TRANQUE

Piloting the Programa Tranque (Tailings Programme) at El Mauro has been very useful in facilitating dialogue with the community about tailings deposits, says Katty Urrutia, Head of Community Relations at Minera Los Pelambres. "It's made it more natural and down-to-earth to talk about it," she says.

The programme, a public-private initiative managed by Fundación Chile, a technology transfer institute, brings together a number of government bodies and mining companies in a bid to provide all the relevant players in the operation of a tailings deposit with more accessible information. This is particularly important in the case of communities for whom the technical information must be presented in a manner that is readily understandable.

The programme will work through a platform that can be accessed through a website or a mobile phone application and may eventually be able to send emergency messages through the Emergency Alert System (SAE) of the National Office for Emergencies (ONEMI).

During the pilot, Los Pelambres has been uploading data about El Mauro to the platform prior to the next stage of the project, which will involve determining how to present the data in the most user-friendly way. Other mining companies will then begin to upload their data ahead of the platform's public launch, probably towards the end of 2020.

BIODIVERSITY

The effects of climate change make conservation of the semi-arid Coquimbo Region's biodiversity an ever more pressing concern.

The Coquimbo Region of northern-central Chile, where Los Pelambres is located, is particularly rich in biodiversity, including an important number of endemic species of flora and fauna. Our operations in northern Chile – Centinela, Antucoya and Zaldívar – are in the Atacama Desert, an area with other types of ecosystems.

Our Biodiversity Standard is aligned with the ICMM's position statement on Mining and Protected Areas and has three goals: to prevent and minimise impacts on biodiversity, to appropriately restore or compensate for any impact and to generate additional benefits for the areas where we operate. All our operations must conduct a review of biodiversity, including species and ecosystems.

Minera Los Pelambres manages four nature sanctuaries, including an

important wetland. Together with areas of reforestation and other initiatives, they total 27,000 hectares, equivalent to seven times the area used for the operation. For the nature sanctuaries, we are currently working on the development of an integrated management model to standardise their administration.

In the Antofagasta Region, Centinela participates in a foundation for the conservation of the *gaviotín chico*, a species of tern classified as endangered by the International Union for Conservation of Nature (IUCN). Zaldívar is collaborating with a University of Chile research centre in the *Desierto Verde* (Green Desert) project to study tree species able to withstand arid and saline conditions, with a view to their use to prevent erosion and absorb CO₂.

Our principal conservation sites



Laguna Conchalí Nature Sanctuary

Laguna Conchalí is a coastal wetland and a key staging area for migratory birds. Located 4 km north of the town of Los Vilos in the Coquimbo Region, it has an area of 51 hectares and has been administered by Minera Los Pelambres since 1997.

In 2004, part of the sanctuary (32.5 hectares) was recognised under the Ramsar Convention on Wetlands, becoming one of 14 such sites in Chile of which only three are administered by a private company.

The site includes coastal Mediterranean shrub, which is a high conservation priority, and is visited by or is home to over 70 bird species, including the endemic Chilean mockingbird and the black-necked swan, as well as a number of endemic fish species. Footpaths, observatories and information panels have been installed to attract ecotourism and for environmental education.



Monte Aranda Nature Sanctuary

With an area of 477 hectares, this nature sanctuary is close to Los Pelambres and its principal value lies in its populations of the Chilean palm, an endemic species classified as vulnerable by the IUCN. It is an example of the so-called Mediterranean eco-region, which is under-represented in Chile's state system of protected areas, and is rich in bird species, such as the quail and a hummingbird endemic to Chile and Argentina.



Quebrada Llau-Llau Nature Sanctuary

Quebrada Llau-Llau, close to Los Pelambres, protects almost 1,800 hectares of sclerophyllous (hard-leaved) woodland. It is home to some of the Coquimbo Region's endangered species such as the white Chilean myrtle, a flowering plant, and the *canelo* or winter's bark tree. It is also home to an estimated 39 plants species.



Cerro Santa Inés Nature Sanctuary

This 714-hectare site, acquired for conservation by Minera Los Pelambres in 2014, was declared a nature sanctuary by the Chilean government in March 2019. The Santa Inés Hill is part of central Chile's Coastal Hill Range and, with a height of 689 metres, is home to a relict rainforest that has survived, despite the area's semi-arid climate, thanks to the coastal fog which often enshrouds it. The site's principal value lies in its population of *olivillo* trees, an evergreen species usually found in wetter southern Chile.

APPENDICES





SUSTAINABILITY GOALS

We have a set of indicators to measure and evaluate our sustainability performance. Most of these indicators are included in the performance agreements at each mining operation and our corporate offices while others are aspirational goals that we have defined to complement these targets.

STRATEGIC AREA	TARGET 2019	PERFORMANCE 2019	COMPLIANCE
PEOPLE			
Zero fatalities	0	0	As part of our strategy to eradicate fatal accidents at our operations, we focused on strengthening our management of critical controls for high-risk activities and high potential incidents (HPIs), defined as incidents that could have resulted in a fatality or multiple fatalities.
Lost Time Injury Frequency Rate (LTIFR)	1.0	0.75	At 0.75, our LTIFR was 32% better than in 2018 and marked a new record.
Diversity and inclusion	Increase women's participation (vs. 2018); people with disabilities to account for 1% of workforce	Women's participation increased by 18% and people with disabilities accounted for 0.9% of the workforce	In 2019, we created the conditions to ensure we attract and retain a diversity of talent.
SOCIAL			
Social incidents	0 severe social incidents and/or with a relevant reputational impact	No severe social incidents occurred	No severe social incidents occurred that affected our reputation and/or operational continuity.
ENVIRONMENT			
Environmental incidents	0 severe environmental incidents and/or with a relevant reputational impact	No severe environmental incidents occurred	No severe environmental incidents occurred that affected our reputation and/or operational continuity.
Emissions	Reduction of CO ₂ e emissions by 300,000 tonnes by 2022 compared to the baseline in 2017	CO ₂ e emissions down by 18.5% compared to 2017	The reduction was mainly a result of the merger of Chile's two main power grids in 2018 to form the National Electricity System (SEN) and the measures taken to reduce energy consumption in 2019.
ECONOMIC PERFORMANCE			
EBITDA	\$2,262 million	\$2,358 million	The target was exceeded by 4% due to higher sales volumes and lower unit costs, which were partially offset by lower copper prices.
Copper production	757.7– 779.9 kt	770 kt	Production was up by 6.2% on 2018 and set a new record, due to higher production at Los Pelambres, Centinela and Zaldívar.
TRANSPARENCY AND CORPORATE GOVERNANCE			
Ethics and compliance	Update the Crime Prevention Manual and re-certify the Crime Prevention Model	The Crime Prevention Manual was updated and the Crime Prevention Model re-certified	The Crime Prevention Model ensures compliance with anti-bribery and anti-corruption laws in the United Kingdom and Chile.
Corporate governance and risk	Update the Group's key risks	The key risks were updated and two new risks were incorporated: climate change and tailings storage	16 risk areas have now been identified, grouped under People, Safety and Sustainability, Competitiveness, Growth and Innovation. Preventive and mitigation measures have been established for all risks.
Human rights	Implement a human rights due diligence process at all the Group's operations	The human rights due diligence process was completed at the four mining operations	The process began at the end of 2018 at all four mining operations and concluded in 2019 with the drafting of a Human Rights Policy to be approved by the Board in 2020.

MATERIAL ISSUES

The key issues addressed in our Sustainability Report are defined through a formal materiality analysis process, involving Antofagasta Minerals' CEO and executive team.

For our 2019 materiality analysis, we conducted a review and update of the issues that were material to Antofagasta Minerals in 2018. The key issues were identified through the following activities:

- **Strategic and priority issues for Antofagasta Minerals:** these were identified through interviews with the CEO and the Vice President of Corporate Affairs and Sustainability. The Business Strategy, Sustainability Policy and Risk Matrix were also reviewed.
- **Principal issues for external stakeholders:** these were identified through a review of internal and external communications media, the latter mainly focused on the mining sector. Critical sustainability issues for specialist investors and analysts were also identified.

- **Emerging issues for the mining sector and companies in general:** key emerging issues for Antofagasta Minerals were identified by reviewing different sources of specialist information.

The most important issues identified were analysed and classified according to "importance to stakeholders" and "size of impact". The Materiality Matrix presented in the 2018 Sustainability Report was used as a basis for the evaluation, along with an assessment of the issues in the Risk Matrix. The main messages and audience to whom the Report is addressed were defined together with the CEO. Workshops on the management of material issues were held with vice presidents and key executives to determine the management approach, initiatives and key indicators.

2019 MATERIALITY MATRIX

IMPORTANCE TO STAKEHOLDERS	High	<ul style="list-style-type: none">• Climate change• Renewable energy• Human rights	<ul style="list-style-type: none">• Safety and occupational health• Ethics and compliance• Engagement and community development• Environmental management• Water management• Labour relations and work climate• Mining waste	
		<ul style="list-style-type: none">• Impact from transport	<ul style="list-style-type: none">• Responsible supply• Corporate governance• Air quality• Emergency response readiness• Responsible asset closure• Contractor management• Biodiversity and heritage	<ul style="list-style-type: none">• Role of copper in the economy of the future• Economic performance• Risk management• Human capital development, attraction and diversity
	Low	<ul style="list-style-type: none">• Product lifecycle	<ul style="list-style-type: none">• Territorial planning	
		Low	SIZE OF IMPACT	High

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Achieving the targets of the 2030 Agenda for Sustainable Development will require cooperation between the state, local governments, the private sector and civil society. At Antofagasta Minerals, we seek to contribute to the achievement of these goals through our operations, projects and programmes.



1. NO POVERTY

- Generate employment opportunities for local communities
- Impulso Programme (SCh-FMLP)
- Cosecha Programme (SCh-FMLP)
- Emprende Programme (SCh-FMLP)
- Confluye Programme (SCh-FMLP)
- Integral Support for Agriculture Programme (FMLP)
- Local Supply Programme (DD)
- Relevos Programme



3. GOOD HEALTH AND WELLBEING

- Safety and Occupational Health Strategy
- Occupational Health Standard
- Alma breastfeeding room
- Support for preventive health programmes (DD)
- Online pharmacy (DD)
- Flexitime Programme
- Work-Life Balance Guidelines



4. QUALITY EDUCATION

- Choapa Technical Training Centre
- Apprentices Programme
- Eleva Programme
- Technical-professional education network (SCh)
- Higher education scholarships (FMLP)
- School scholarships (FMLP)
- Minera Los Pelambres Scholarship (FMLP)
- Preparatory Programme (DD)
- Higher education scholarships (DD)



5. GENDER EQUALITY 10. REDUCED INEQUALITIES

- Diversity and Inclusion Strategy
- Sexual Harassment Protocol
- Promociona Programme



6. CLEAN WATER AND SANITATION

- AProxima Programme (FMLP)



7. AFFORDABLE AND CLEAN ENERGY

- Climate Change Standard
- Use of renewable energy in mining processes



8. DECENT WORK AND ECONOMIC GROWTH

- Local Employability Programme
- Protection of Human Rights (Code of Ethics and UK Modern Slavery Act)
- Emprende Programme (SCh - FMLP)
- Choapa Technical Training Centre
- Eleva Programme
- Technical-professional education network (SCh)
- Relevos Programme



9. INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Choapa i Programme (SCh)
- Public-private sector alliances: Programa Tranque, Antofagasta Mining Cluster



15. LIFE ON LAND

- Biodiversity Standard
- Biodiversity conservation sites: Nature Sanctuaries (Laguna Conchalí, Cerro Santa Inés, Monte Aranda, Quebrada de Llau-Llau)



11. SUSTAINABLE CITIES AND COMMUNITIES

- Recreo Programme (SCh)
- Promueve Programme (SCh)
- Treasures of Choapa (SCh - FMLP)
- En Acción Programme (SCh)
- La Gran Mateada (SCh)
- Mine Closure Standard
- Comprehensive plan to support fire-fighters (DD)



16. PEACE, JUSTICE AND STRONG INSTITUTIONS

- Code of Ethics
- Crime Prevention Manual
- Compliance Model
- UK Modern Slavery Act
- UK Bribery Act



13. CLIMATE ACTION

- Climate Change Standard
- Energy efficiency measures and renewable energy use to reduce GHGs
- Water reuse in mining processes
- Los Pelambres desalination plant
- Sea water use in mining processes at Centinela and Antucoya



17. PARTNERSHIPS FOR THE GOALS

We promote the creation of public-private alliances, taking advantage of our partners' experience and strategies for obtaining resources, in order to contribute to the achievement of the SDGs in the regions where we operate.

We use alliances to implement all our programmes, including Somos Choapa and Dialogues for Development, and our partners include the state, Chilean and international trade associations, other mining companies and/or industry groups, civil society, academic institutions and NGOs.

INDEPENDENT ASSURANCE LETTER



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INDEPENDENT REVISION REPORT OF ANTOFAGASTA MINERALS SUSTAINABILITY REPORT 2019

Dear Shareholders and Directors
Antofagasta Minerals S.A.

Please find herein the outcomes of the revision of the 2019 Sustainability Report of Antofagasta Minerals.

Scope

This revision was limited to evaluate the adherence of the contents and indicators included in the 2019 Sustainability Report to the Global Reporting Initiative (GRI) Standards, which arose from the materiality process that the Company carried out following the aforementioned Standards. In addition, this revision included the verification of the compliance with the Principles of Sustainable Development and the Position Statements of the International Council on Mining and Metals (ICMM).

Standards and Assurance Process

We have carried out our assignment in accordance with the sustainability standards of the Global Reporting Initiative and the International Council on Mining and Metals, according to the standards of Independence established in the Code of Ethics of the International Federation of Accounts (IFAC).

The activities performed to carry out this assessment included the gathering of information, the application of analytic procedures and the performance of verification tests. These activities are described as follows:

- ✓ Meetings with the sustainability management area.
- ✓ Understanding of the Materiality Process carried out by Antofagasta Minerals.
- ✓ Evidence review with the areas participating in the preparation of the 2019 Report.
- ✓ Analysis of the adherence of the contents of the 2019 Sustainability Report to the GRI Standards: Core option, and review of the indicators included in the report in order to verify that they are aligned with the protocols established in the Standards, and whether the fact that some indicators are not applicable or not materiality is justified.
- ✓ Verification, through assurance tests, of the information corresponding to the indicators included in the 2019 Sustainability Report and its adequate gathering from the data provided by Antofagasta Minerals information sources.

The drafting of the 2019 Sustainability Report, as well as its contents are under Antofagasta Minerals responsibility, which is in charge of the definition, adaptation, and maintenance of the management and internal control systems from who the information is obtained.

Our responsibility is to issue an independent report based on the procedures applied in our review.

The indicators reported and verified are indicated in the GRI Content Index, located on pages 67 to 71 of the 2019 Sustainability Report of Antofagasta Minerals.

Conclusions

Regarding the verified indicators, we can affirm that no aspect has arisen to lead us to believe that the Sustainability Report 2019 of Antofagasta Minerals has not been prepared in accordance with the GRI Standards in those areas identified in the scope.

Fernando Gaziano
Partner

May 18th, 2020

ICMM PRINCIPLES

Antofagasta Minerals is a member of the International Council on Mining and Metals, and adheres to its Sustainable Development Framework. The framework defines 10 Mining Principles for member companies relating to corporate governance and social, economic and environmental performance.

This table shows the page in the report where details can be found of Antofagasta Minerals' initiatives and progress for each one of these principles.

ICMM PRINCIPLES		PAGE NUMBER
1	Apply ethical business practices and sound systems of corporate governance and transparency to support sustainable development.	20-27
2	Integrate sustainable development principles in corporate strategy and decision-making processes.	10-11, 22-23
3	Respect human rights and the interests, cultures, customs and values of employees and communities affected by our activities.	25, 27, 33, 40
4	Implement effective risk-management strategies and systems based on sound science and which account for stakeholder perceptions of risks.	26-27, 46
5	Pursue continual improvement in safety and health performance with the ultimate goal of zero harm.	36-37
6	Pursue continual improvement in environmental performance issues, such as water stewardship, energy use and climate change.	46, 48, 49, 51
7	Contribute to the conservation of biodiversity and integrated approaches to land-use planning.	54-55
8	Facilitate and support the knowledge-base and systems for responsible design, use, reuse, recycling and disposal of products containing metals and minerals.	52, 66
9	Pursue continual improvement in social performance and contribute to the social, economic and institutional development of host countries and communities.	38-45
10	Proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner. Effectively report and independently verify progress and performance.	14-17

ICMM POSITION STATEMENTS		PAGE NUMBER
Climate Change		6, 13, 48-49, 66
Mining and Protected Areas		54-55
Indigenous Peoples and Mining		25-40
Mining Partnerships for Development		15, 16-17
Mercury Risk Management		Antofagasta Minerals does not produce mercury or use it in its processes.
Transparency of Mineral Revenues		25 Link to fourth Report of Payments to Government: https://www.antofagasta.co.uk/media/3553/payments-to-governments-report-2018-rns-with-cover-v5.pdf
Water Stewardship		6, 13, 51, 66
Tailings Governance		52, 53, 66

SUMMARY OF SUSTAINABILITY PERFORMANCE

INDICATOR	BASIS OF CALCULATION	GRI STANDARDS	2019	2018	2017
ECONOMIC PERFORMANCE					
ECONOMIC					
Copper production	Thousands of tonnes	102-7	769.9	725.3	704.3
Revenue	Millions of US dollars. Excluding non-operative revenue	102-7	4,804.0	4,560.3	4,578.3
EBITDA	Millions of US dollars	102-7	2,358.1	2,139.4	2,488.5
Economic value generated and distributed					
Operating revenue and sale of assets (a)	Millions of US dollars. Including non-operating revenue	201-1	5,517.8	5,192.8	4,600.6
Investment income (b)	Millions of US dollars	201-1	48.1	30.1	23.3
Economic value generated (a+b)	Millions of US dollars	201-1	5,565.8	5,222.9	4,623.9
Workers: remuneration and benefits	Millions of US dollars	201-1	440.0	449.6	422.2
Suppliers: purchase of utilities, goods and services	Millions of US dollars	201-1	3,368.8	3,104	1,811
Community: Contributions to community projects	Millions of US dollars	201-1	39.5	33.7	12.1
Financing: payments to lenders	Millions of US dollars	201-1	74.0	66.1	89.5
State: Taxes	Millions of US dollars	201-1	411.4	566.9	492.9
Shareholders: dividends (include minority shareholders)	Millions of US dollars	201-1	920.4	587.0	572.3
Economic value distributed	Millions of US dollars	201-1	5,254	4,808	3,400
Economic value retained	Millions of US dollars	201-1	312	415	1,224
RESPONSIBLE SUPPLY					
Suppliers	Annual average	102-7	2,907	4,028	2,865
From Antofagasta and Coquimbo Regions	Percentage of total	102-8; 204-1	24%	36%	24%
From other regions in Chile	Percentage of total	102-8	70%	57%	70%
From outside Chile	Percentage of total	102-8	5%	7%	6%
Local suppliers	Number of suppliers from Antofagasta and Coquimbo Regions	102-8	702	1,455	688
Purchases ¹	Millions of US dollars. Total purchases	204-1	3,194	3,218	2,445
Local purchases	Millions of US dollars in purchases of goods and services net of VAT in Antofagasta and Coquimbo Regions	204-1	389	1,929	350
Purchases from other regions in Chile	Millions of US dollars	204-1	2,709	1,138	2,037
Purchases outside Chile	Millions of US dollars	204-1	96	151	59
Purchases from SMEs	Millions of US dollars	204-1	327	469	358
TRANSPARENCY AND CORPORATE GOVERNANCE					
CORPORATE GOVERNANCE					
Board composition					
Male directors	As at 31 December	102-22; 405-1	9	9	9
Female directors	As at 31 December	102-22; 405-1	2	2	2
Board tenure: 1 to 5 years	As at 31 December	102-22	3	3	4
Board tenure: 6 to 9 years	As at 31 December	102-22	4	3	2
Board tenure: Over 9 years	As at 31 December	102-22	4	5	5
Independent	As at 31 December	102-22	7	6	5
Not independent	As at 31 December	102-22	4	5	6
Executives	As at 31 December	102-22	0	0	0
Non-executives	As at 31 December	102-22	11	11	11
ETHICS AND COMPLIANCE					
Code of Ethics					
Complaints received under the Code	Number of complaints received	102-17	198	120	112
Complaints resolved	Percentage of complaints resolved	102-17	76%	82%	100%

1. The figure comprises the total amount of purchases that had been paid for as of 31 December 2019.

PEOPLE					
EMPLOYEES AND CONTRACTORS					
Breakdown of own employees					
Employees	Annual average	102-8	5,185	5,108	5,026
Men	Annual average	102-8	4,698	4,670	4,593
Women	Annual average	102-8	487	438	433
Women	Percentage of own employees (annual average)	102-8	9%	9%	9%
Own employees by role					
Supervisors and executives	Annual average number	405-1	1,871	1,760	1,726
Operators	Annual average number	405-1	3,314	3,348	3,301
Female supervisors and executives	Annual average number	405-1	315	273	250
Female operators	Annual average number	405-1	173	165	183
Labour relations					
Unions	Annual average number	405-1	4,027	3,884	3,808
	Percentage of unionised own employees	405-1	78%	76%	76%
Training					
Hours of training	Hours	404-1	253,558	259,316	152,197
	Hours/employee	404-1	49	51	30,3
Amount spent on training	Thousands of US dollars	404-3	3,182	4,633	3,208
Amount spent per employee	US dollars/employee	404-3	614	907	638
Performance evaluation					
Employee with performance evaluation	Percentage of the total number of employees	404-3	34%	33%	30%
Talent management					
Key roles filled internally	Percentage	405-1	53%	62%	37%
Contractors	Annual average number	102-9; 102-10	17,929	14,333	14,472
SAFETY AND HEALTH					
Accidents					
Fatalities	Number of fatalities in the year, including own employees and contractors	403-9	0	1	0
Lost Time Injury Frequency Rate (LTIFR)	Number of accidents with lost time during the year per million hours worked	403-9	0.75	1.10	1.00
All Injury Frequency Rate (AIFR)	Number of accidents with and without lost time during the year per million hours worked	403-9	5.73	5.10	7.40
Near Misses Index	Number of near misses reported per million hours worked	403-9	259	198	126.6
Occupational diseases					
Occupational Illness Frequency Rate (OIFR)	Number of occupational illnesses during the year per million hours worked	403-10	0.08	0.09	0.00
Occupational diseases	Number of occupational diseases contracted during the year - own employees and contractors	403-10	4	3	3
SOCIAL DEVELOPMENT					
COMMUNITIES					
Operations with community participation	Percentage of all operations	413-1	100%	100%	100%
Local employment					
Local workers	Annual average number of own employees from Antofagasta and Coquimbo Regions	203-2	2,158	2,227	2,623
	Annual average percentage of own employees from Antofagasta and Coquimbo Regions	203-2	42%	44%	52%
Local supervisors	Annual average number of own employees from Antofagasta and Coquimbo Regions	202-2	217	216	269

ENVIRONMENTAL MANAGEMENT					
ENVIRONMENTAL MANAGEMENT					
Environmental incidents and fines					
Incidents with an environmental impact	Number of severe environmental incidents	306-3	0	0	0
Environmental fines	Number of fines	307-1	7	5	1
	Millions of US dollars	307-1	15,636	12,272	1,438,905
Responsible mine closure					
Closure plans	Percentage of operations with closure plans	MM10	100%	100%	100%
WATER MANAGEMENT					
Water consumption by source					
Total water consumption	Thousands of m ³	303-5	60,821	67,201	65,731
Sea water	Thousands of m ³	303-3	28,225	30,447	29,231
Surface water	Thousands of m ³	303-3	13,898	16,534	18,138
Groundwater	Thousands of m ³	303-3	18,279	19,350	17,206
Third party suppliers	Thousands of m ³	303-3	419	870	1,156
Sea water	Percentage of total water consumption	303-3	46%	45%	45%
CLIMATE CHANGE AND RENEWABLE ENERGIES					
Energy consumption					
Electricity	Giga Joules	302-1	12,349,688	12,549,096	11,906,112
Fuel	Giga Joules	302-1	11,939,589	11,962,226	9,491,721
Renewable energy					
Renewable energy	GWh generated by alternative sources	302-1	751.43	794.00	785.02
	Percentage of total consumption	302-1	22%	23%	21%
Greenhouse gas emissions					
Scope 1, direct emissions	Tonnes CO ₂ equivalent emissions	305-1	993,431	1,026,219	854,628
Scope 2, indirect emissions	Tonnes CO ₂ equivalent emissions	305-2	1,392,223	1,391,695	2,071,937
CO ₂ emissions intensity	Tonnes CO ₂ equivalent emissions/ tonnes of copper produced	305-4	3.10	3.33	3.87
MINING WASTE					
Mining waste					
Waste rock	Million tonnes	MM3	307	286	274
Tailings	Million tonnes	MM3	93	96	89
Spent ore	Million tonnes	MM3	66	63	38
Non-mining waste					
Non-hazardous industrial waste	Tonnes	306-2	36,178	27,787	30,822
Hazardous industrial waste	Tonnes	306-2	9,085	10,015	8,933
Domestic	Tonnes	306-2	4,213	3,793	3,826
Waste treatment					
Recycled	Tonnes	306-2	31,770	19,855	24,072
Composted	Tonnes	306-2	0	0	17
Reused	Tonnes	306-2	4,258	3,981	4,656
Burnt	Tonnes	306-2	0	0	0
Recycling rate	Percentage	306-2	73%	56%	66%
BIODIVERSITY AND HERITAGE					
Biodiversity					
Protected areas	Hectares	304-3	26,921	26,921	25,803

GRI CONTENTS INDEX

This index allows you to identify the Global Reporting Initiative (GRI) Standards used for disclosures in this report, as well as associated content and the location of this information in our report or other documents available on the Company's website. This Sustainability Report has been prepared in accordance with the GRI Standards: Core option.

GRI STANDARD	DISCLOSURE	PAGE NUMBER OR URL	NOT REPORTED
GRI 101: FOUNDATION 2016 (GRI 101 DOES NOT INCLUDE DISCLOSURES)			
GENERAL CONTENTS			
GRI 102: General Disclosures 2016	102-1 Name of the organisation	Front cover	
	102-2 Activities, brands, products and services	10	
	102-3 Location of headquarters	Santiago, Chile	
	102-4 Location of operations	10	
	102-5 Ownership and legal form	10	
	102-6 Markets served	28. Annual Report 2019 p. 16-18, 48,49	
	102-7 Scale of organisation	6, 12, 13	
	102-8 Information on employees and other workers	13, 14, 32-35, 65	Information about employees and other workers is not shown by employment contract or region.
	102-9 Supply chain	14, 30-31, 69	
	102-10 Significant changes to the organisation and its supply chain	4, 5, 10, 11. Annual Report 2019 p. 7, 12-15	
	102-11 Precautionary Principle or approach	19	
	102-12 External initiatives	15, 16, 17	
	102-13 Membership of associations	15, 17	
	102-14 Statement from senior decision-maker	4-5, 8-9	
	102-15 Key impacts, risks and opportunities	16, 26, 27, 28	
	102-16 Values, principles, standards and norms of behaviour	3, 10, 11, 18, 23, 24, 25	
	102-17 Mechanisms for advice and concerns about ethics	24, 25	
	102-18 Governance structure	20, 21, 22. Annual Report 2019 p. 90-91	
	102-19 Delegating authority	20	
	102-20 Executive-level responsibility for economic, environmental and social topics	22	
	102-21 Consulting stakeholders on economic, environmental and social topics	14, 15, 22. Annual Report 2019 p. 94-97, 112-113	
	102-22 Composition of the highest governance body and its committees	64. Annual Report 2019 p. 96-101	Information not included on the membership of under-represented social groups and stakeholder representation.
	102-23 Chair of the highest governance body	The Chairman is not an executive of the company	

GRI STANDARD	DISCLOSURE	PAGE NUMBER OR URL	NOT REPORTED
GRI 101: FOUNDATION 2016 (GRI 101 DOES NOT INCLUDE DISCLOSURES)			
GENERAL CONTENTS			
GRI 102: General Disclosures 2016	102-24 Nominating and selecting the highest governance body	Annual Report 2019 p. 103-105	
	102-25 Conflicts of interest	24, 25. Annual Report 2019 p. 88-89	Information not included on whether conflicts of interest are disclosed to stakeholder groups, according to GRI Standards.
	102-26 Role of the highest governance body in setting purpose, values and strategy	20	
	102-27 Collective knowledge of highest governance body	Annual Report 2019 p. 98	
	102-28 Evaluating the highest governance body's performance	Annual Report 2019 p. 106-107	
	102-29 Identifying and managing economic, environmental and social impacts	22, 27. Annual Report 2019 p. 24-30, 108-111	
	102-30 Effectiveness of risk management processes	Annual Report 2019 p. 22-23, p. 108-111	
	102-31 Review of economic, environmental and social topics	22. Annual Report 2019 p. 24, 112-113	
	102-32 Highest governance body's role in sustainability reporting	22. Annual Report 2019 p. 112-113	
	102-35 Remuneration policies	Annual Report 2019 p. 120-137	
	102-40 List of stakeholder groups	14, 15	
	102-41 Collective bargaining agreements	34	
	102-42 Identifying and selecting stakeholders	14, 15	
	102-43 Approach to stakeholder engagement	14, 15	Information not included on the frequency of engagement by type and by stakeholder group.
	102-44 Key topics and concerns raised	30-31, 32-35, 36-37, 38-45, 46-55, 59	
	102-45 Entities included in the consolidated financial statements	The Sustainability Report 2019 only covers Antofagasta Minerals' operations. In contrast, the Annual Report 2019 covers the operations of Antofagasta plc, the mining group which controls Antofagasta Minerals.	
	102-46 Defining report content and topic boundaries	Inside front cover flap	
	102-47 List of material topics	59	
	102-48 Restatements of information	The effect of any restatement of information with respect to previous reports and the reasons for the restatement, are shown in the footnotes to the respective indicators.	
	102-49 Changes in reporting	Significant changes are shown in the footnotes.	
	102-50 Reporting period	Inside front cover flap	
	102-51 Date of most recent report	Sustainability Report 2018 published in May 2019	
	102-52 Reporting cycle	Annual	
	102-53 Contact point for questions regarding the report	Inside back cover flap	
	102-54 Claims of reporting in accordance with the GRI Standards	Inside front cover flap	
	102-55 GRI contents index	67-71	
	102-56 External assurance	62	

MATERIAL TOPICS			
I. ECONOMIC DEVELOPMENT			
COPPER'S ROLE IN FUTURE ECONOMY AND ECONOMIC PERFORMANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	28-29	
	103-2 The management approach and its components	4-5, 29	
	103-3 Evaluation of the management approach	4-5, 29, 58	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	29, 64	
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	30-31, 32, 35, 39, 40-45, 64	
	Copper production	12, 64	
	Revenues	12, 64	
	EBITDA	6, 12, 64	
RESPONSIBLE SUPPLY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	30	
	103-2 The management approach and its components	30-31	
	103-3 Evaluation of the management approach	30-31, 64	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	31, 64	
	Total suppliers	14, 30, 64	
	Purchase of goods and services	30-31, 64	
II. TRANSPARENCY AND CORPORATE GOVERNANCE			
ETHICS, COMPLIANCE AND HUMAN RIGHTS			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	24	
	103-2 The management approach and its components	24-25	
	103-3 Evaluation of the management approach	25-26, 64	
GRI 102: Ethics and Integrity 2016	Number of complaints received during the year	64	
	Percentage of complaints resolved during the year	64	
CORPORATE GOVERNANCE AND RISK MANAGEMENT			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	20, 26	
	103-2 The management approach and its components	20-27	
	103-3 Evaluation of the management approach	20, 26-27	
GRI 405: Diversity and Equal Opportunities 2016	405-1 Diversity of governance bodies and employees	64. Annual Report 2019 p. 98	
III. PEOPLE			
SAFETY AND HEALTH			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	36	
	103-2 The management approach and its components	36-37, 65	
	103-3 Evaluation of the management approach	36-37, 65	

III. PEOPLE			
SAFETY AND HEALTH			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	36	
	403-2 Hazard identification, risk assessment, and incident investigation	36-37	
	403-3 Occupational health services	37	
	403-5 Worker training on occupational health and safety	37	
	403-6 Promotion of worker health	36	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	36-37	
	403-9 Work-related injuries	36, 65	Safety indicators are not shown by country, as they are all operations in Chile. Information not included: breakdown by sex, age or worker type, or the number of high potential work-related incidents. For each indicator, the rules for its registration are as defined by Chilean Social Security Superintendency (SUSESO).
	403-10 Work-related ill health	13, 36, 37, 65	
EMPLOYEE ENGAGEMENT, HUMAN CAPITAL DEVELOPMENT AND TALENT ATTRACTION AND RETENTION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	32	
	103-2 The management approach and its components	32	
	103-3 Evaluation of the management approach	13, 32-35, 58	
GRI 405: Diversity and Equal Opportunities 2016	405-1 Diversity of governance bodies and employees	32-33, 65	
	Unionisation and freedom of association	34, 65	
	MM4 Number of strikes and lockouts exceeding one week's duration	34,	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	34	Information not included: average hours of training broken down by sex and job category.
	404-2 Programmes for upgrading employee skills and transition assistance programmes	34	Information not included: Transition assistance programmes for professionals leaving the company
	404-3 Percentage of employees receiving regular performance and career development reviews	65	Information not included: breakdown by sex and job category.
CONTRACTORS			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	32, 35	
	103-2 The management approach and its components	35	
	103-3 Evaluation of the management approach	35	
IV. SOCIAL DEVELOPMENT			
COMMUNITY ENGAGEMENT AND DEVELOPMENT			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	38	
	103-2 The management approach and its components	38, 58	
	103-3 Evaluation of the management approach	6, 13, 43, 65	
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	65	
GRI 203: Indirect Economic Impacts	203-2 Significant indirect economic impacts	13, 45, 65	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	40-43	

V. ENVIRONMENTAL MANAGEMENT			
ENVIRONMENTAL MANAGEMENT; BIODIVERSITY AND HERITAGE; MINE CLOSURE; EMERGENCY PREPAREDNESS; AIR QUALITY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	46	
	103-2 The management approach and its components	46, 48, 49, 51, 52, 54	
	103-3 Evaluation of the management approach	54, 58	
GRI 306: Effluents and Waste 2016	306-3 Significant spills	47, 66	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	46, 47, 58, 66	
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	13, 54, 55, 66	
	MM10 Number and percentage of operations with closure plans	46, 66	
WATER MANAGEMENT			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	51	
	103-2 The management approach and its components	51	
	103-3 Evaluation of the management approach	51	
GRI 303: Water and Effluents 2016	303-3 Water withdrawal by source	6, 13, 66	Wastewater from third party organisations is not used, nor is rainwater collected naturally in reservoirs and other water storage spaces quantified. Data is not included on areas with water stress.
	303-5 Water consumption	6, 66	A breakdown of total water withdrawal by operation is not provided.
CLIMATE CHANGE AND RENEWABLE ENERGIES			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48	
	103-2 The management approach and its components	48-49, 58	
	103-3 Evaluation of the management approach	6, 48-49, 58	
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	49, 66	
	305-2 Energy indirect (Scope 2) GHG emissions	49, 66	
	305-4 GHG emissions intensity	6, 49, 66	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	48, 66	There is no heating, cooling or steam consumption or sales from renewable energy sources.
MINING WASTE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	52	
	103-2 The management approach and its components	52-53	
	103-3 Evaluation of the management approach	53, 66	
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	66	Antofagasta Minerals reports waste treatment methods by hazardous, non-hazardous and domestic waste (which is also non-hazardous).
	MM3 Total amount of coverings, rock, tailings and mud, and their associated risks	66	



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MINERALS

SUSTAINABILITY REPORT 2019

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