



ANTOFAGASTA PLC

Social Management

Our community engagement and social investment practices



ANTOFAGASTA PLC

Social Management

Sponsors

Vice Presidency of Corporate Affairs and Sustainability
Vice Presidency of Finance
Antofagasta Minerals

Contents

Andrés Morán, Vice Presidency of Corporate Affairs and Sustainability

Verónica González, Vice Presidency of Corporate Affairs and Sustainability

Writing

Emily Russell

Design

www.ngr.design

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Leadership Statement



At Antofagasta, we recognise that the way we manage our social performance is central to the success of our business and to making a positive contribution to the sustainable development of local communities.

Our social management strategy is characterised by our commitment to public-private partnerships and inclusive, multi-stakeholder dialogue to gain a full understanding of local people's concerns and to address them with relevant and effective initiatives. Our engagement with communities is based on a bottom-up approach by establishing joint working groups to define priorities, projects and programmes to create social value.

We establish different instances of community dialogue, including online platforms, to ensure concerns, potential solutions and resulting decisions are discussed and analysed in depth and are representative of the community. As part of this, we form strategic alliances and collaborate with third party experts, such as academia and NGOs, to extend the reach and effectiveness of our approved community projects.

Our commitment to the highest standards of engagement with the communities in our different areas of influence is reflected by documented dialogue processes, transparency and the relevance of initiatives to the social and cultural reality of each area.

Since 2014, we have learnt from the experience of implementing our Somos Choapa programme in the Coquimbo Region and created an integrated system,

underpinned by policies, guidelines and procedures, to ensure our Social Management Model is implemented consistently across all our operations. The model has been successfully rolled out through the Dialogues for Development programme in the Antofagasta Region since 2017.

Like much of the rest of the world, the outlook of Chileans has changed so we have adapted our social management strategy to address emerging and growing societal concerns. These include, for example, climate change, human rights and indigenous peoples.

Most recently, the COVID-19 pandemic has shown us the vital need for digital transformation not only in our own business but also in local communities. We are now incorporating a digital focus in our social programmes and projects to make a deeper and lasting contribution to communities and to ensure gaps do not widen in their access to opportunities for economic and social development.

Our Social Management Model seeks to reduce exposure to risk, ensure operational continuity and contribute to the wellbeing of the regions where our operations are based. It is integral to our core business objective of developing mining for a better future.

René Aguilar

Vice President of Corporate Affairs
and Sustainability

Our business at a glance

Antofagasta plc is a Chile-based copper mining group. We are listed on the London Stock Exchange and form part of the FTSE 100. We participate in sustainability indexes such as the DJSI, FTSE4Good and Stoxx Global ESG Leaders.

Mining is our core business, representing over 97% of our revenue and EBITDA. We operate four copper mines in Chile, two of which produce significant volumes of molybdenum and gold as by-products. We also have a portfolio of growth opportunities located mainly in Chile. In addition to mining, our Transport division provides rail and road cargo services in the Antofagasta Region, predominantly to mining customers, which include some of our own operations.

Our mining assets are divided into the North Operations unit, comprising Antucoya, Centinela and Zaldívar in the Antofagasta Region, and Los Pelambres in the Coquimbo Region.

2020 performance

Copper production

733,900 tonnes

Revenue

\$5,129m

EBITDA

\$2,739m

Antucoya

70% owned

Produces copper cathodes

Centinela

70% owned

Produces copper cathodes and copper concentrates containing gold and silver and a separate molybdenum concentrate

Zaldívar

50% owned

Produces copper cathodes

Los Pelambres

60% owned

Produces copper concentrates containing gold and silver and a separate molybdenum concentrate

Transport

100% owned

700 km rail network

Antofagasta Region



Centinela Port

Coquimbo Region



Punta Chungo Port



Santiago

► For more information, see our [Annual Report](#), pages 6-7.

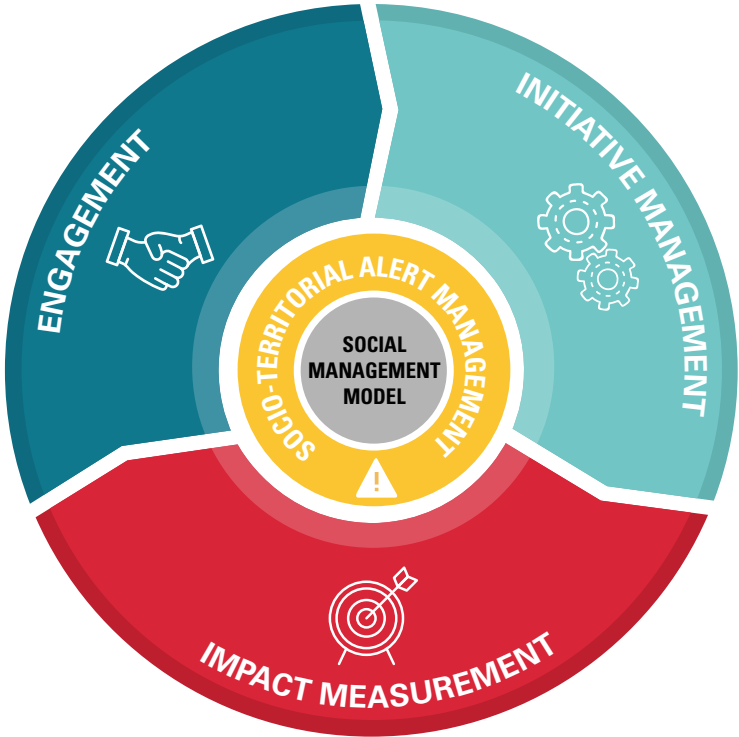


Social Management Model



Antofagasta's social management strategy seeks to contribute to the wellbeing of communities where our operations are based and provide the conditions to ensure the continuity of our operations and growth projects, within the framework of our purpose of developing mining for a better future.

Our Social Management Model is built on the success of our Somos Choapa programme that Los Pelambres mine began implementing in the Choapa Province in 2014. It has four main lines of action: engaging with stakeholders openly and collaboratively, implementing effective social investment, measuring the impacts of investment and managing key socio-territorial alerts. The model is designed to ensure our engagement principles, methodologies and practices are consistently implemented across our operations.



Social Management Model

ENGAGEMENT	INITIATIVE MANAGEMENT	IMPACT MEASUREMENT	SOCIO-TERRITORIAL ALERT 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's 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.

Engagement

Public-private collaboration and alliances with other private actors, within and beyond the mining industry, are a key part of the way we manage our business. Our engagement focuses on three areas of action:



INSTITUTIONAL

We actively work with international and national organisations to promote and, where necessary, align our standards with best practice across the environmental, social and governance areas. We collaborate with the public sector at the national and local level to ensure our social contribution enhances rather than replaces the role of the state and to support the sustainability of our initiatives.

COMMUNITIES

We use a bottom-up approach to engage with local communities with whom we establish joint working groups to define priorities, projects and programmes for their long-term wellbeing. We work with strategic allies, usually foundations or NGOs, with the expertise to design and implement our social investment programmes, allowing us to increase the reach and efficiency of our projects. Similarly, alliances with universities are vital in our efforts to strengthen human capital and to conduct research on issues of national interest.

OPERATIONAL

We identify and implement actions to mitigate social risks that might interrupt operational continuity by seeking to understand and find solutions to community concerns about aspects of our operations.

Engagement Principles

► Dialogue

Hold open and continuous dialogue with stakeholders to incorporate different views, opinions and interests, ensuring diversity and effective and inclusive participation in agreements.

► Collaboration

Work with different stakeholders to create alliances to design initiatives that have synergies with public policy and draw on third-party expertise.

► Traceability

Have mechanisms to monitor commitments that consider key aspects such as management quality and the impacts of initiatives on communities.

► Excellence

Ensure excellence throughout the process, defining commitments that are feasible, relevant and significant.

► Transparency

Report on the decisions, management and results of programmes and projects, providing accountability and timely access to information.

Initiative management

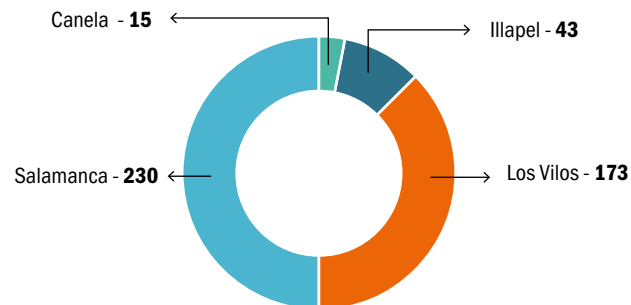
All social investment initiatives are selected, designed and prioritised through participatory engagement processes with the community and/or other stakeholders to ensure our social projects are effective and relevant. Projects are carried out by third parties through strategic alliances unless, exceptionally, they result from direct interaction by an operation with a specific locality. The initiative management area ensures that we meet the commitments made in the engagement process.

Main action areas:

- ▶ Water projects
- ▶ City and community infrastructure
- ▶ Education and connectivity
- ▶ Economic development and new businesses
- ▶ Agriculture and livestock development
- ▶ Sport and associated infrastructure
- ▶ Employment
- ▶ Health

Portfolio of initiatives by municipal district (2020)

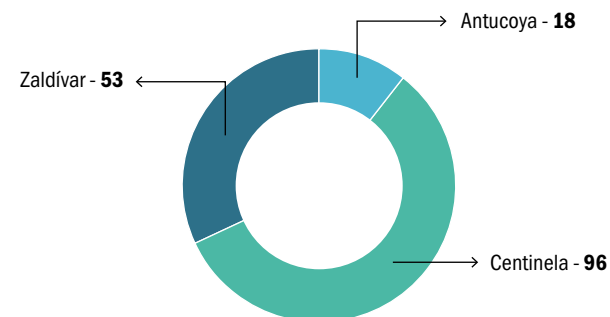
Los Pelambres



In addition, we implemented 21 initiatives at the Choapa Province level

Portfolio of initiatives by mining operation (2020)

North Operations

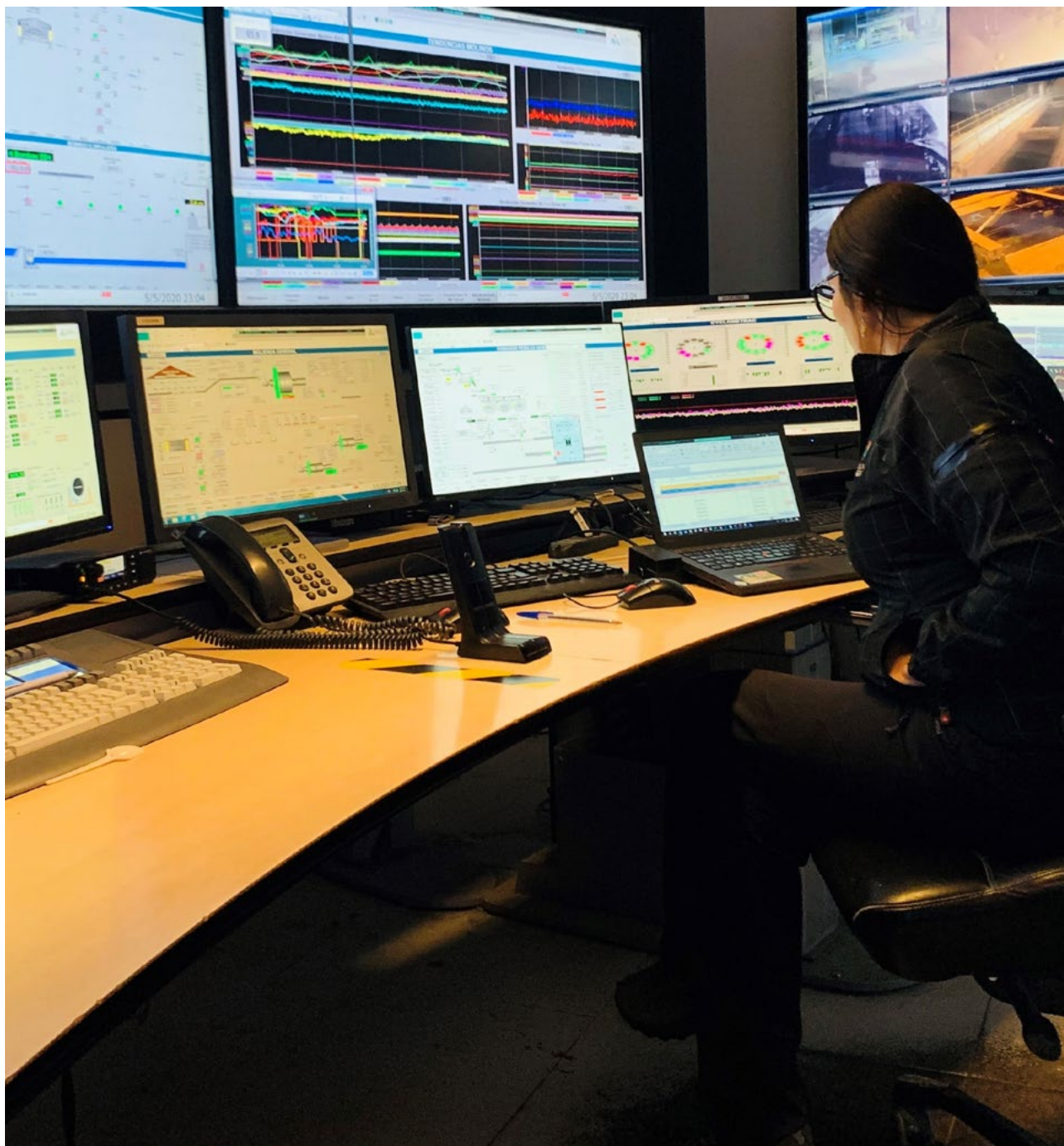


In 2020, our Mining and Transport divisions invested \$46 million in social projects. Our contribution comprises community investment programmes (Somos Choapa, Dialogue for Development), social programmes and projects established as part of legal obligations, as well as donations, sponsorships and contributions under the Caimanes, Salamanca and Cuncumén agreements and by Fundación Minera Los Pelambres. It also includes the operational costs associated with our social contribution.

- ▶ For further information on Los Pelambres' main social projects, [see pages 15-25](#).
- ▶ For further information on our main social projects in the Antofagasta Region, see [pages 26-33](#); [42-46](#).

Socio-territorial alert management

Our Public Affairs teams meet weekly to analyse and monitor actual and potential controversies and put in place actions plans as necessary. The area's work overlaps with and complements our engagement on operational matters that seeks to detect alerts early, understand people's concerns and mitigate the potential impacts on operational continuity.



Impact measurement

We measure the impact of our social investments to evaluate their contribution to people's wellbeing and, if necessary, to make adjustments to our programmes and projects. Our Impact Measurement Standard defines the methodologies we use and an Impact Committee, headed by the corporate Public Affairs area, oversees the evaluation process.

The impact assessments involve qualitative research in the form of interviews, focus groups and document review as well as quantitative surveys. In 2019 and 2020, we conducted four impact measurements per year (see a summary of the results on [page 11](#)) and a further three are underway in 2021.

► For more information on these assessments, see the [Impact Measurement Series report](#).

The measured impact of social initiatives is a key indicator in our employee performance agreements, providing an incentive to improve our programmes and generate significant and lasting positive impacts on communities.

Methodologies

We use the Theory of Change methodology to understand the design of our initiatives and map out expected significant changes to pre-existing conditions to subsequently be able to verify if these objectives have been met. The Social Return on Investment (SROI) methodology, which measures economic, social and environmental values, is used to estimate the return to society for every Chilean *peso* invested in the initiative.

Territorial Wellbeing Index

We also use the Territorial Wellbeing Index, developed by the University of Adolfo Ibañez, to measure the collective impact of our initiatives in the areas of public spaces, culture, sport and health.

► More information on the [Territorial Wellbeing Index](#) is available on its website.





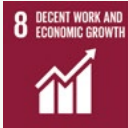


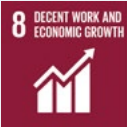


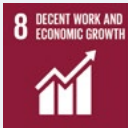
UN Sustainable Development Goals

Antofagasta is committed to contributing to the UN 2030 Sustainability Development Goals and we align and measure our performance against these objectives.








► For more information on our commitment to the SDGs, see our [Annual Report 2020](#), pages 38–39.

Results of measured impacts 2019-2020

Focus Area	Project	Location	SROI ¹	Main Impacts	SDGs
Water resources management	APRoxima: supporting the management of Rural Drinking Water systems	Salamanca municipal district, Coquimbo Region	2.12	<ul style="list-style-type: none"> ▶ Technical training. ▶ Good coordination with public bodies. ▶ Fewer water cuts. ▶ Recognition of Los Pelambres. 	  
	Confluye: supporting the security and efficiency of water used in agriculture	Choapa Province, Coquimbo Region	478*	<ul style="list-style-type: none"> ▶ More water projects presented. ▶ Lower water losses. ▶ More water received. ▶ Improved water security. 	
Productive development	Impulso: developing micro and small businesses	Los Vilos and Salamanca municipal districts, Coquimbo Region	1.75	<ul style="list-style-type: none"> ▶ High resilience and diversification. ▶ Improved sales and jobs. ▶ Skills development. 	 
	Relevos: developing mining shift workers at Antucoya	María Elena municipal district, Antofagasta Region	27.7	<ul style="list-style-type: none"> ▶ Increased operational productivity. ▶ Improved job conditions. ▶ Increased expectations. ▶ Increased self-esteem. 	  
	AIA: supporting agricultural activities	Salamanca municipal district, Coquimbo Region	0.3	<ul style="list-style-type: none"> ▶ Lower production costs. ▶ Increased production quality and volumes. ▶ Increased sales. ▶ Increased earnings. 	
	Cosecha: supporting rural production	Choapa Province, Coquimbo Region	3.5**	<ul style="list-style-type: none"> ▶ Improved job occupation rates. ▶ Lower production costs. ▶ Creation of networks. ▶ Increased production quality and amount. 	

¹ The Social Return on Investment (SROI) is the return to society for every Chilean peso invested in the initiative

Results of measured impacts 2019-2020

Focus Area	Project	Location	SROI	Main Impacts	SDGs
Education and Culture	School Access Programme for Rural Areas	Salamanca and Los Vilos municipal districts, Coquimbo Region	4.44	<ul style="list-style-type: none"> ▶ Lower education costs. ▶ Lower school dropout rates. ▶ Increased child support. ▶ Improved education quality. 	
	Higher Education Scholarships	Choapa Province, Coquimbo Region	20.9***	<ul style="list-style-type: none"> ▶ Lower education costs. ▶ Increased quality of higher education. ▶ Increased entry to higher education. ▶ Reduced stress due to support networks. 	
Health	Dialogues for Development Health initiative	María Elena municipal district, Antofagasta Region	7.5	<ul style="list-style-type: none"> ▶ Increased medical diagnoses and treatment. ▶ Savings on medical expenses. ▶ Improved wellbeing. ▶ Reduced close contacts (COVID-19). 	  

* For off-farm irrigation projects. For on-farm irrigation projects, the SROI was 2.9.

** Assessment only considered the programme in Salamanca.

*** For Excellence Scholarships. Support Scholarships generated a SROI of 15.8 and Student Support for Artisanal Fishers a SROI of 19.2.

Governance

The Board of Directors has ultimate responsibility and oversight of the Group's social management, exercised through the Sustainability and Stakeholder Management Committee and the Audit and Risk Committee.

Among its tasks, the Sustainability and Stakeholder Management Committee oversees human rights and social matters and provides guidance on how the Group should reflect the views and interests of stakeholders.

The Audit and Risk Committee monitors the area's risk management arrangements and adherence to our Compliance Model, Code of Conduct, policies and standards, as well as overseeing an annual internal audit. It is also responsible for the Group's whistleblowing measures.

Social performance is led by the Vice Presidency of Corporate Affairs and Sustainability which reports to the Sustainability Committee two or three times a year. Strategic, executive and operational committees have been set up for Los Pelambres and our North Operations unit – comprising the Centinela, Antucoya and Zaldívar mines in the Antofagasta Region - to carry out the function.

Social Management Structure

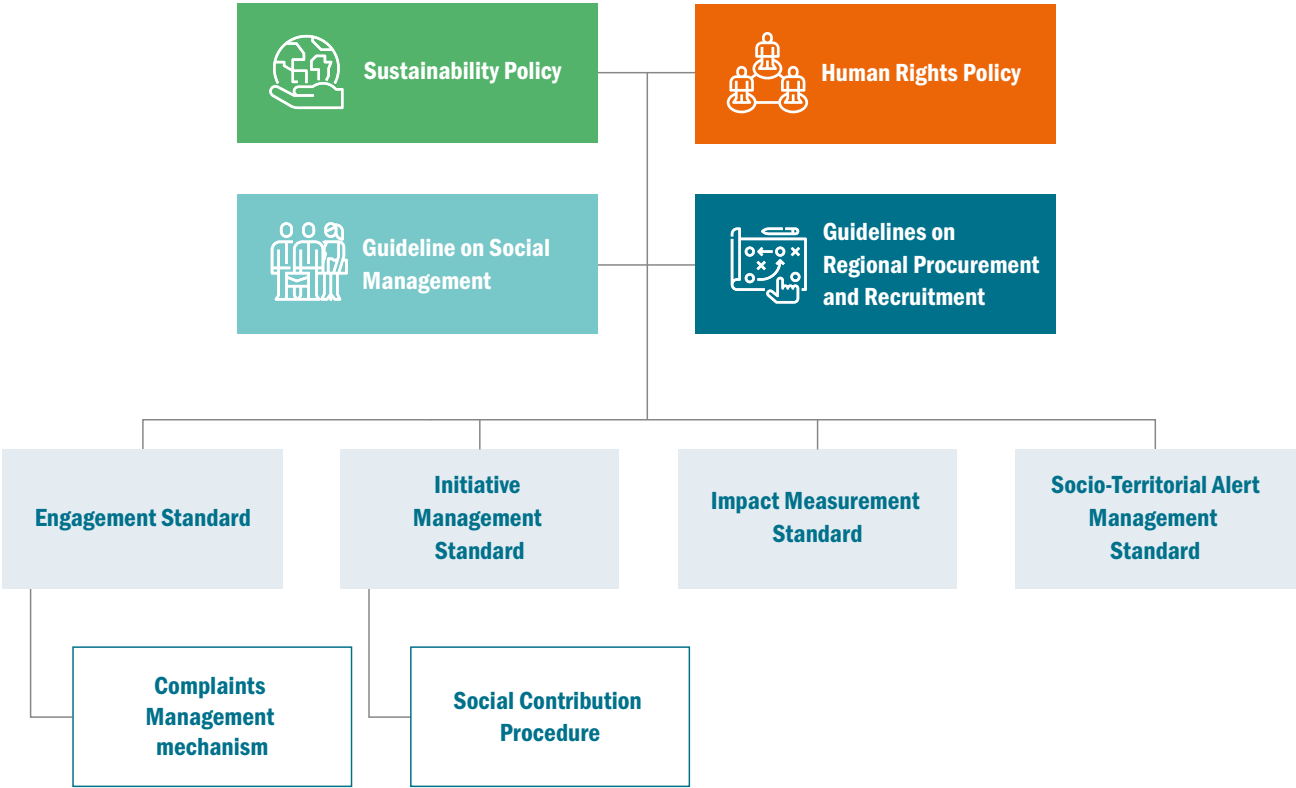


Policies and standards

Our Social Management Model is built on robust guidelines, standards and procedures. They come under the framework of our [Sustainability Policy](#), which commits us to contribute to the sustainable development of communities in our area of influence, and our [Human Rights Policy](#), which establishes how we relate to employees, contractors, suppliers, business partners, communities and other parties directly related to our operations.

In 2021, we have approved a standard Complaints Management mechanism and we are developing a specific standard for engagement with indigenous peoples (who are currently covered by our Human Rights Policy and Engagement Standard).

Our activities conform to the UK's Bribery Act and Modern Slavery Act as well as Chilean Law No 20.393 on bribery and asset laundering. All social contributions must comply with the Group's Code of Ethics, Compliance Model and Crime Prevention Manual, which define how we undertake our business in a responsible, accountable, honest and transparent manner.



Somos Choapa

SOMOS
CHOAPA
PROVINCIA SUSTENTABLE

The Somos Choapa programme seeks to foster the Choapa Province's sustainable development and the wellbeing of its over 80,000 inhabitants, who are mainly dedicated to farming, fishing and, increasingly, mining, either directly or as a supplier.

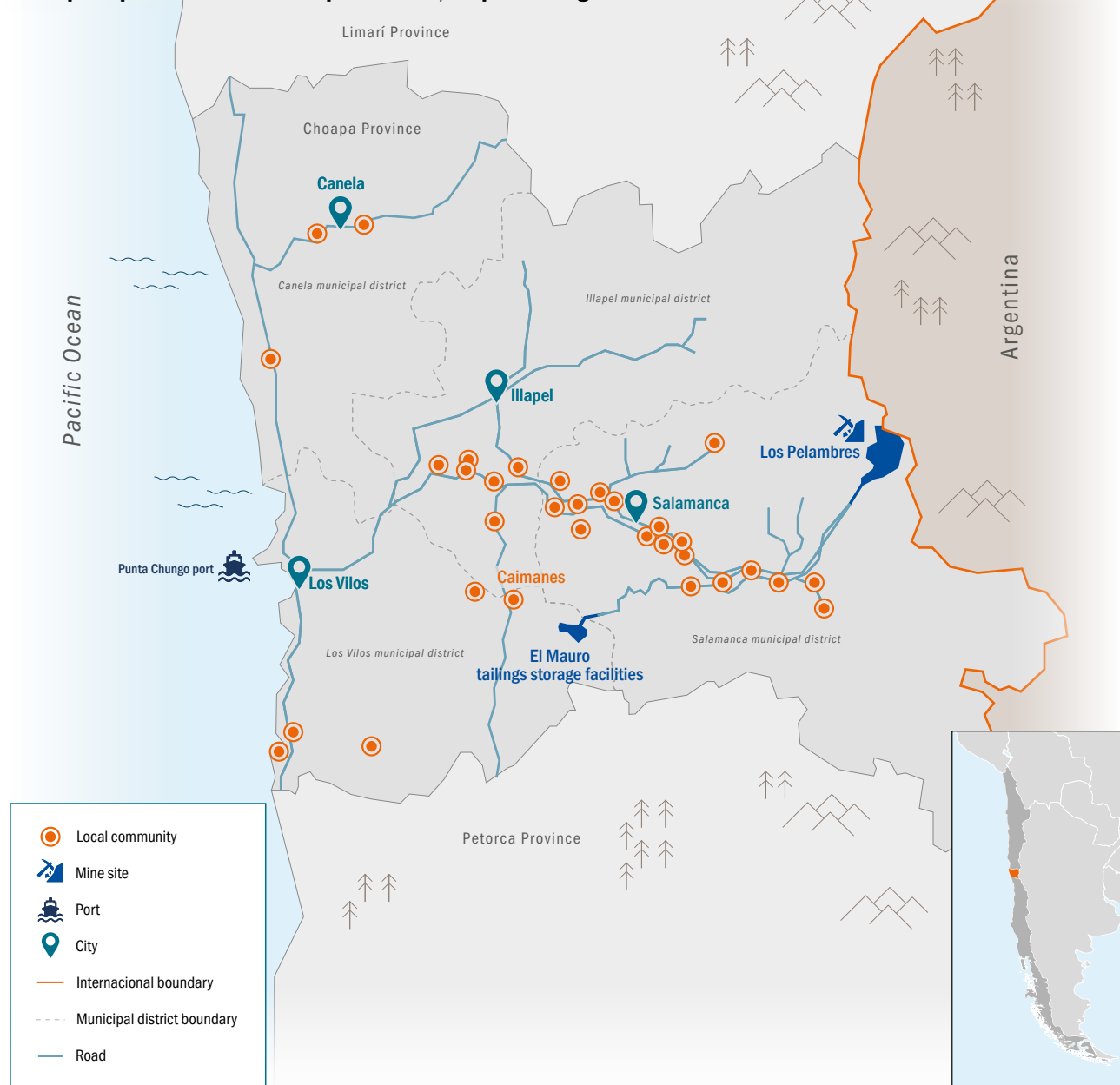
We channel our social investment in the Choapa Province, where Minera Los Pelambres is located, principally through the flagship Somos Choapa (We are Choapa) programme, an alliance between the mining operation and the Choapa Province's four municipal districts - Salamanca, Illapel, Canela and Los Vilos.

The programme was launched in 2014 after an in-depth analysis of Los Pelambres' engagement and social investment practices in Choapa identified opportunities to work more closely with local authorities and communities, and to create a more cohesive and effective social spending programme. On 4 July 2014, Los Pelambres signed an agreement with the municipality of Illapel, followed by Canela later the same year, Salamanca in 2015 and finally Los Vilos in 2017.

The programme is built on a number of key criteria:

- **Relevance:** projects are selected through dialogue and according to the priorities of local people.
- **Excellence:** projects stand out for their technical excellence from determining feasibility to implementation and follow-up.
- **Traceability:** the path of project formulation, agreements with authorities, community participation, technical definitions, and collaboration with the state are traceable, ensuring accountability.
- **Public-private management:** the use of private resources and public instruments are coordinated to ensure holistic and sustainable solutions to local problems.

► Map of operations in the Choapa Province, Coquimbo Region



► For more information about Minera Los Pelambres' local communities, see Appendix 1 on [page 57](#).

- **State collaboration:** likewise, projects are undertaken in collaboration with the municipalities and other public bodies in order to complement, not replace, the role of the state.
- **Technical roundtables:** formal working groups are established in each municipal district made up of representatives of Los Pelambres, the municipality, community organisations and strategic allies who are responsible for project design, implementation and follow-up.
- **Community participation:** a range of participation instances are provided to ensure that communities take part in decision-making.
- **Territorial development:** Los Pelambres' own growth is inextricably linked with the sustainable development of the province.

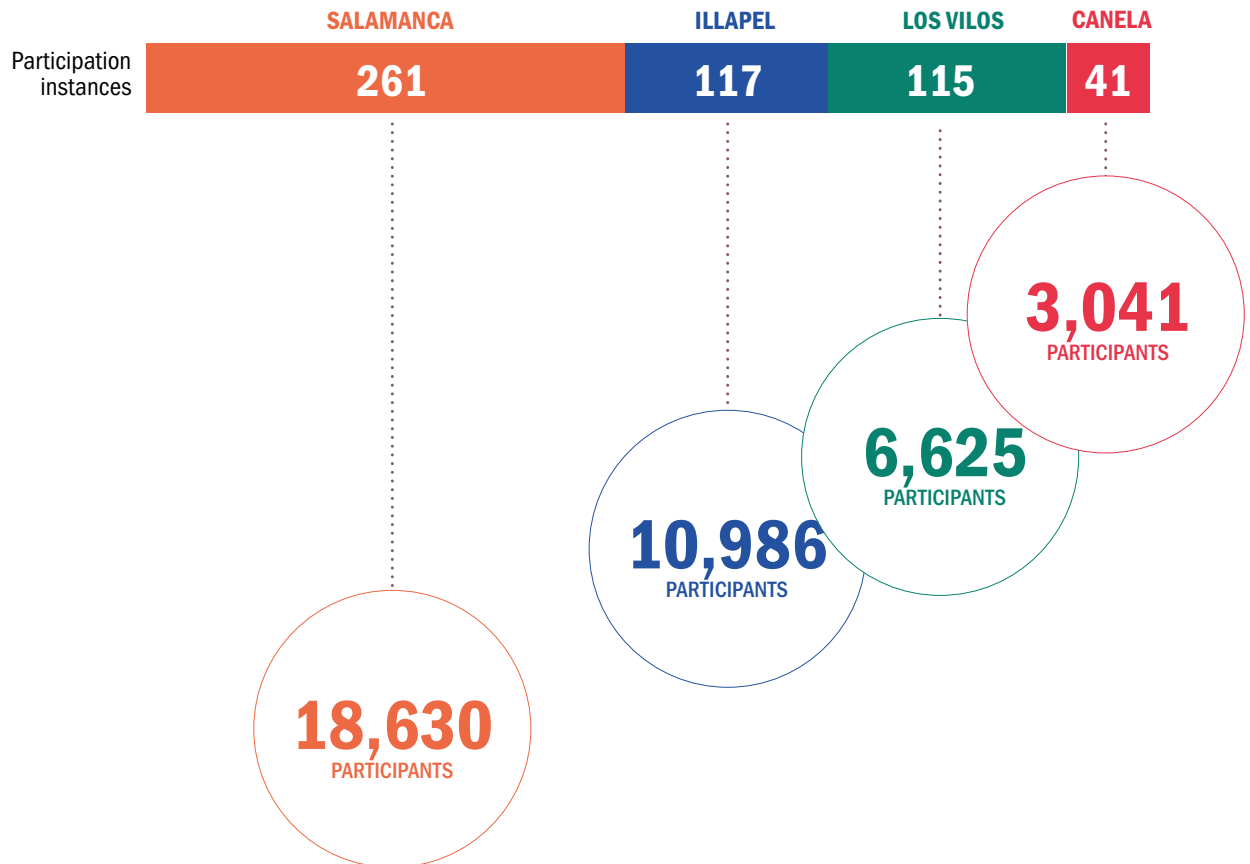
130 initiatives

have been co-designed and financed through public-private investment

87% of initiatives

have been implemented or are in the process of being implemented

Somos Choapa community participation 2014-2020



Strategic allies

We work with expert third-parties, usually non-profit organisations, in the feasibility stage, design, implementation and follow-up of our community projects.

Fundación Minera Los Pelambres

We established our own foundation, Fundación Minera Los Pelambres (FMLP), in 2003 to undertake social investment programmes in the Choapa Province on behalf of our Los Pelambres mine, which began operations in 1999. Headquartered in Salamanca, the foundation's projects represent around 60% of our Somos Choapa programme and are focused on water management, economic development and education and culture.

FMLP's team of 15 people are specialists in matters such as hydrology, agronomy and electro-mechanical engineering and responsible for designing, implementing and providing follow-up support for the Somos Choapa projects in its area of remit as well as providing technical advice to Los Pelambres on other matters. In 2019, it pioneered our measurement of social impacts ([see page 11](#)).

Its board of four members is made up of Juan Claro, a non-executive director of Antofagasta, Ramón Jara, a non-executive director of Antofagasta, René Aguilar, Vice President of Corporate Affairs and Sustainability, and Mauricio Larraín, General Manager of Los Pelambres. The foundation is led by Claudia Sandoval, who has been its general manager since 2019. The organisation adheres to all of Antofagasta's policies, values and practices.

In 2020, FMLP invested \$4.2 million in social projects in the areas of water management, economic development and education.

► For further information, see [FMLP's report](#) on its work in 2020.

Strategic allies in Choapa Province

Strategic Allies	Focus Areas
Fundación Minera Los Pelambres	► Water management
	► Economic development
	► Education and culture
Educación 2020	
Technical Formation Centre of the Catholic University of the North	► Education and connectivity
Fundación Mi Parque	
Fundación Ciudad Emergente	► City and community infrastructure
Fundación Rectángulos de Agua	► Gastronomic heritage
Fundación Ganamos Todos	► Sport and associated infrastructure
Synthesis	► Health
Tironi	
Elemental	
Fundación Junto Al Barrio	► Engagement participation and community cohesion

Water management

A predominantly agricultural area, the Choapa Province is being hit hard by an 11-year drought. Our two water management programmes, implemented by Fundación Minera Los Pelambres (FMLP), aim to alleviate its negative effects and prepare the province for the expected consequences of climate change by improving the efficiency of irrigation water and ensuring the quality, quantity and continuity of drinking water in rural areas. The latter was particularly important in 2020 to ensure sufficient water availability for handwashing and sterilisation of utensils to combat the COVID-19 pandemic.



APRoxima

This programme supports the local volunteer committees responsible for managing Rural Sanitary Service systems (SSRs as per the acronym in Spanish and previously known as APRs) and provides training and assistance for the design, construction and maintenance of infrastructure. Established in 2015, it focuses on initiatives to improve water sources, collection and distribution. In line with its objectives, the programme has decreased water cuts.

In 2020, the programme also provided the APRoxima Emergency service for the Salamanca SSR to call upon for minor repairs to its water systems. In addition, it conducted a survey of 75 SSRs in the province to identify critical issues and propose solutions, allowing minor technical problems to be repaired. A committee was also established, bringing together the Salamanca SSR, the municipal government, Los Pelambres and 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. One of its main roles is to provide a rotary fund to help the Water Users' Boards submit applications for government funding, advancing them the amount awarded and, thereby, avoiding unnecessary delays on implementing projects. There is also a fund for applications to help design projects. The initiative has reduced water losses and improved water security for local farmers.

Similarly, in 2020, we implemented the Confluye Emergency service, leading to the relining of 17.6 km of irrigation canals, in addition to the work done to prevent water losses on 14.8 km of canals under the regular programme.

In parallel with its Somos Choapa initiatives, 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.



Highlights 2020

18,354

direct beneficiaries of AProxima and Confluye

32.4 km

of irrigation canals relined

\$1.2 million invested

Other water initiatives

Our work with academia also involves two major research programmes on water-related challenges in Chile which are expected to become more acute as a result of climate change.

We are co-financing the public-private **Quitai Anko** research consortium, led by the University of La Serena, which won a bid in 2019 to implement a five-year programme to develop sustainable solutions to water issues. It is initially focusing on solutions for the Choapa Valley, where Los Pelambres is located, but with the intention of subsequently applying it to the rest of the Coquimbo Region and the similarly water-stressed neighbouring Atacama and Valparaíso Regions.

In an alliance with the Catholic University of Chile, Antofagasta has also pioneered an endowment of \$1.5 million to develop the Antofagasta Minerals Chair of Water Sustainability to conduct multi-disciplinary research and outreach activities on water management throughout the country.

Education and culture

Our Somos Choapa programme also helps local people access and complete education through scholarships and education support programmes which complement our efforts to improve their employment opportunities through courses to strengthen labour skills. Somos Choapa also works to highlight, preserve and communicate the province's identity and cultural heritage.

- **School Access Programme:** This programme provides scholarships to help children from remote areas or underprivileged socio-economic backgrounds to attend secondary school, reducing the school dropout rate and giving pupils access to better quality education.
- **Higher Education Scholarships:** We give Excellence and Support scholarships to allow young people in Choapa to do further education in establishments recognised by the Ministry of Education.
- **Minera Los Pelambres scholarship:** Fosters the province's agricultural roots by supporting pupils who have completed primary education to attend the Pascual Baburizza Agricultural Institute.
- **Somos Choapa Education Programme:** In 2020, the province's schools were closed for most of the year and programmes were adapted to support remote learning in an area where many communities do not have the infrastructure or devices for students to attend online classes. Fundación Minera Los Pelambres worked with Educación 2020, an NGO, to support 15 mainly rural schools on project-based

learning (PBL) methodologies, providing an enriched education experience that could be done at home. In 2020, the programme reached 176 teachers and 2,097 pupils and the initiative has been expanded to 16 schools in 2021.

- **Tesoros de Choapa:** Done in alliance with the Ministry of Culture, Arts and Heritage, this programme is focused on highlighting the province's cultural heritage and identity and has produced eight short documentaries on provincial culture and life through the words of its inhabitants. We are now working with the Rectángulos de Agua Foundation on a book about Choapa's gastronomic heritage.

Choapa's first Technical Training Centre

In 2018, the province's first Technical Training Centre was opened in the city of Los Vilos through a cooperation agreement between the Catholic University of the North and Fundación Minera Los Pelambres. The Centre meets the requirements established by the Ministry of Education for students to apply for state scholarships and benefits. The Foundation provided the infrastructure and equipment for the two 3,300 m² buildings on the campus.

Highlights 2020

2,097 pupils from 15 benefitted schools

375 university and technical college scholarships

320 school access scholarships

20 Minera Los Pelambres scholarships

60% of supported students come from rural areas

\$0.8 million invested¹

+ 5 courses on labour skills benefitting **149** people

¹ In 2020, we invested an additional \$0.5 million corresponding to the 2019 budget. For more information, see [FMLP's 2020 report](#), pages 31 to 38.

Economic development

A key pillar of Somos Choapa's social investment strategy is to contribute to the Choapa Province's development by supporting local entrepreneurs and micro and small businesses and farmers. In the face of the COVID-19 pandemic, in 2020 we totally or partially suspended some of our regular programmes but, nonetheless, doubled our economic development budget to focus on helping companies survive the economic downturn and reactivate their businesses.

- **Choapa Emergency Support:** This special emergency support programme addresses the impacts of the health emergency on the province's local businesses. We received 3,532 grant applications and supported a total of 2,096 initiatives. In addition to grants, we began training 550 micro and small businesspeople on matters such as e-commerce, state aid, and health regulations to help businesses adapt to the pandemic conditions. We also started training 400 informal entrepreneurs on formalising their businesses and developing business plans. In 2021, this grant programme has continued as Choapa Economic Support and is focused on the reactivation of businesses hit by the pandemic.
- **Integral Support for Agriculture (AIA).** This regular programme seeks, through the co-financing of investments and technical support, to help small farmers in the Salamanca municipal district to increase their yields and the efficiency of irrigation. In 2020, it awarded 365 grants, made 62 follow-up visits and trained 63 beneficiaries through technology transfer methodology.

- **Emprende Valle Alto.** The Emprende (Entrepreneurship) programme supports the development of different economic activities in the towns of Batuco, Chillepin, Cuncumén, Punta Nueva and Tranquila, which are Los Pelambres' closest neighbours. The initiative supported 49 applications to strengthen local entrepreneurship in 2020 before the pandemic got underway.
- **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 training, the latter in alliance with the Catholic University of the North. By the end of 2019, the programme had co-financed 395 enterprises and trained 471 entrepreneurs.
- **Impulso:** Introduced in 2018, the Impulso programme works 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. As of the end of 2019, Impulso had benefitted 109 companies. In 2020, we transformed Impulso into the Choapa Emergency Support programme.

Highlights 2020

2,334 direct beneficiaries

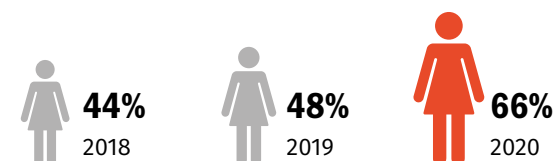
- ▶ 2,096 emergency initiatives supported
- ▶ 189 small farmers supported
- ▶ 49 small businesses supported

\$2.2 million invested



Fostering gender diversity

The new businesses we support that are led by women have increased by 22% in the last three years:



Improving public spaces and community cohesion

Somos Choapa also works with its strategic allies, local government and communities to improve public spaces and infrastructure and to strengthen the social fabric of society with a view to enhancing wellbeing and creating more cohesive and safer neighbourhoods.

We used a combination of online and in-person methodologies – including virtual surveys and Whatsapp groups – to continue the design and community approval of projects in this area, allowing new initiatives to contribute to economic reactivation as the pandemic restrictions are lifted.

- **Recreo:** The Recreo (Recreation) programme seeks to rehabilitate public spaces to improve opportunities for recreational activities and create the conditions for communities to become closer and stronger. It is carried out in partnership with Fundación Mi Parque in Choapa's four municipal districts.
- **Promueve:** This initiative seeks to support and strengthen the capacities of communities to develop projects that improve spaces for participation and coexistence. It is carried out in partnership with the Ciudad Emergente Foundation in Salamanca and Illapel municipal districts.

- **En Acción:** In partnership with Junto Al Barrio (Together with the Neighbourhood), this programme aims to create more collaborative and participative communities in Los Vilos to create a better social environment. The work involves training community leaders and organising community events – such as creating allotments at home – that encourage the participation of local residents.

In 2020, Somos Choapa also completed the following major infrastructure projects:

- **Los Vilos dialysis centre:** Opened in September 2020, the centre was built by Los Pelambres and equipped by the regional government and means patients in Los Vilos no longer need to travel to centres in other towns several times a week.
- **Aguas Claras 2 housing project:** This public-private project in Salamanca has provided homes for 50 low-income families, mostly with women heads of household, and includes some homes adapted for the needs of people with disabilities. Implemented in alliance with the Housing Ministry, Los Pelambres provided the design and obtained the permits.

- **Los Vilos stadium:** The first stage of a project to remodel the football stadium in Los Vilos was completed in 2020, with the installation of an artificial turf pitch and seating for 950 people. The second stage includes new changing rooms and public toilets as well as other improvements.

Infrastructure highlights

17 major projects

24,889m² built

\$2.2 million invested

An aerial photograph of a small village nestled in a valley. The village consists of numerous small, colorful houses with red, blue, and yellow roofs. The surrounding landscape is hilly and covered in dry, yellowish-brown vegetation. In the background, there are more hills and a few taller trees. The overall tone of the image is warm and slightly desaturated.

Caimanes Community Development Fund

The Caimanes Community Development Fund was established in 2016 as a result of a nine-month dialogue process with three communities in the Pupío Valley to resolve the more than a decade-long conflict over the Los Pelambres operation's Mauro tailings storage facility (TSF).

Caimanes Community Development Fund

In 2015, Antofagasta began a dialogue process to address opposition to the Mauro tailings storage facility (TSF), located 13 km from the village of Caimanes in the Los Vilos municipal district. Protests against the facility, including hunger strikes, roadblocks and lawsuits, had fractured relations with the company as well as causing divisions within the communities themselves. The dialogue process was overseen by Chile Transparente (an NGO that is part of Transparency International) and sought to understand local concerns. In May 2016, an historic agreement was reached, approved by more than 80% of inhabitants, covering the localities of Caimanes, Pupío and El Rincón.

The framework agreement covers initiatives to address local people’s fears about the security of the TSF and access to water, which were the two main issues raised, as well as a fund of Ch\$513 million per year to develop community infrastructure projects. In addition, Los Pelambres agreed to set up a Family Development Fund, involving a one-off payment of Ch\$28 million to signatory families for education, housing and health needs.

A Development Committee, made up of community representatives, oversees the selection of projects with larger initiatives submitted to the vote by the community. Two NGOs, Fundación La Semilla and Fundación Síntesis, participate in a technical committee to review the feasibility of projects and design, budget



and tender the resulting initiatives, where possible to a local construction company. In 2020, we allotted \$5.3 million to the fund.

The Caimanes Community Development Fund is regarded by the community as compensation for the close proximity of the TSF and has allowed the community to heal internal wounds resulting from the conflict. It has now become the cornerstone of the community’s relationship with Los Pelambres and is providing a space to discuss the community’s vision of the future and the benefits that a long-term relationship with Los Pelambres might bring.

The Development Committee initially focused on infrastructure projects but is now considering opening up the fund to areas such as education, the environment and tourism and the possibility of introducing a public-private funding mechanism.

Caimanes Community Development Fund 2017-2020

Public and community spaces	26
Health and sport	7
Heritage and identity	11
Safety	6
Education	9
Environment	12
Total initiatives	71

In 2021, we held a legally-binding conciliation process with the Caimanes community regarding the Los Pelambres Expansion project (INCO, according to its Spanish acronym). Under the conciliation agreement, Los Pelambres has agreed to fund a series of additional social projects including education scholarships, connectivity, improvements to its Rural Sanitary Service system and health equipment.

Dialogues for Development

Our Dialogues for Development initiative seeks to foster the sustainable development and wellbeing of communities close to our Antucoya and Centinela operations in the Antofagasta Region through a bottom-up process in which local people actively participate in the selection of our social investment programmes.

Building on the success of Somos Choapa, our Antucoya and Centinela operations began implementing a similar social investment model in 2017, the same year that Antucoya began operations. The two operations are currently carrying out the third programme of projects that are agreed with local people.

Known as *Diálogos para el Desarrollo* (Dialogues for Development), it involves working with the municipal governments of María Elena (Antucoya) and Sierra Gorda (Centinela), community organisations, and other strategic partners to foster the two towns' development and contribute to residents' quality of life. In 2021, we began to implement the same model in Michilla, a small fishing village, from where we extract seawater for these two operations and ship copper concentrates from Centinela.

The social investment selection process involves the community discussing their expectations of social development, together with the company, and then proposing potential initiatives which are reviewed for their feasibility and put to the vote. Technical roundtables for each chosen project are then formed, including representatives of local government, communities, our operations and third-party experts who assist in the design and implementation of projects. These working groups monitor project progress and tackle bottlenecks.

Building on the transition to digital processes driven by COVID-19, in 2021 we established an online channel for communities to find out and participate in our initiatives through the CitizenLab participation platform. This has facilitated dialogue, which is now hybrid, and at least doubled the number of people participating in our social investment engagement model making it more democratic.

► Map of operations in the Antofagasta Region





Strategic allies

In the Antofagasta Region, we are currently working with the following third-party experts to review the feasibility, design, implement and monitor our community projects.

Strategic allies in the Antofagasta Region

Strategic Allies	Focus Areas
Locales Conectados	Economic development
Fundación Recrea	Education and connectivity
Fundación Fútbol Más	Sport and associated infrastructure
Fundación Acrux	Health
Fundación Chile (Antucoya)	Engagement, participation and community cohesion
Fundación Semilla (Sierra Gorda)	

Antofagasta Mining Cluster

A key vehicle for our social investment in northern Chile is the Antofagasta Mining Cluster which seeks to promote the long-term economic and social development of the Antofagasta Region. In 2018 we were the first mining company to sign a collaboration agreement with this public-private alliance and, in 2020, we renewed the agreement for a further two years. We are committed to supporting two of its five pillars: the creation of human capital and the development of regional suppliers with a focus on innovation.

In 2019 and 2020, we invested \$1.8 million in strengthening human capital in the Antofagasta Region, directly benefitting 1,662 people, including 22 programmes with local universities, through our work as part of the Antofagasta Mining Cluster.

► For more information, [see pages 34-36](#).

María Elena

Antucoya is 75 km from its closest town, María Elena, a remote settlement of 6,500 people that grew up around Chile's nitrates industry in the late nineteenth and early twentieth centuries.

In 2020, we successfully completed three two-year projects in María Elena:

- ▶ **Culture:** This heritage, memory and identity project raises awareness of the town's past as a key centre of Chile's nitrates industry. It involved construction of a website (www.mariaelenapatrimonial.cl), three digital museums, a documentary and book about the town and its history.
- ▶ **Citizen Safety:** Community alarms and cameras were installed to improve public safety.
- ▶ **Health:** An online pharmacy was created, run by Fracción and supplied by the National Health Service Supply Centre (CENABAST), allowing inhabitants to buy medicines more cheaply and avoid the expense and time of travelling to larger towns to acquire them.

The health working group - set up in 2019 to oversee the online pharmacy - was instrumental in facilitating our local initiatives to combat COVID-19 ([see pages 37-39](#)) and is now implementing a new project to install a physical pharmacy in María Elena, also to be run by Fracción, as part of the third two-year programme that has been agreed with the community.



In addition, another five projects have been approved for the 2021-2022 period which are being overseen by Fundación Chile, a public-private organisation that promotes sustainable development. These projects are:

- **Connectivity:** To improve access to wifi by providing six free hotspots around the town to address a key need not just in view of the COVID-19 pandemic but to make it easier for local people to use online tools and participate in the information age ([also see page 40](#)).
- **Economic development:** In alliance with the El Abra mine and the DreamBuilder Programme, to train and regularise 80 informal female entrepreneurs and enable them to sell their wares in markets.

- **Technical education:** To equip María Elena's only Technical Professional School with large screens, microphones and other equipment to close connectivity gaps and allow hybrid learning.
- **Early education:** To create a didactic space for preschool children to develop psychomotor skills and to identify emotions.
- **Safety:** To work with the fire service and Radio Coya to educate locals on how to prevent domestic fires, a significant risk in the area due to water scarcity in the Atacama Desert.



Sierra Gorda

Our Centinela mine is responsible for social investment in Sierra Gorda, a town of around 800 people that mainly work directly or indirectly for the area's three copper mines: Centinela, BHP's Spence and KGHM's Sierra Gorda. The town is located two hours from Antofagasta and one hour from Calama.

The Dialogues for Development initiative has approved the following projects for the 2020-2021 two-year period:

- ▶ **Dental care:** to strengthen and expand the Sierra Gorda municipality's own dental care programme and ease the backlog of cases produced by the pandemic by bringing dentists and supplies to the town for special oral health campaigns and to provide orthodontist care for children.
- ▶ **Neighbourhood centre:** to equip and furnish a new community centre for Neighbourhood Association N°3, including a kitchen, chairs, large screen and perimeter fence. The building was built with public funds.
- ▶ **Protecting the elderly:** to provide perimeter fences for the homes of Sierra Gorda's most vulnerable older people.
- ▶ **Technical courses:** to provide skills training for locals on trades such as plumbing or mining-related services and to close employment gaps.

Solar panels

In 2019, we provided solar panels for 50 homes in Sierra Gorda of mainly elderly people to help reduce their energy consumption and costs and decrease the town's carbon footprint. The project was done in alliance with BHP's Spence mine.



Other initiatives

- ▶ **Safe Return Plan:** The provision of services to the mining industry is one of the main sources of income in Sierra Gorda, in particular accommodation, food and laundry services for contractors who work in the area's three mines. In 2020, the town's hospitality sector was severely impacted by restrictions on contractors staying there to control the spread of COVID-19.

Centinela addressed this problem through its Safe Return Plan which was drawn up and managed through a governance agreement with the Sierra Gorda Economic Development Corporation and its own contractor companies. Centinela provided training to help these businesses implement COVID-19 protocols and hired local monitors to supervise that processes were being followed properly, allowing employees of approved contractor companies to return as from September 2020.

- ▶ **Heritage and Identity:** As part of a required study into the former Caracoles silver mine, located close to Centinela, we have established a participative Heritage Committee to highlight the historical importance of the silver mine, the town's first mining settlement dating back to the 19th century. The plan is to co-design a book on the site with the community and to prepare a management and conservation plan with a view to fostering tourism in the area.
- ▶ **Connectivity:** In the past, Centinela implemented an infrastructure project to provide a community internet connection to address a key need for inhabitants of Sierra Gorda. It has recently worked with local telecoms provider ENTEL to improve its antennae and provide faster and superior (3G to 4G) internet connections for its users. The state is bringing fibre optics to the town for a longer-term solution.

Salar de Atacama

We recognise and respect the rights, culture and traditions of all indigenous peoples in line with our Human Rights Policy. Our engagement with the indigenous Atacameño communities of Peine, Socaire, Camar and Talabre is guided by Convention 169 on Indigenous and Tribal Peoples of the International Labour Organisation and the International Council on Mining & Metals good practice guide on Indigenous Peoples and Mining.



Salar de Atacama

In 2015, Antofagasta acquired a 50% interest in and became the operator of the Zaldívar mine. The operation uses continental water drawn from wells in the Negrillar sector of the Atacama Salt Flat, some 100 km away, close to where the indigenous Atacameño communities of Peine, Socaire, Camar and Talabre are located.

We began engagement with these communities in 2017, adhering to the dialogue and participation methodology defined in the International Labour Organisation's Convention 169 on Indigenous and Tribal Peoples. All

formal engagement is conducted through their senior decision-making bodies, which are elected annually.

We have signed covenant agreements with Socaire, Camar and Talabre, covering the engagement model with Zaldívar and the social initiatives to be implemented in the period 2018-2023. These projects are drawn from the communities' own Life Plans, which are formal documents listing priorities that are prepared by the communities with the assistance of consultants. Under these agreements, in 2021 we implemented the first

artisan textile project using ancestral techniques that directly benefitted artisans in the town of Socaire. As a result, the locals were able to produce and sell approximately 1,400 alpaca wool gloves, hats and socks.

Our water extraction permits will expire in 2025 and, as part of the Environmental Impact Assessment (EIA) submitted to ensure operational continuity, we are seeking to extend them to 2031. The EIA is currently under evaluation by the environmental authorities and involves community consultation.



Governance

In line with our Human Rights Policy, 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. Our interaction is guided by Convention 169 on Indigenous and Tribal Peoples of the International Labour Organisation and the International Council on Mining & Metals good practice guide on Indigenous Peoples and Mining.

Our engagement with indigenous peoples is guided by our five engagement principles ([see page 7](#)) and four basic pillars:

- **Act in good faith**

Act with transparency, respecting their worldview, principles, autonomy, tradition and culture.

- **Equal footing**

Establish mechanisms to ensure meaningful dialogue, providing indigenous peoples with experts on the topics to be discussed to ensure full understanding.

- **Free prior and informed consent**

Incorporate verifiers and/or agreements that validate the commitments and/or information collected to ensure we act in good faith.

- **Right to self-determination**

Respect their systems of governance as well as how they pursue their economic and sociocultural development.

We are preparing a detailed Indigenous Peoples Standard to be completed in 2022.



Promoting local jobs and suppliers

We seek to stimulate the generation of economic, social and human capital in the regions where we operate by hiring locally, providing opportunities for local suppliers and offering training programmes.

In 2020, our Mining division directly employed 2,144 people from the Antofagasta and Coquimbo Regions, representing 40% of the total workforce. We also create jobs in these regions through our efforts to buy goods and services from local businesses and by encouraging our contractors to recruit locally.

The commitment has been particularly challenging in the Choapa Province, an agricultural area, where Los Pelambres has trained almost 1,800 people in trades such as welding, erecting scaffolding and operating heavy machinery since launching an employment programme in 2015. The programme has also involved creating a job portal aimed at local residents and contractor companies. For the latter, we set a KPI of recruiting at least 30% of their workforce from the province.

The initiative has increased the share of local people in the workforce of Los Pelambres' contractor companies from 15% in 2015 to 44% in 2020, well beyond our target of 30%. The goal is now to sustain these local employment rates and expand the focus to cover technical and professional roles.

In the Antofagasta Region, a predominantly mining area, we launched a pilot platform in 2020 to advertise local jobs at our operations offered by our large suppliers. The portal now has around 2,500 registered users and 15 contractors have adhered to the initiative.

Ethical Minimum Wage

In 2019, to ensure contractor companies paid a decent living wage, we introduced an ethical monthly minimum wage for their employees of Ch\$500,000. The requirement came into force on 1 January 2020 and is almost 50% higher than Chile's legal minimum wage, which rose to Ch\$337,000 in May 2021.

Promoting local suppliers 2020

494 local companies

\$368m in local purchases

Promoting local suppliers

Our corporate Guidelines on Regional Procurement and Recruitment promote the buying of goods and services from businesses with headquarters in the Antofagasta and Coquimbo Regions. The guidelines aim to improve the registration and classification of local suppliers in our database and to facilitate their participation in tenders by reducing administrative and financial barriers.

We actively seek to encourage local suppliers' participation in tenders by holding business meetings exclusively for companies based in the regions where we operate to discuss upcoming opportunities. Similarly, we provide training to regional small and medium-sized company (SME) suppliers to strengthen business skills, including how to take part in our tenders and use our digital platforms.

In 2020, the value of contracts awarded to suppliers in the regions where we operate rose by 9% to \$275 million, of which small and medium companies (SMEs) accounted for 54%. At the end of 2019, we reduced payment times to 15 days but are achieving average payment times of 9 days.

Developing human capital

We focus on fostering innovation and technology among suppliers by working with Expande, an open innovation programme to promote the development of high-potential solutions for mining industry challenges. In 2020, we held 17 online pitch days for suppliers to present solutions to 10 challenges published on our InnovaMinerals open innovation platform.

As part of our involvement in the Antofagasta Mining Cluster ([see page 28](#)), we also take part in the Industrial Weeks for Innovation in Antofagasta in which local businesses pitch solutions to operational challenges presented in workshops. Since being launched in 2018, 120 companies have taken part in the initiative, with 754 people attending the launch events and 398 the workshops.

Similarly, we have provided training for 45 supplier businesses in María Elena and Sierra Gorda in an alliance with Corfo, the government's economic development agency. The programme covered business plans, finance and administration, stock-keeping, marketing and the use of digital platforms.

A further key contribution in this area are the training initiatives we offer at our operations to upskill local young people. In January 2021, over 200 young people, mainly from the Antofagasta and Coquimbo Regions, took part in a welcoming ceremony for new apprentices and students on work placements or preparing their theses at our operations.



As part of this, we actively work with the public-private Eleva programme, implemented by the Fundación Chile technology transfer institute, which ensures training standards are aligned with industry needs by certifying educational establishments, providing training for their staff and offering pupils work experience at leading mining companies.

We also boost employability in the regions where we operate through programmes to improve educational quality and coverage ([see pages 21, 29 and 30](#)).

- For information about our Transport division, [see page 42](#).
- For more information about our Mining division, see [Antofagasta Minerals 2020 Sustainability Report](#), pages 34-39 and 49.

Local jobs and suppliers in 2020¹

	Total workforce	Local employees	Local employees as a % of workforce	Local suppliers as a % of all suppliers
Los Pelambres	950	411	57%	17%
Centinela	2,096	391	38%	22%
Antucoya	793	799	49%	25%
Zaldivar	908	544	45%	26%
Corporate offices ²	577	-	-	-
Mining division	5,325	2,144	40%	22%

¹ The numbers may not add up to the total for the Mining division as they are annual averages and are rounded. Figures for the Transport division are shown on [page 46](#).

² Employees in our corporate offices in Santiago are not categorised as local/not local.

A photograph of four workers in orange safety vests and face masks standing outdoors near industrial equipment. The image has an orange tint. The workers are engaged in a conversation. In the background, there are large industrial units, possibly air conditioning or ventilation systems, and a building with a corrugated metal roof.

COVID Fund

Antofagasta's first priority is the health and safety of its employees, contractors and nearby communities. As part of this commitment, we are supporting efforts to treat and contain the spread of the COVID-19 virus and to mitigate its economic impacts on the regions where our operations are located.

COVID Fund

In April 2020, we set up a special-purpose \$6 million COVID Fund focused on three lines of action: preventive health measures, alleviation of social hardship, and support for economic reactivation. In 2021, we increased the fund by a further \$6 million to continue providing support in these three focus areas.

In all these activities, we work closely with local authorities and the central government to ensure we complement rather than replace their activities and also, in many cases, with other companies and business associations. As in the case of our regular programmes, we implement many of these initiatives in alliance with NGOs and, in the case of Los Pelambres, its own foundation, Fundación Minera Los Pelambres.

Spending on COVID-19 in 2020



Healthcare and prevention

\$3.3m



Community support

\$1.1m



Economic reactivation

\$1.5m

Health measures

These efforts are focused on test and trace, medical care provision and prevention measures in communities, including:

Test and trace:

- ▶ 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.
- ▶ Donations of PCR testing machines, refrigeration equipment and thermal cyclers to speed up and improve test analysis.
- ▶ Transport assistance to actively trace cases and promote the vaccination process in rural areas.

Medical attention:

- ▶ Donations of PPE, ventilators, high-flow nasal cannulas, ambulances and, for a new intensive care unit at the hospital in Illapel, a mobile x-ray equipment.
- ▶ Reduction of pressure on pandemic-stressed local health services through a home visits programme for non-COVID health problems and a medical call centre.
- ▶ Provision of personnel to attend 22 new intensive care beds at the Antofagasta Regional Hospital for two months in 2021, in alliance with the NGO Fundación Acrux.

Prevention measures:

- ▶ Sanitation to make public spaces safer in local towns.
- ▶ Supply of water.
- ▶ Transport division made its facilities in the centre of Antofagasta available as a vaccination centre in 2021.

Relief measures

The aim is to ease the restrictions caused by lockdowns on social conditions and education, including:

Alleviating social hardship:

- ▶ In 2020, we provided food and basic supplies to vulnerable families and, in 2021, this has been replaced by a voucher to be spent in local shops and support for soup kitchens.
- ▶ Organised local suppliers and/or residents to make face masks to generate income.

Education:

- ▶ Distribution of Internet connection kits and tablets to assist remote learning.
- ▶ Support from experts in distance learning methodologies. For example, we worked with Educación 2020, an NGO, to support 15 mainly rural schools in the Choapa Province in 2020, which has been expanded to 16 schools in 2021 ([see page 21](#)).

Connectivity:

- ▶ Coaching on digital skills for families and older people.
- ▶ Promoting infrastructure to increase connectivity in remote areas.

For more information about how we are promoting connectivity, [see pages 40-41](#).

Economic reactivation

We are promoting economic recovery from the pandemic by supporting local business development and suppliers.

Business development:

- ▶ In the Antofagasta Region, we have joined other companies in public-private programmes to award reactivation grants to local micro businesses and entrepreneurs in the towns of Sierra Gorda and María Elena.
- ▶ In the Choapa Province, we provide grants and technical advice to struggling small businesses through a competitive bidding process ([see page 22](#)).
- ▶ We also support micro and small businesses through the government's Technical Cooperation Service (SERCOTEC).

Local suppliers:

- ▶ Under the Safe Return Plan, we trained the Sierra Gorda hospitality sector in COVID-19 hygiene measures to allow the employees of contractors to lodge and eat in the town ([see page 30](#)).
- ▶ Supply area runs programmes to strengthen local suppliers' use of digital tools and platforms.

Antofagasta also reached agreements with contractor companies to retain employees whose work was suspended due to the COVID-19 pandemic on at least the monthly Ethical Minimum Wage of Ch\$500,000.

A young man with dark hair, wearing a dark patterned shirt, is sitting at a desk and working on a laptop. The laptop is open, and he is looking at the screen. The room has a warm, orange-toned light. On the wall behind him, there are several framed certificates and a small portrait. To his right, there is a large, patterned bag or bag-like structure. The overall atmosphere is focused and professional.

Digital connectivity programme

The COVID-19 pandemic highlighted the importance of digitalisation and access to the internet to enhance people's quality of life, especially in rural areas. Our digital connectivity programme seeks to promote, through digitisation and technology adoption, the development of new life paths linked to the cultural and economic vocations and identities of our local communities.

Digital connectivity programme

In July 2021, Antofagasta launched its Enred (Connected) initiative in order for local communities to enjoy the opportunities offered by digital transformation. The objective is to integrate communities in our area of influence into the digital transformation process through connectivity and digital literacy initiatives, allowing local people to achieve conditions of wellbeing more quickly. The initiative reflects the Sustainability and Innovation pillars of our strategy to achieve our Purpose of developing mining for a better future by generating new life paths and opportunities that arise from having access to the digital world.

The Enred programme will focus on five pillars: health, education, job training, water management and entrepreneurship. The initiative aims to:

- ▶ Enable the areas where we operate to close gaps in infrastructure to create the appropriate conditions for connectivity and digital literacy initiatives.
- ▶ Accelerate, through the use of technology, the conditions of wellbeing and development in the areas where our operations are located.
- ▶ Enhance and diversify possible life paths through digitisation and the adoption of new, cutting edge technologies.

For all of the above, we aim to generate public-private alliances to solve social problems and to incorporate

these objectives into our Somos Choapa and Dialogues for Development programmes and projects, thus ensuring all our initiatives foster 21st century conditions and skills.

As an example of the kind of project the initiative aims to promote, Los Pelambres is working with HughesNet, a satellite internet provider, to connect the Camisas Valley in the Salamanca Province, Coquimbo Region. The area currently has no internet or mobile phone connection and, among other benefits, the initiative will allow children to connect to online classes.

The training programmes, originally set up due to the digital skills gap exposed by COVID-19, will expand and deepen their scope. As part of this, we are working with Educación 2020 and Fundación Recrea, two NGOs, to train teachers, students and families in digital skills in the Coquimbo and Antofagasta Regions.





Transport division

Our Transport division plays a vital role in supporting the economic activity of the Antofagasta Region through its rail and road cargo services that connect mining operations with ports on the Pacific coast. Present in the city of Antofagasta for over 130 years, it is an important part of the city's identity and heritage.

Transport division

Our Transport division operates through Ferrocarril de Antofagasta a Bolivia (FCAB) and provides rail and road cargo services in the Antofagasta Region, predominantly to mining companies, including our own operations. Its presence in the region dates back to 1888 when the Huanchaca rail company floated its assets as FCAB on the London Stock Exchange. Today the division operates 700 km of railway connecting mining operations from all over the region with ports on the coast.

The Transport division's social investment is guided by its Public Affairs and Community Engagement Strategy 2020-2022 which, in line with our Social Management Model, is based on the principles of Transparency, Dialogue, Collaboration, Traceability and Excellence.

Its main installations are in the city of Antofagasta, where it is based and through which its trains run, but it is also present in five of the region's nine municipal districts, including the towns of Mejillones, Calama, Sierra Gorda and Ollagüe. It focuses its engagement through Neighbourhood Associations and other social organisations.

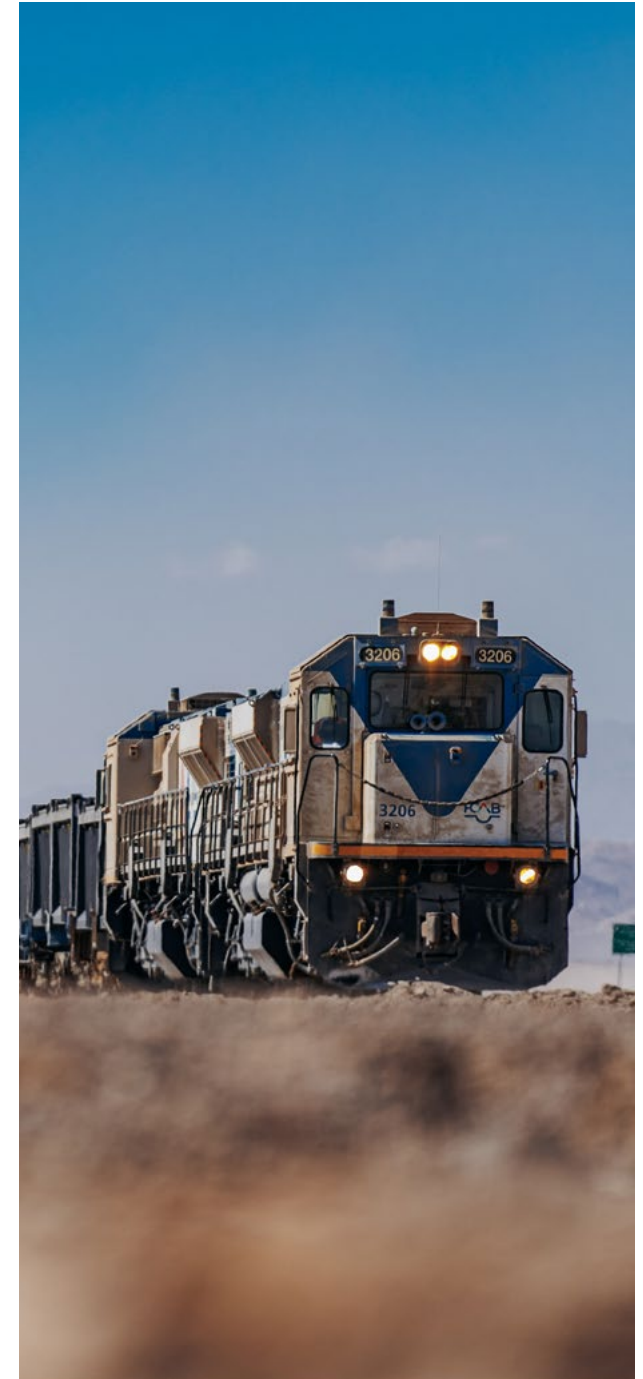
A vital pillar of the division's social engagement strategy is to prevent and mitigate any negative impacts that its rail operations may have on local people. Among key impacts are the noise produced by passing trains and from maintenance processes, the safety of pedestrians crossing the tracks and litter left by third parties on the railway lines.

As part of our efforts to address these concerns, the Transport division conducts major litter clean-ups on its tracks together with its neighbours and authorities and holds environmental workshops with communities to promote awareness on the importance of waste management and recycling. As of September, in 2021 we have collected more than 1,140,000 kilos of rubbish.

Safety campaigns are also run in the media (local radio, television and urban LED screens) to foster safe conduct near the railway. Similarly, in order to reduce noise pollution, significant operational adjustments have been made, including oiling the tracks with special products and the relocation of the engine test platform allowing us to perform sound power tests on engines outside the urban area.

Conectados (Connected)

Due to the railway's often close proximity to homes and businesses, our Transport division has a direct communication channel through which neighbours, leaders, authorities and workers can ask questions and make suggestions or complaints via telephone, WhatsApp, text messages or emails to conectados@fcab.cl.



► **Transport division's operations and customers**



Social investment

Our Transport division's main regular areas of social investment are identity and heritage, environment and local capacity development. In 2020, the division contributed \$0.7 million to community projects.

In the context of the COVID-19 pandemic, it provided training on the use of digital tools, such as Teams and WhatsApp, which has been particularly valued by local stakeholders. The development of these skills allowed the division to continue its programmes or adapt them during the pandemic. Through these means, it was possible to strengthen contact with neighbours, holding meetings more frequently than before the health emergency. In the case of the city of Antofagasta, a routine has been established of monthly online meetings with 20-30 representatives of Neighbourhood Associations.

Rail Yard Reconversion Plan

This mega project will make a significant contribution to the growth and development of the city of Antofagasta through a plan that considers the active participation of the community. It involves gradually transforming the company's 48-hectare rail yard in the city centre into an urban area, improving the city's life quality, connectivity, densification of run-down areas and public spaces as well as highlighting its railway heritage. In June 2021, we received environmental approval for the first stage of the project to remediate soils contaminated by decades of industrial activity and prepare it for urban use.

The next stage involves advancing an ambitious plan of urban development. The division is working with the authorities, technical professionals and the community on the different concepts and areas of work that will form part of this project. The division's maintenance and repair areas, as well as other operational activities that take place in the yard, will be gradually relocated to a consolidated industrial area.

Vaccination centre

As part of efforts to address COVID-19, the division made its auditorium in the city centre available as the Ministry of Health's official vaccination centre, and subsequently its Cultural Centre. In the first six months, more than 56,000 people were vaccinated in our installations.

Restoration of Valdivia Station

Inaugurated in 1916, the former Valdivia railway station reflects the long history of our Transport division in the region and, like many buildings owned by FCAB, is an important part of the city's heritage and identity. A voluntary citizen consultation process, involving online assemblies, workshops, meetings and surveys, has recently been completed to obtain local people's views on the station's future use and management, which is documented on a special website: www.estacionvaldivia.cl.

Citizens' main interest is the development of the esplanade that adjoins the station in order to make available a high-quality public space for people to meet. Restoration work is expected to start in 2022.

New fire station

The division has recently signed a collaboration agreement with the Antofagasta Fire Service to transform one of its iconic heritage buildings into a new fire station. The project will restore an historical urban space in the city, reinforcing its railway heritage and allowing daily life to continue for local residents.

► For more information about our Transport division, see its [2020 Sustainability Report](#).

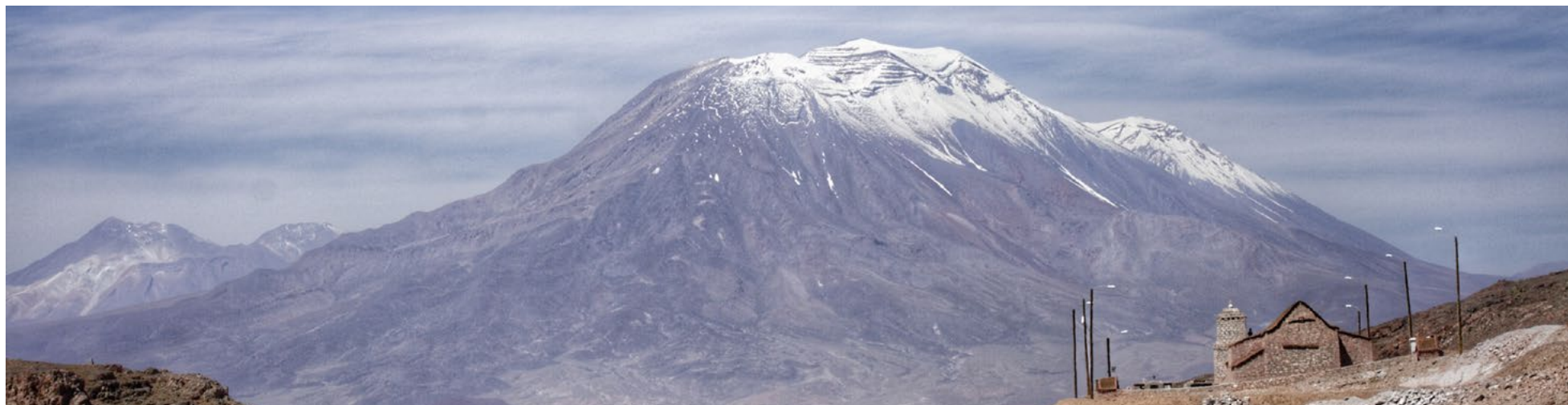
Promoting local employment

One of the ways our Transport division promotes regional development is through hiring people who are resident, or contracting suppliers which are headquartered, in the Antofagasta Region. In 2020, 88% of the division's employees lived in the Antofagasta Region.

As part of these efforts, in 2020 it signed the Regional Commitment initiative, launched by Antofagasta's regional government and regional Labour Ministry (Seremi) to foster the hiring of local labour, prioritise working with local suppliers and promote gender equality and inclusion. This builds on the division's work to source goods and services locally set out in its Guidelines for Hiring and Purchasing from Local Suppliers, introduced in 2019.

Local suppliers and jobs

	2019	2020
Total purchases	\$119.7m	\$103m
Local purchases	\$28m	\$32m
Total number of supplier companies	935	1,036
% of local supplier companies	46%	44%
Total number of local workers	1,231	1,191
% of local workers	87%	88%





Human rights due diligence

Antofagasta is committed to respecting and fulfilling all internationally recognised human rights including the Universal Declaration of Human Rights. We have recently deepened our management of this area through a human rights due diligence process and the approval of a Human Rights Policy.

Human rights due diligence

In 2018, Antofagasta Minerals commissioned BSR, a leading international non-profit organisation focused on Environment, Social and Governance (ESG) matters, to conduct a human rights due diligence on its corporate practices and its four mining companies, based on the United Nations Guiding Principles on Business and Human Rights (Guiding Principles). The due diligence was completed in 2019 and, in 2020, we formally introduced a Human Rights Policy.

Our commitment to human rights is put into practice through different instruments across the business. For example, our Compliance Model seeks to prevent bribery and corruption, and our Diversity and Inclusion strategy and Work Life Balance Guidelines promote the incorporation of women and people with disabilities into our organisation and foster family reconciliation. We strive to meet our goal of zero serious accidents and fatalities through our Occupational Safety and Health strategy. Meanwhile, our Regional Procurement and Recruitment Guidelines and Somos Choapa and Dialogues for Development programmes aim to create social value in the regions where our operations are based, offsetting any negative economic, social and cultural impacts that mining may cause.

Due diligence process

The Guiding Principles are organised under three priority pillars:



Protect	Respect	Remediate
The State duty to protect against human rights violations	The Corporate responsibility to respect human rights	Access to remedy
Through effective policies, legislation, regulations and enforcement.	Businesses must avoid infringing on the rights of others and address adverse human rights impacts.	Victims of business-related human rights abuse must have access to effective remedy, both judicial and non-judicial.

The due diligence process focused on the second pillar and followed a four-step methodology to identify and prioritise human rights risks at the corporate and mining company levels and to establish corresponding actions plans.



1

Immersion and research

In the first phase, a review was undertaken of the legal human rights context in Chile, relevant mining industry standards and internal documents, and key rightsholders and stakeholders were identified and mapped.

As part of this process, each mining company identified internal and external stakeholders to interview in their different areas of influence for the purpose of identifying potential human rights risks. As a result, the mapping exercise was both comprehensive and operation specific.

2

Identification of potential human rights impacts

More than 200 interviews, as well as focus groups, were held with internal and external stakeholders to identify potential human rights impacts. The risks raised in the interviews were then cross-referenced with the list of international human rights.

Interviews with employees and contractors focused on areas with the greatest exposure to human rights risks, based on the 10 most recurrent human rights risks in the extractive industries sector, and included Communities, Occupational Health and Safety, Operations, Human Resources, Environment, Services and Contracts and Projects/Land Acquisition as well as the Fundación Minera Los Pelambres.

Interviews with external stakeholders included representatives of the government, public sector, civil society organisations, a Rural Sanitary Service (SSR) association, water and air quality roundtables, neighbourhood associations, Water Users' Boards, mining opposition and environmental groups, as well as community leaders, young people, and women.

3

Prioritisation of human rights impacts

The next stage of the human rights due diligence process involved using six criteria to evaluate the severity of the identified risks and the company’s level of responsibility and capacity to act. This led to the development of a human rights risk matrix to prioritise the management and mitigation of each identified potential human rights impact.

Severity of risk	Company’s responsibility and capacity to act
Scope: How many people could be affected by the harm or the opportunity?	Likelihood: What is the likelihood of the risk or opportunity occurring considering context and business relationships?
Scale: How serious would the impact/ consequence be for the rightsholder?	Attribution: How closely connected is/ would the company be to the human rights impact?
Remediability: What is the likelihood of a remedy restoring the rightsholders to the same or equivalent position as before the harm?	Leverage: How much leverage does the company have over the human rights impact?

4

Action plans

Training on the due diligence process and its findings was conducted with the relevant areas to develop action plans to manage and mitigate each of the identified potential human rights impacts. These plans are monitored on a regular basis to ensure they are being appropriately implemented and effectively addressing any potential human rights impacts on our workforce or surrounding communities.

Among the main actions taken to date to address the findings are the development and approval of a Complaints Management mechanism, the development of an Indigenous Peoples Engagement Standard and the decision to carry out human rights due diligence on our supply chain in 2022.






As the identification of potential human rights impacts is a continuous process, we plan to conduct due diligence every three years. In the meantime, we are focused on closing gaps, providing training and communicating our commitment to protecting human rights in our relations with employees, contractors, suppliers, business partners, communities and other direct stakeholders.




Recurrent human rights impacts in the extractives industries

BSR has identified 10 areas in which there are frequent and relevant human rights impacts in the extractive industries. Its human rights due diligence process of

Antofagasta and its four mining operations identified 30 potential risks in nine of these areas; none were identified in the category of Bribery and Corruption.

Of these, 12 are transversal risks and 18 are divided up among the North Operations unit, three mines in the Antofagasta Region or Los Pelambres in Coquimbo Region.

Category	General description
 Labour Practices	The often hazardous and remote conditions of mining represent occupational health and safety risks. It is a male-dominated industry in which minorities, especially women, may face discrimination.
 Supply Chain	Companies may be implicated in negative human rights impacts through their business relationships. These include occupational health and safety, and the right to freedom of association and fair and satisfactory work conditions.
 Economic, Social and Cultural Changes	Mining may cause negative impacts on surrounding areas through the influx of external workers that can put pressure on transport, health and education systems as well as increase the cost of living.
 Indigenous Peoples	One of the most frequent human rights risks for mining companies is how to apply consultation processes that comply with the free, prior and informed consent (FPIC) standards for indigenous peoples.
 Environmental Impacts	The environmental impacts of mining may impact people's access to drinking water and represent health hazards in the form of air and noise pollution.

Category	General description
 Security	The use of public and private security forces to protect mining operations may represent a threat to human rights.
 Accumulative Impacts	The impact of an individual company may be modest but the cumulative impacts of many companies operating in the same area may be very significant, as is the case of the Antofagasta Region.
 Access to Remediation Mechanisms	People affected by a company's operations must have access to grievance and remediation mechanisms when they consider they are suffering, or may suffer, negative human rights impacts.
 Land Acquisitions	Improperly handled land acquisitions may lead to unfair compensation, displace communities, change land use, infringe access to agricultural and grazing land and impact cultural identity and heritage.
 Bribery and Corruption	Corruption is a particular problem for mining operations located in autocratic regimes, run by state-owned companies or supervised by politically exposed persons as it may involve the misuse of public funds and impede proper public consultation on projects.

A group of people, including a man with a beard and a woman with long hair, are painting a wall with red graffiti. The wall is covered in red lines and shapes. The scene is set outdoors, with a concrete wall and some greenery visible in the background. The overall tone is warm and creative.

Future challenges

Our response to the COVID-19 pandemic demonstrated the importance of a flexible, dynamic organisation and a talented and empowered workforce to rise to the challenge of rapidly changing times. We are committed to using these strengths to keep abreast of and address the future challenges faced not only by Chile but also the world.

Future challenges

COVID-19 let loose new challenges around the world and exacerbated long-standing ones. In Chile, the latter were manifested in the protests over economic hardship and inequality that sprung up in October 2019. While the unrest has lessened, the underlying issues remain.

In 2020, a referendum was held and a clear majority of Chileans voted in favour of drafting a new constitution as a means to address demands for a fairer society. The convention elected in May 2021 to draft the constitution is scheduled to complete its work in 2022, to be followed by another referendum to approve the new charter.

As part of our Purpose of developing mining for a better future, we want to be part of efforts to help achieve higher standards of economic and social equality, growth and development. The way we do so needs to have the scope to reflect the country's concerns today and the flexibility to navigate a more volatile political and social landscape.

The community participation and dialogue processes we pioneered seven years ago with Somos Choapa provide a strong basis from which to continue making our contribution to social value creation. We need to use these learnings to capture the new challenges faced by the country and to deepen and broaden our approach to address the wider issues that Chile as a country is grappling with.

Changing with the times

We believe our way of working together with the public and private sectors to find solutions to common problems is a crucial tool. We are reinforcing this focus and will build new alliances with national and local governments, communities and third-party experts, such as NGOs, academia, and business associations, to create value for shareholders, our stakeholders and society.

Similarly, we are broadening our social management and dialogue processes to cover issues of national importance such as water security, environmental protection, indigenous peoples' rights, connectivity and more equal access to education and health. The methodology is being adapted to cover operational as well as social matters.

As we develop and extend the mine lives of our operations, we will ensure this growth is reflected in the wellbeing of local people through jobs, support for the development of local businesses, economic opportunities and local capabilities, as well as safeguarding the health of both communities and the environment.

To achieve this, we will focus on shared interests with communities, such as the efficient and fair use of water, the appreciation and conservation of identity and culture, and the cohesion of communities.

Internal dialogue

To keep pace with external events, we are preparing an internal dialogue process to engage employees in a conversation about their vision of the future. Mixed forums, reflecting the diversity of the company, will be established to discuss topical subjects such as water and identify and heritage to mirror the public debate underway in Chile and the work of the constitutional convention. Similarly, external experts will be invited to give thought-provoking talks to employees on hot issues.

Volunteering programme

Our Public Affairs and Human Resources areas have worked together with employees to develop a new volunteering programme. In the style of Somos Choapa, employees have participated in forums and answered surveys to brainstorm ideas on the different volunteering options. Three of the future programmes' characteristics have so far been determined: assistance should not be in the form of aid; it must be sustainable; and it must be replicable. The plan is to choose five programmes, one for each mining operation and one for the corporate offices in Santiago, to be launched later this year.

The background image is a warm-toned photograph. In the foreground, a hand is shown turning a green-handled water valve on a metal pipe. The valve has the number '1/2' engraved on it. In the background, a person's face is visible but out of focus. The entire image has a strong orange-brown color cast.

Our commitment

Our Purpose is to develop mining for a better future. We have a commitment to achieve this by producing copper, a metal that is essential to meet the world's climate change targets, in a way that is sustainable and efficient and shows respect for communities and the environment.

The way we achieve our objectives is crucial to the long-term sustainability of our business and our social performance is guided by a robust set of standards and procedures that come under the umbrella of our Code of Ethics, Sustainability Policy and Human Rights Policy ([see page 14](#)).

In recent years, we have continued to strengthen our commitments to mirror society's own growing concerns about ethical and sustainable practices and to address future challenges and are adapting our social management model to support these wider demands.



Diversity and Inclusion

We launched our [Diversity and Inclusion \(D&I\) Strategy](#) in 2018 to create the conditions to attract, recruit and retain women, people with disabilities and employees with international experience in the workforce. We have made progress on all these fronts and aim to ensure that the same commitment is reflected in our social programmes.

For example, in 2020, 50% of our new recruits were women, driven by a programme to take on female apprentices in the truck operator and maintenance areas at our mine sites. We also exceeded the requirement that people with disabilities must represent at least 1% of our workforce as a result of providing universal access at our corporate offices, improving access to our website for the visually impaired and using inclusive platforms and job fairs aimed at people with disabilities.

- For further information, see [Antofagasta Minerals' 2020 Sustainability Report](#), pages 36-37.

Climate Change

Our [Climate Change strategy](#) was approved in 2020 and is built on five pillars: development of resilience to climate change, reduction of greenhouse gas emissions, efficient use of strategic resources, management of the environment and biodiversity, and integration of stakeholders. The fifth pillar has three main lines of action: water management initiatives in the area of influence, mitigation measures in the supply chain, and education, training and raising awareness among stakeholders.

Since 2017, we have been implementing a series of projects to reduce our annual GHG emissions by 300,000 tonnes between 2018 and 2022. Following the early achievement of this target in 2020, we have committed to reducing our Scope 1 and 2 GHG emissions by 30% by 2025, relative to 2020. In addition, by 2022, we aim to use 100% renewable electricity at all our mining operations. In the long term, we have committed to achieving carbon neutrality by 2050.

Our approach to climate change will now be incorporated into our social investment projects. As an example, we will deepen our work with local committees to manage Rural Sanitary Service systems in the Choapa Province and ensure that continental water freed up for local use by our transition to desalinated water at Los Pelambres is used fairly and efficiently.

- For further information, see our [TCFD Progress Report](#) and our [Annual Report 2020](#).



Human Rights

In 2020, we formally introduced a [Human Rights Policy](#) to establish how we relate to all those with whom we interact. With regards to local communities, it commits us to respect their rights, culture and heritage; engage with them from the exploration stage through to mine closure; and strive to maximise the benefits and reduce the possible negative impacts of our activities on them.

We are also committed to promoting awareness of human rights among our stakeholders and this will lead to adjustments to our social programmes and projects as we work with our partners to embed practices aligned with international human rights standards into processes and activities.

► For further information, [see pages 47-51](#).

Indigenous Peoples

There has been growing awareness of indigenous peoples in Chile in recent years with the Chango people officially recognised in 2020, and seats reserved for the country's 10 different indigenous groups on the constitutional convention. In addition to the Atacameño people who live around the salt flat where Zaldívar withdraws water, members of the Taucán Diaguita community live in the Choapa Valley and Chango people in Los Vilos.

Our Human Rights Policy requires us to recognise and respect the rights, culture and traditions of all indigenous peoples and to exercise special care in the case of those groups living in the vicinity of our operations and projects. In 2022, we expect to complete

and approve a specific Indigenous Peoples Standard to strengthen this resolve that will be embedded into our Social Management Model, programmes and projects.

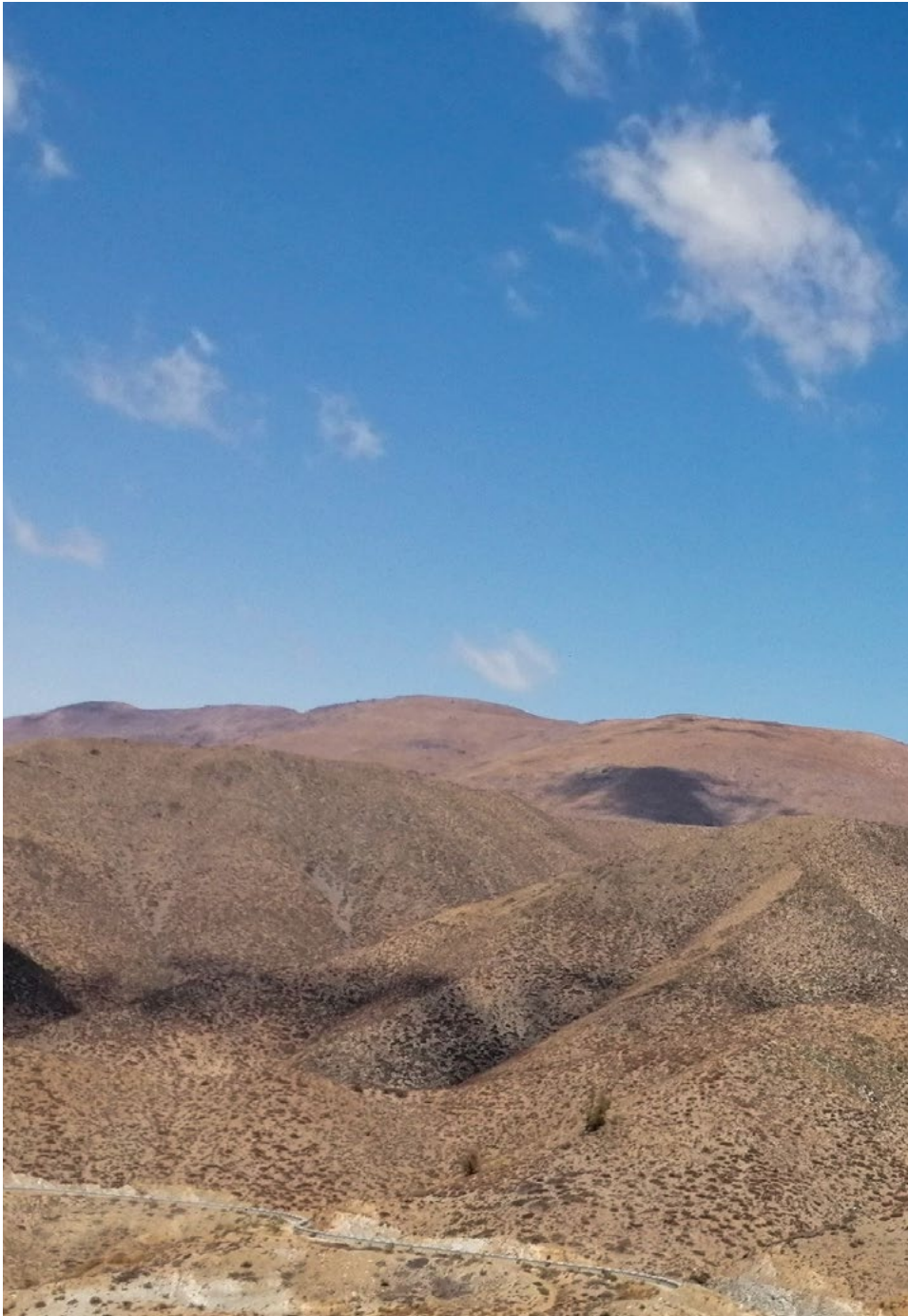
► For further information, [see pages 31-33](#).

Appendix 1

Minera Los Pelambres' local communities in Choapa Province

Municipal district	Local communities		
Los Vilos	<ul style="list-style-type: none">• Caimanes• Guangualí• Los Vilos	<ul style="list-style-type: none">• Pichidangui• Pupío• Quilimarí	
Canela	<ul style="list-style-type: none">• Canela Alta• Canela Baja• Huentelauquén		
Salamanca	<ul style="list-style-type: none">• Batuco• Camisas Valley¹• Chalinga• Chillepín• Chuchiñí• Coirón• Cuncumén	<ul style="list-style-type: none">• El Tambo• Jorquera• La Higuera• Llimpo• Panguesillo• Quelén Alto• Quelén Bajo	<ul style="list-style-type: none">• Salamanca• Santa Rosa• Tahuínco• Tranquilla• Zapallar
Illapel	<ul style="list-style-type: none">• Choapa Viejo• El Socavón• Illapel	<ul style="list-style-type: none">• Las Cañas I• Las Cañas II• Limahuida	<ul style="list-style-type: none">• Peralillo

¹ Camisas Valley includes four localities: Colliguay, El Arrayán, El Palquial and Los Peladeros.





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