

Communities

The lessons learned in the implementation of social programmes and the networks of collaboration developed during years of engagement with communities were key for the support we were able to provide during the pandemic.

HIGHLIGHTS 2020

- We underpinned our respect for human rights by establishing a formal Human Rights Policy.
- In addition to our planned social initiatives, we created a \$6 million COVID Fund to finance health measures and social and economic support for neighbouring communities.
- We renewed our alliance with the Antofagasta Mining Cluster for a further two years.

The areas where our mines are located - the Coquimbo Region of central-northern Chile and the Antofagasta Region in the north of the country - are economically and socially quite different:

- Our largest operation, Los Pelambres, is located in the Coquimbo Region's largely agricultural Choapa Valley where its neighbours include large towns such as Illapel, the capital of the Choapa Province, and Salamanca as well as many smaller towns and remote rural settlements. Its area of influence also includes the town of Los Vilos on the coast, close to which it has the Punta Chungo port facilities and is building a sea water desalination plant.
- Our other three mines - Centinela, Antucoya and Zaldívar - are located in the far more sparsely populated Atacama Desert where mining and, more recently, solar energy production are the main economic activities. Centinela is 34 km from the town of Sierra Gorda and Antucoya is 75 km from María Elena while Zaldívar is located 100 km from the Atacama Salt Flat. The area of influence of Centinela and Antucoya includes the town of Mejillones on the coast of the Antofagasta Region, where they use third-party port facilities to import inputs such as oil and explosives. In Michilla, a fishing village some 60 km north of Mejillones, Centinela and Antucoya extract sea water for use at the mines and Centinela has a pier from which it ships concentrate, transported down to the coast by pipeline.

Indigenous communities form part of the areas of influence of Los Pelambres and Zaldívar:

- Members of the Taucán Diaguita community live in the Choapa Valley while the fishing community in Los Vilos includes members of the Chango people, which had been thought extinct but was recently recognised as one of Chile's ten indigenous peoples.
- Zaldívar obtains water from the Atacama Salt Flat, some 100 km from the mine, where the Atacameño communities of Peine, Socaire, Camar and Talabre are located.

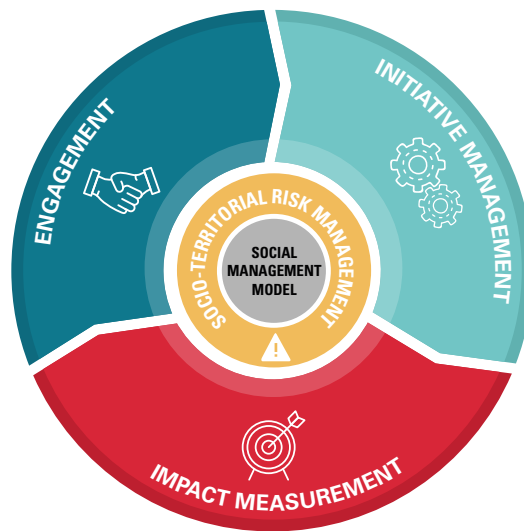
Social Management Model

Our Social Management Model is designed to ensure the consistency of our engagement principles, methodologies and practices across our operations. It has four components: Engagement, Initiative Management, Impact Measurement, and Socio-Territorial Risk Management. Following the incorporation in 2020, as planned, of an Impact Measurement Standard and a Risk Management Standard, all four components now have their corresponding standard.

Our engagement with neighbouring communities is based on the principles of dialogue, collaboration, traceability, excellence and transparency and we seek to grow together with these communities and contribute to their long-term social and economic development, whilst also taking care to prevent, mitigate and compensate for any adverse impact our activities may have. We have a broad range of social programmes, often implemented in alliance with local foundations, and the initiatives they implement are selected and designed together with communities through working groups to address specific areas of their development or concerns.

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 Resolutions of Environmental Approval (RCAs). It also includes the programmes implemented by Fundación Minera Los Pelambres.



Social Management Model

ENGAGEMENT	INITIATIVE MANAGEMENT	IMPACT MEASUREMENT	SOCIO-TERRITORIAL RISK MANAGEMENT
A relationship-building process defined by the Group to connect with different stakeholders, resolving disputes, contributing to development and fostering social acceptance of our operations and their growth.	Ensures the correct physical, financial and administrative implementation of social investments in the operations' areas of influence, in line with the planning and resources defined for each of them.	Defines indicators to understand the contribution of initiatives rolled out in Antofagasta Minerals' areas of influence, facilitating future decision-making on the social investment strategy, based on business objectives.	Identifies critical issues arising from the interaction (or lack of) between the company, community and/or local or national authorities in order to anticipate and manage potential risks that may affect the reputation, operation and/or growth of the Group's companies.



1 Mandatory and voluntary social projects and programmes, donations and social agreements. Includes programmes managed by Fundación Minera Los Pelambres.

Impact measurement

In 2020, we met our goal of measuring the impact of four programmes: two implemented by Fundación Minera Los Pelambres and two by Antucoya in northern Chile. All showed a positive social return on investment (SROI), led by Antucoya's *Relevos* (Relief Workers) programme, which trains people from nearby communities to operate mine trucks and employs them to cover the regular operators' shift breaks. It was followed by the programme of doctors' home visits and telemedicine implemented in the Antofagasta Region to relieve pressure on public health services during the pandemic and improve access to care.

Along with the management of socio-territorial risks - or, in other words, the early detection of issues that could affect the Group's reputation and/or operations - impact measurement is a key tool for the management and design of our social initiatives. Our new Impact Management Standard defines the methodology we use to evaluate all the projects and programmes implemented by our different operations, including matters such as minimum information requirements and the communication of the results to stakeholders. Under it, an Impact Committee, headed by the Public Affairs area, was established to oversee the evaluation process.

In 2020, the measured impact of social initiatives was incorporated as a key indicator in the Group's performance agreement. This provides an incentive for progress, as an organisation, on improving our programmes and generating significant and lasting positive impacts in the communities.



Our approach to human rights

In 2020, we formally introduced a Human Rights Policy, based on a prior human rights due diligence. It sets out the fundamental elements of our approach to human rights, establishing how we relate to employees, contractors, suppliers, business partners, communities and other parties directly related to our operations. Its main points include:

- We proactively seek the non-violation of human rights and act in accordance with the UN Guiding Principles on Business and Human Rights. We do not tolerate acts at odds with these rights that could be committed by our employees, workers in our supply chain or third parties in any way related to our operations.
- We place particular emphasis on avoiding behaviour that constitutes any form of exploitation, slavery or human trafficking, in both our operations and our supply chain, and we do not tolerate the use of child, forced or slave labour in any of our operations or the supply chain of Antofagasta plc.
- We are committed to avoiding discrimination of people, based on race, colour, gender, religion, political opinion, nationality or social origin, and harassment of the people employed by our company.
- We strive to carry out appropriate due diligence to identify, prevent, mitigate and respond to the possible negative consequences of our activities as regards human rights.
- In all our operations, we strive to have complaint mechanisms so that potentially affected persons can report to Antofagasta plc any situation with a possible impact on human rights.
- We seek to continually update and improve our practices, standards, policies, procedures and complaint mechanisms so as to ensure respect for human rights.
- We respect the rights, culture and heritage of the communities that host our explorations, operations and projects. We maintain continuous dialogue with them, from the exploration stage through to the closure of operations, and strive to maximise the benefits of our activities for the territories and communities where we operate and to reduce the possible negative impacts of these activities.
- We recognise and respect the rights, culture and traditions of all indigenous peoples and exercise special care in the case of those groups living in the vicinity of our operations and projects.
- We promote awareness of this Policy among our stakeholders and expect them to comply with this commitment.



Indigenous peoples

Our Human Rights Policy explicitly recognises and undertakes to respect the rights, culture and traditions of indigenous peoples. Our relations with the indigenous communities in our areas of influence are aligned with local legislation, the International Labour Organisation's (ILO) Convention 169 and the guidelines of the International Council on Mining and Metals (ICMM).

In 2020, Zaldívar carried out the Group's first voluntary indigenous consultation process with the Socaire Atacameño community. Implemented as part of the environmental evaluation of the operation's mine life extension project, it concluded positively with the signing of an agreement.

Zaldívar also engages with Socaire and other nearby indigenous communities through environmental working groups. In addition, it supports the Miscanti nursery school in Socaire as part of a broader programme of sponsorship of nursery schools, headed by the Antofagasta Industrialists' Association (AIA).

Complaint mechanisms

Community members have a number of channels through which to register a complaint. They can send an e-mail to the corresponding operation or a letter to one of its local offices or use the *Tu Voz* (Your Voice) reporting line on the Group's website where complaints can be made anonymously and are treated confidentially. However, their first point of contact is typically the local community relations coordinator.

All complaints are investigated, with the exact procedure depending on the nature of the complaint. In 2020, we reviewed our various complaint mechanisms and drew up a proposal for a single system in line with the guidelines of

the International Council on Mining and Metals (ICMM). As of late 2020, the proposal was undergoing internal validation.

Citizen participation processes

In addition to Zaldívar's voluntary consultation process with the Socaire indigenous community, Los Pelambres implemented an Early Citizen Participation Process (PACA) to inform the community about its Operational Adaptation project, which was announced in September. Meetings included local farmers' organisations, water users' associations, fishermen's organisations and neighbourhood associations.

Response to COVID-19

Faced with the outbreak of COVID-19 which, in Chile, began in March 2020, we rapidly refocused our social programmes to support nearby communities in containing the spread of the virus and mitigating its economic impacts. By April, we had already established a special-purpose \$6 million COVID Fund to finance our planned three-phase response: an Emergency Phase, focusing on preventive health measures; a Recovery Phase to alleviate immediate economic and social hardship; and a Normalisation Phase to support communities' reactivation.

In all these activities, we worked closely with local authorities and the central government and, in many cases, other companies and business associations. As is the practice of our regular social programmes, we implemented many of the COVID Fund's initiatives in alliance with local and national foundations and, in the case of Los Pelambres, its own foundation, Fundación Minera Los Pelambres.

Health measures

The numerous health measures ranged from the provision of medical supplies and PPE to the donation of PCR testing machines and respirators. Examples in the Coquimbo Region included:

- Construction of a new laboratory at the Dr. Humberto Elorza Cortés Hospital in Illapel to speed up PCR testing times for the inhabitants of the Choapa Province
- Donation of a total of 11 ventilators to different hospitals (some as part of a programme led by the Confederation of Production and Commerce (CPC), a business association)
- Donation of mobile X-ray equipment for a new intensive care unit at the hospital in Illapel

Similarly, in the Antofagasta Region, the support provided included:

- Reduction of pressure on local health services through the home medical visits and telemedicine programme
- Donation of three respirators to hospitals in Antofagasta and Calama
- Financing of voluntary isolation accommodation for infected people

Relief measures

Economic and social relief measures varied widely depending on the needs of the different communities. They included the distribution of food and other basic items as well as measures to make the use of public spaces, such as fruit and vegetable markets, safer. In both the Coquimbo and Antofagasta Regions, we also organised local suppliers and/or residents to make face masks, of which over 100,000 were produced.

COVID FUND

Healthcare and prevention

\$3.3m

Community support

\$1.1m

Economic reactivation

\$1.5m



As schools were forced to close, attention also turned to the challenges faced by teachers, pupils and their families. In response, we distributed Internet kits and provided support from experts in distance learning methodologies. For example, Fundación Minera Los Pelambres worked with Educación 2020, an NGO, to support 15 mainly rural schools in the Choapa Province, reaching 176 teachers and 2,097 pupils.

In line with the Group's policy of leveraging government efforts, Fundación Minera Los Pelambres also published three manuals, in April, May and July, on the benefits available from the state. They explained in straightforward language how to access the benefits and were particularly appreciated by the community.

Reactivation

In the Antofagasta Region, Antofagasta Minerals joined other local companies in contributing to the *Reactivando mi Pampa Salitrera* (Reactivating my Nitrates Pampa) fund set up by Corfo, the government's economic development agency, for the María Elena and Sierra Gorda municipal districts under its Reactivation Support Programme (PAR). It was open to applications from initiatives implemented jointly by between five and 15 small and mid-sized businesses (SMEs) and/or entrepreneurs and the grants, awarded in August, had a total of 35 beneficiaries (15 in Sierra Gorda, nine in María Elena and seven and four, respectively, in the nearby towns of Baquedano and Quillagua).

In the case of María Elena, Antucoya also joined other companies with operations near the town to create the *Juntos Impulsamos Tu Negocio* (Rebuilding Your Business Together) fund, which awarded grants to 33 entrepreneurs and micro-businesses in María Elena and Quillagua. Similarly, in the case of Sierra Gorda, Centinela, along with BHP's Spence mine, the Municipal Development Corporation and the municipal government, set up the *Todos Juntos Avanzamos* (Advancing All Together) fund, which awarded grants to 29 micro-businesses and 21 entrepreneurs in Sierra Gorda and Baquedano.

Another key step for Sierra Gorda was the gradual return, starting in September, of the employees of contractors working at Centinela, who lodge and eat there and are a key source of the town's income. A Safe Return Plan was drawn up and managed through an agreement with the Sierra Gorda Economic Development Corporation under which Centinela selected the

contractors whose employees were allowed to return and provided training to help the town implement the mine's own protocols. Monitors were also hired to supervise the process and, for example, a food delivery app was created.

In the Coquimbo Region, Fundación Minera Los Pelambres (FMLP) implemented the Choapa Emergency Economic Support programme for the Choapa Province in a bid to save struggling small businesses. In addition to grants, it provided technical advice on matters such as e-commerce and access to state benefits and promoted the businesses through its own communications channels. The programme was financed out of the FMLP's regular budget for economic development, matched with a contribution out of the COVID Fund, giving it a total budget of Ch\$1,140 million. It received 3,532 applications and supported a total of 2,096 initiatives in Salamanca, Illapel, Los Vilos and Canela.



Reducing pressure on health services in the Antofagasta Region

One of the programmes whose impact we measured in 2020 with positive results was the programme implemented in the Antofagasta Region to relieve pressure on its pandemic-stressed public health services. It built on the experience acquired through an existing healthcare programme under which specialists such as ophthalmologists, gynaecologists and nutritionists visit the towns of María Elena and Sierra Gorda. For three months, from mid-May to mid-August, the programme, implemented together with Manos que Ayudan, a foundation, as well as Antofagasta plc's transport division (FCAB) and the Regional Government, took doctors to María Elena, Sierra Gorda and Michilla to make home visits for non-COVID health problems. In this way, as well as helping to decongest hospitals and primary health centres, it enabled people with chronic illnesses and, therefore, at higher risk from COVID to continue their treatment from the safety of their homes.

In parallel, a medical call centre was established in Antofagasta from which, when necessary, home visits were also arranged. Over the three months, the centre attended over 6,500 calls and made over 1,800 home visits. Some 60% of the calls were related to mental health problems.



Drought relief in Choapa

Given the persistent drought in the Coquimbo Region, Fundación Minera Los Pelambres (FMLP) continued to implement its two water management programmes, albeit with some modifications in line with the pandemic.

- APRoxima.** This programme supports the local committees responsible for managing Rural Drinking Water (APR) systems and provides training and assistance for the construction and maintenance of infrastructure. In 2020, one of its main activities was the APRoxima Emergencia service on which the Salamanca APRs could call for minor repairs to their water systems. A committee was also established, bringing together the Salamanca APRs, the municipal government, Minera Los Pelambres and the FMLP, to select the improvement projects to be submitted for the government funding available for this purpose.
- Confluye.** The *Confluye* (Flow Together) programme works with the Water Users' Boards of the Choapa, Chalinga and Illapel Rivers to improve agricultural irrigation. In 2020, it focused on reducing water losses by repairing the lining of irrigation canals. In one of its main regular activities, Confluye also helps the Water Users' Boards to submit

applications for government funding and advances them the amount awarded, thereby avoiding unnecessary delays on a project's implementation. In 2020, it signed an agreement with the Ministry of Agriculture to facilitate access to the resources available from the National Irrigation Commission (CNR) and the Institute for Agricultural Development (INDAP).

Minera 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. It is also co-financing the public-private Quitai Anko 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. In 2020, the consortium began work on five strategic projects (see page 53).

Regular programmes

The restrictions imposed by the pandemic and our focus on emergency social programmes inevitably limited the implementation of our regular programmes. However, meetings of working groups with the community continued to take place, albeit online, putting us on a good footing to resume work once conditions permitted, as happened gradually towards the end of the year.

Somos Choapa

In the Choapa Province, we channel our social investment principally through the flagship *Somos Choapa* (We are Choapa) programme, 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.

In 2020, the budget of the economic development programmes implemented for *Somos Choapa* by Fundación Minera Los Pelambres (FMLP) was largely transferred to the Choapa, Emergency Economic Support programme while initiatives such as the improvement of public spaces, which require work on the ground, were severely restricted. However, work continued on other projects and programmes:

- **Los Vilos dialysis centre.** In September, we opened a dialysis centre in Los Vilos. Built by Los Pelambres and equipped by the Regional Government, it means that patients in Los Vilos no longer have to travel to centres in other towns several times a week.
- **Aguas Claras 2 housing project.** This project in Salamanca, which was completed in September, has provided homes for 50 low-income families, mostly with women heads of household, and includes some homes adapted for the needs of family members with disabilities. For this public-private project, implemented in alliance with the Housing Ministry, Los Pelambres provided the design and undertook the work of obtaining permits.
- **Los Vilos stadium.** The first stage of a project to remodel the football stadium in Los Vilos was completed, with the installation of an artificial turf pitch and seating for 950 people. The second stage will include new changing rooms and public toilets as well as other improvements.
- **Scholarships.** As part of its Education and Culture line of work, the FMLP awarded a total of 637 scholarships for higher education and secondary schooling.



- **Integral Support for Agriculture (AIA).** In January, before the pandemic reached Chile, the FMLP awarded 295 grants under this programme which seeks, through the co-financing of investments and technical support, to help small farmers in the Salamanca municipal district increase their yields and the efficiency of irrigation.
- **Emprende Valle Alto.** In January, this version of the FMLP's *Emprende* (Entrepreneurship) programme, which supports the development of different economic activities, awarded 49 grants to small enterprises in the towns of Batuco, Chillepin, Cuncumén, Punta Nueva and Tranquila. These towns, at the head of Choapa Valley, are the Los Pelambres mine's closest neighbours.

Diálogos para el Desarrollo

Under the *Diálogos para el Desarrollo* (Dialogues for Development) programme, Antucoya and Centinela work with the municipal governments of María Elena (Antucoya) and Sierra Gorda (Centinela) and other strategic partners to foster the towns' development and contribute to their residents' quality of life. In operation since 2018, the programme grew out of our successful experience with *Somos Choapa*.

In María Elena, work continued in 2020 on a heritage, memory and identity project to raise awareness of the town's past as a key centre of Chile's nitrates industry in the late nineteenth and early twentieth centuries. It completed the construction of an attractive website (<https://mariaelenapatrimonial.cl>), launched in January 2021, about the town and its history.

In a public safety project in María Elena, the installation of alarms continued, albeit more slowly than anticipated before the pandemic, while the installation of cameras had to be postponed until 2021.

In 2020, the National Health Service Supply Centre (CENABAST) became a supplier of the online pharmacy created for María Elena in 2019 to avoid its inhabitants having to travel to larger towns to acquire medicines. A decision was taken to close the online pharmacy's physical premises in favour of distributing through the local public health centre.

In Sierra Gorda, work during most of the year focused on social and economic relief but, by the end of the year, was being resumed on other initiatives. They include a circular economy project to recycle waste such as plastic bottles and wood chips from Centinela and the construction of a greenhouse to grow salad vegetables for the mine.



Job creation

In 2020, we conducted a materiality assessment to identify the sustainability issues that are most critical for our business and stakeholders (see page 11). It confirmed that job creation is a key expectation among neighbouring communities and, beyond the immediate support we were able to provide in 2020, this will remain a more than usually pressing concern as communities seek to recover from the economic impacts of the pandemic.

We directly employed 2,144 people from the Antofagasta and Coquimbo Regions in 2020, representing 40% of the workforce. However, we also create jobs through our use of local suppliers and by encouraging our larger suppliers to recruit locally.

In line with this, we introduced new Guidelines on Regional Procurement and Recruitment in December 2019. They make explicit our preference for suppliers from the region where an operation is located and reduce barriers to their participation in tenders. In 2020, the value of contracts awarded to suppliers in the regions where we operate rose by 9% (see page 35).

In August 2020, we launched a platform to facilitate local hiring by our own large suppliers. This is currently operating as a pilot in the Antofagasta Region with four suppliers.

We are aware that, as we move forward with our digital transformation and the automation of processes, new skills will be required to access job opportunities. We are addressing this challenge both through internal training (see page 37) and initiatives that target the community such as our Apprentices Programmes and our participation in the Eleva programme. Implemented by the Fundación Chile technology transfer institute, with partners that include the Mining Competencies Council (CCM), Eleva seeks to ensure that training standards are in line with industry needs by certifying educational establishments, providing training for their staff and offering pupils work experience at leading mining companies.



Antofagasta Mining Cluster

Another key vehicle for our social investment in northern Chile is the Antofagasta Mining Cluster. In December 2018, when we signed a collaboration agreement with this public-private alliance, we were the first mining company to do so and, in December 2020, we renewed the agreement for a further two years.

The Cluster, which also includes government agencies and educational institutions, seeks to promote the long-term economic and social development of the Antofagasta Region. Our commitment is to support two of its five pillars: the creation of human capital and the development of regional suppliers, with a particular focus on innovation.

Over the past two years, we have invested \$1.8 million in strengthening human capital in the Antofagasta Region, directly benefitting 1,662 people. Our work includes 22 programmes with local universities as well as initiatives implemented at our operations such as Antucoya's *Relevos* (Relief Workers) programme. All our operations also offer Apprentices Programmes, with participants drawn mostly from the Antofagasta Region. Similarly, in accepting students to prepare their theses at our operations, we give priority to those from local universities, which accounted for 75% of the intake in 2020.

In 2020, Centinela marked a milestone with its Apprentices Programme in that, out of its intake of 106 participants, 103, or 96%, were women. In line with health protocols, the courses were taught online using streaming, with two options: Operation of Mining Trucks and Electromechanical Maintenance. In November, the operation went on to hire 91 of the participants (88 women and three men) to do their work experience online.

We also contribute to the development of regional human capital through the Eleva programme. It is national in scope but, in practice, many of the students obtaining work experience at our operations are from the local area. In September 2020, ten young people completed their work experience at Zaldívar and seven of them were hired, while a further ten were acquiring work experience at Antucoya, albeit with delays because of pandemic-related restrictions.

Over the past two years, we have significantly increased our use of suppliers from the Antofagasta Region. In 2020, we acquired goods and services for \$201 million from local companies, up by 23% on the same period in 2019.

A further key step in this direction was the agreement we signed in July with the Antofagasta Industrialists' Association (AIA) to use its Approved Supplier Company System (SICEP), a digital database of certified suppliers. This resulted in a 20% increase in the number of local suppliers with access to information about potential business with our operations.

In the case of the promotion of innovation, our InnovaMinerals open collaboration platform fosters the development of innovative solutions to challenges faced by the mining industry. We also participate in *Expande*, a national public-private programme, led by the Fundación Chile technology transfer institute, which also promotes innovation in mining (see page 35).