

SUSTAINABILITY REPORT 2019



INFRASTRUCTURE



The vision of the General Manager

Infrastructure has maintained a strategy focused on the operational excellence of its assets, which in the future will become increasingly relevant not only at a company level, but also at a country level.

Regarding our Aguas CAP desalination plant, we have observed how water shortages and long periods of drought have diverted attention towards water desalination as an interesting alternative supply for the population and industries. The CAP Group, as a pioneer in this activity in the country, has accumulated a great deal of knowledge in its years of operation, which will allow us to strengthen the development of the business, to contribute to the growth of the activity at a national level. In 2019, and as part of our environmental commitments, we began to replace our water pipeline network, by installing a pipeline for the Cerro Negro Norte operation of Compañía Minera del Pacífico (CMP).

On the other hand, Puerto Las Losas proved to be a very relevant asset for the Group by becoming an alternative as an exit point for Compañía Minera del Pacífico's products. Given the contingency occurred at Puerto Guacolda II of CMP during 2018 and 2019, we had a record of cargo transfer, reaching almost one million tons of iron ore thanks to having obtained special permits for this operation. We are proud to have achieved the certification of Puerto Las Losas in the three standards ISO - 14001, 9001 and 45001- and the re-certification under ISPS.

By 2020, it is projected that inputs for large wind farm projects will be landed at Las Losas, which will contribute to a higher level of operational use of the port. Likewise, in the port business, new synergies between the Group's terminals are being analyzed.

In 2020 we entered the Environmental Impact Assessment System (SEIA) with two major projects to improve our results. The first, from Puerto Las Losas, which seeks to maintain the transfer of iron ore, is called "Modification, reception and shipment of bulk ore", and will have an investment of US\$ 8.6 million. The second, called "Natural Gas Southern Zone", enables this clean energy in the Biobío Region contributing to the decontamination of the south of Chile; it will require an investment of approximately US\$ 100 million.

The economic results, which are part of our excellence, reached maximums since the beginning of our operations, registering revenues and EBITDA of ThUS\$85,558 and ThUS\$52,937, respectively. These increases reflect an increase of 8.3% and 3.1% when compared to the ThUS\$79,014 and ThUS\$51,342 of 2018. Thus, the net income for 2019 reached ThUS\$20,255, 20.7% higher than the ThUS\$16,777 in 2018, influenced by the good performance of the seawater desalination plant, as well as the higher flow of cargo at Puerto Las Losas, used by CMP as a shipping alternative due to the lack of service at Puerto Guacolda II.

The movement that has generated the activation of Puerto Las Losas has created positive externalities for the community, in particular the local services in Huasco, boosting land transport and the activity of the docks workers, all local.

As I end these words, I want to point out my absolute confidence and optimism in the future performance of Infrastructure. Our challenge is to maintain an operation of excellence, being responsible with the environment and the community that welcomes us, seeking to increase the value of the company every year.



José González M.
General Manager Aguas CAP

Our business seeks to contribute to solving environmental and economic challenges in the areas where we are located.

Infrastructure at a glance

Who are we and what do we do?

We are a recently created area that includes the desalinated water companies Cleanairtech South America, the power transmission company Tecnocap and Puerto Las Losas, all located in Chile. It is important to point out that in February 2020 we entered the Environmental Impact Assessment System (SEIA) for the Southern Zone Natural Gas project.

Infrastructure



1 million
metric tons mobilized in the port



7.8 millones
million m³ desalinated water produced



33
own workers⁴⁴.

390
contractors



US\$ 86
million in consolidated revenues

US\$ 53
million in EBITDA

Aguas CAP

Its main activity is to produce and deliver desalinated water in the Atacama Region.

7.8 million m³ of 100% desalinated water were produced in 2019, which is equivalent to the water consumption of **52 million** people or **3,178** Olympic swimming pools.

Our current installed capacity is **12 million m³**.

Puerto Las Losas

Multipurpose terminal for bulk, general cargo and cargo investment project in the Atacama Region.

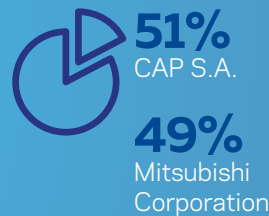
In 2019 we transferred almost **1 million** tons of iron ore.

Tecnocap

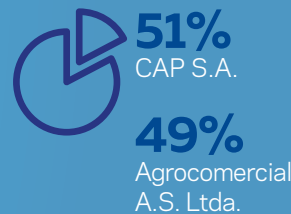
Supplies electrical energy to Aguas CAP, Puerto Punta Totoralillo and Cerro Negro Norte (CNN) of CMP.

Its facilities are in the Atacama Region.

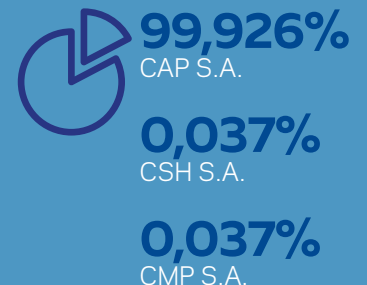
Ownership



Ownership



Ownership



Our performance on 2019



Corporate Governance and Ethics

3 complaints in the Integrity Channel, 1 resolved, 1 being processed and 1 pending.



Own workers and contractors

33 own workers, of which **18%** are women and **48%** are local.

0 fatalities
1 serious accident



Environment

0 incidents with environmental impact.
0 environmental fines.
6% of waste is recycled or reused⁴⁵.



Company

55% of workers under ISO 45001, ISO 9001 and ISO 14001⁴⁶.

83 suppliers make up the value chain. **49%** are local⁴⁷.
49% are local.

⁴⁴ Total number of own employees as of 31/12/2019. Includes Aguas Cap and Puerto Las Losas.

⁴⁵ The waste generated at Puerto Las Losas is managed by CMP.

⁴⁶ It corresponds to Puerto Las Losas.

⁴⁷ Includes Puerto Las Losas.

Aguas CAP and its impact on society

This company has a desalination plant that supplies water to CMP Cerro Negro Norte (CNN), the magnetite plant and to Puerto Punta Totoralillo. It has also extended its services to other companies in the area such as Minera Caserones, which due to an environmental commitment supplies water to two sectors in the region, Caldera and the Mal Paso Canal in Tierra Amarilla. In addition, thanks to the pipeline water transportation service, we moved 2.8 million m³ of water recovered by CNN and the magnetite plant to the Copiapó Valley (in CMP's filtration equipment at Puerto Punta Totoralillo).

The production and delivery of this supply helps mitigate the critical water shortage situation in the Atacama Region. In addition, collaborative work is carried out with the fishermen's guilds in the area, schools, indigenous communities and municipalities, among others. We comply with the policies defined in the Equator Principles and our activity is aligned with the United Nations Sustainable Development Goals, known as Agenda 2030, an ambitious action plan in favor of people, the planet and prosperity. In particular, we contribute to ODS 6 by ensuring the availability of clean water, enabling sustainable management in an area of water scarcity.

Marketing of desalinated water in 2019

For community use:

59%

to Minera Caserones
(4.6 million m³).

For industrial use:

19%

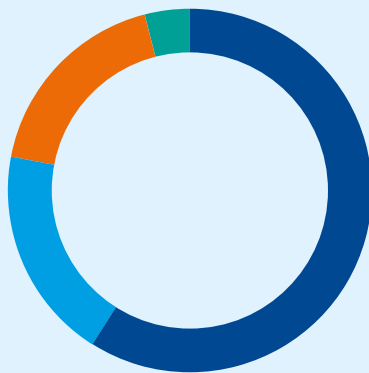
to the Planta Magnetita
in Tierra Amarilla
(1.5 million m³).

18%

to Cerro Negro Norte
(1.4 million m³).

4%

to Punta Totoralillo Port
(0.3 million m³).



Socio-environmental risks

The identification of critical socio-environmental risks, which take into consideration all the environmental and social components that industrial processes could impact, made it possible to evaluate, categorize and define action plans to control them, measures that will be implemented in 2020. Likewise, we updated the general risks of Aguas CAP, in order to prepare plans and control measures in 2020.



Workers and contractors

We strive to create pleasant, safe and healthy environments, with special concern for the care of the physical spaces used by our workers and contractors. We have trained these groups in the care and protection of the environment and health and safety at work. The operating plant was trained in matters of Civil and Criminal Liability. We have standards for our contracting companies that go beyond the legal minimums and define guidelines in sustainability.

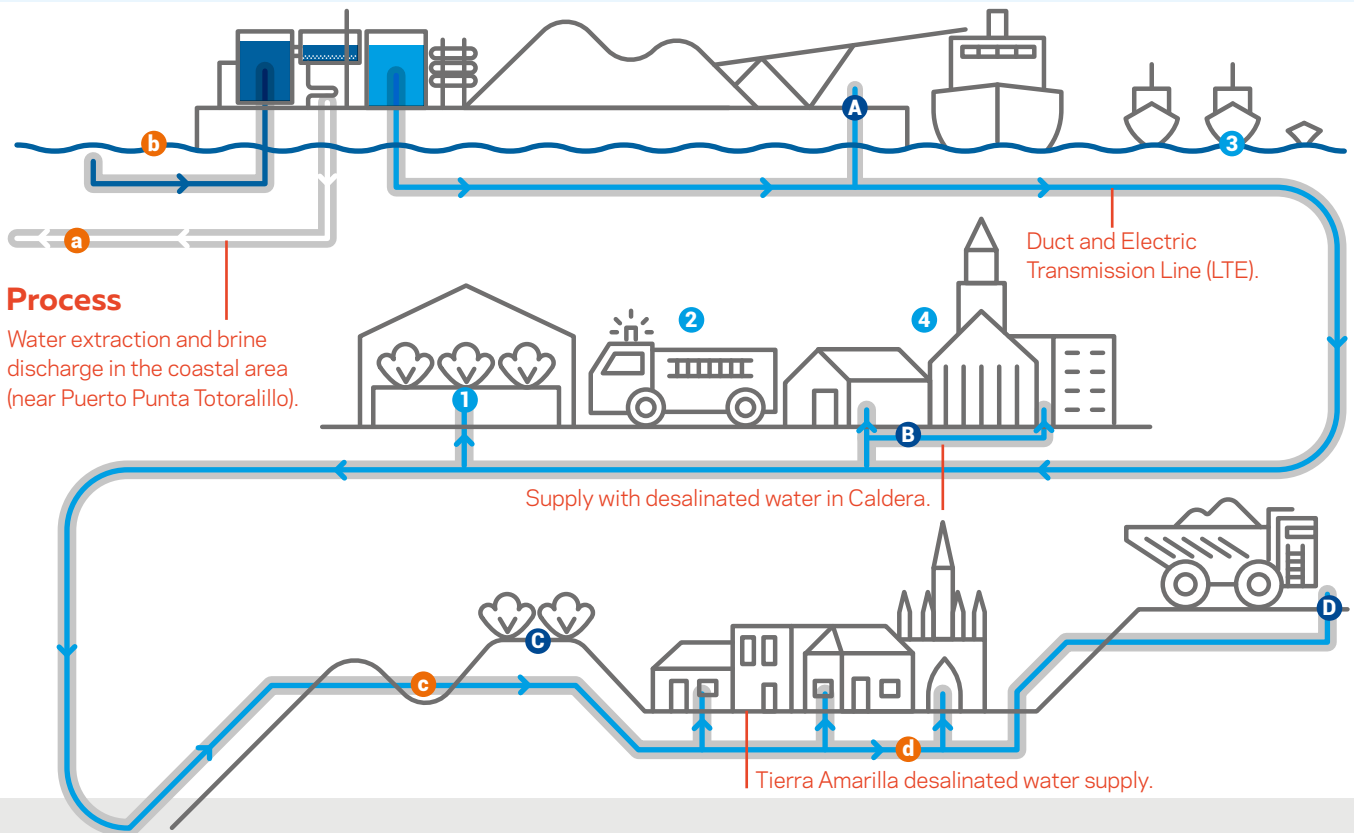
- **15** workers in total, **27%** are women and **13%** are from the local community.
- **269** contractors.
- **46** suppliers form the value chain, **57%** are local.





Social impacts

- A** Water use in Puerto Punta Totoralillo.
 - B** Use of water for home consumption in the community of Caldera through the sale of water to the Caserones mining company.
 - C** Use of water for consumption in agriculture in the commune of Tierra Amarilla and Copiapó through the sale of water to the Minera Caserones company.
 - D** Water use for mining in Cerro Negro Norte in Copiapó and the Planta Magnetita in Tierra Amarilla.
-
- 1 Indigenous community of Caldera:** Delivery of desalinated water to the Colla Inti Wañuy community of Caldera for the production of vegetables through a hydroponic system.
 - 2 Contribution to Caldera Fire Department:** Through the contribution of diving courses, we sought to generate capacity in the firefighters of Caldera, this initiative is done in conjunction with CMP.
 - 3 Fishermen's Guild and Municipality of Caldera:** Since 2018 and in conjunction with CMP, a hyperbaric medicine room was set up, which will be operational in 2020.
 - 4 Local development:** We prioritize the hiring of local labor and services offered by local providers.



Environmental effects

- a Pouring of brine:** 10.8 million m³ of brine are returned to the sea through an emissary that enters the sea at a depth of 18 meters. There is no direct discharge, but there are diffusers to dilute this fluid.
- b Monitoring of the marine environment:** We monitor the marine environment with monthly measurements in the discharge area and the biannual application of the Environmental Monitoring Program to review the behavior of the environment.
- c Biodiversity:** Our pipeline crosses a priority site, dune field and the Quebrada del León protected area. Training is provided for workers on aspects of respect and care for flora, fauna, archaeology and the handling of waste and hazardous substances.
- d Conservation of water resources:** Thanks to the "released" industrial water, the existing water resource in the Copiapó area can be used for other purposes or conserved in natural environments.

Puerto Las Losas

At a glance

We are located in Bahía Guacolda, Atacama Region. We are prepared and certified for the loading and unloading of different products such as bulk ore, agro-industrial bulk, project cargo (large packages and/or tonnage), containers, copper and fruits (pallets to warehouse and in refrigerated containers). In 2019 we reached maximum levels of cargo transfer, totaling 0.9 million tons of iron ore. Additionally, in early 2020 we offloaded a wind farm.

Future projection

In February 2020, we submitted an Environmental Impact Statement (EIS) for the project "Modification, Receipt and Shipment of Ore Bulk" to the Environmental Impact Assessment System (SEIA). It contemplates an investment of US\$ 8.6 million and has a useful life of 39 years, which will allow the continuity of the reception and shipment of iron ore.

It is estimated that in 2020 we will be offloading two large wind farms, which will require the preparation of the port facilities and our staff.

Risk management and compliance

We identify critical socio-environmental risks considering all components, including those environmental and social matrices that industrial processes could impact. We then evaluated and categorized them, assigning a Control Measures Plan for each of them, which were applied from the fourth quarter of 2019. We also participated in the compliance training conducted by the CAP Group.

Operational Excellence

In 2019, Puerto Las Losas achieved certification of its operations under the ISO 9001:2015 Quality Management, ISO 14001:2015 Environmental Management and ISO 45001:2018 Occupational Health and Safety Management standards. Complementarily, we renewed our Declaration of Compliance with the ISPS Code⁴⁸, standard of excellence for port operations in aspects of safety and reliability.

Responsible sourcing

The critical services and essential inputs of our port activity are represented by the dockers, the wharf and the equipment. We have standards for our contracting companies that go beyond the legal minimums and define guidelines in the area of sustainability.

We are here to meet the cargo transfer needs of our partners, as well as those of the growing industry of the Atacama Region in Chile, and of international customers, always with guaranteed quality, safety and efficiency.

Puerto Las Losas in figures

100% of the workers under ISO 45001, ISO 9001 and ISO 14001, and ISPS standard.

18 workers in total, **78%** are from the local community and **11%** are women.

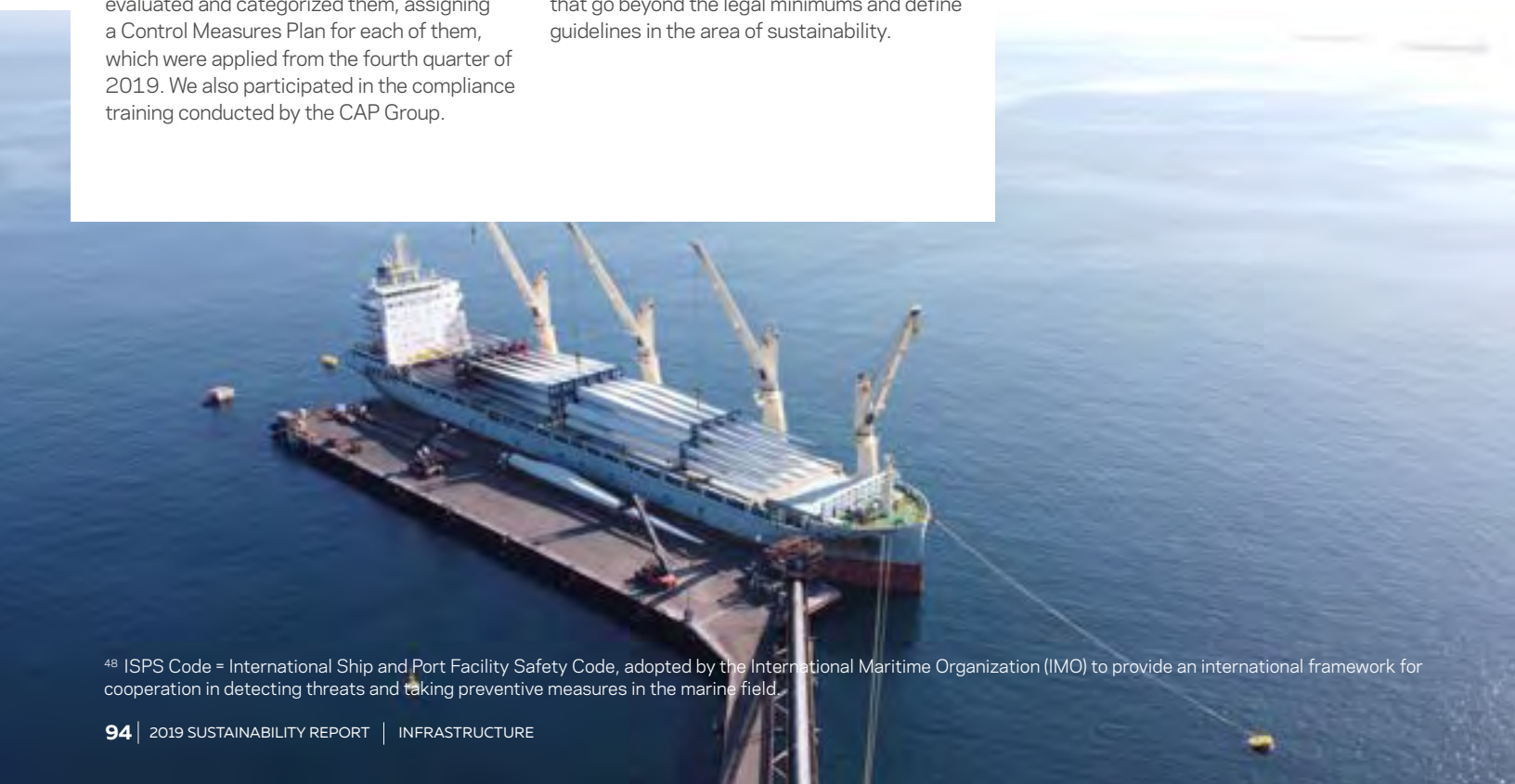
121 contractors.

0 fatalities, Frequency Rate **11** and Severity Rate **231**.

0 incidents with environmental impact.

37 suppliers make up the value chain, **41%** of which are local.

⁴⁸ ISPS Code = International Ship and Port Facility Safety Code, adopted by the International Maritime Organization (IMO) to provide an international framework for cooperation in detecting threats and taking preventive measures in the marine field.





Workers and contractors

Safety at work

We focus on improving the health and safety of our workers on a daily basis by means of preventing occupational hazards. We are concerned about preventing accidents, injuries and occupational diseases that may affect their quality of life. To this end, we have implemented occupational health and safety measures based on risk assessment and current legislation. In 2019 our Frequency Rate⁴⁹ was 11, the Severity Rate⁵⁰ 231, and we had no accidents with fatal consequences. We did record two lost time accidents, and one serious accident with no lost time.

We are permanently concerned about safeguarding the conditions of our workers and contractors. This issue acquired special relevance after the social outburst, which in Huasco generated several demonstrations and roadblocks.

Employment quality

We maintain pleasant, safe and healthy working environments in order to improve the permanence of workers while they work in our facilities. This includes a constant concern in the maintenance of physical spaces (bathrooms, dining room, changing rooms, among others). We have a Healthy Life and Quality of Life at Work Program, and in 2019 we will implement weekly active breaks to improve general well-being. We also offer sports and recreational activities. In addition, we implemented green areas which will be extended in 2020.

Training and development

We train our workers in the care and protection of the environment and in matters of safety and health at work, in topics such as applicable legal regulations, environmental aspects and impacts, IPER matrix, flora, fauna, archaeology, waste management, handling of hazardous substances, environmental commitments and permits, and safe work procedures, among others.

In the area of professional skills development, customized training and certification plans were planned and implemented at the various levels of the organization.

Contractors

In order to meet the increased activity of the port in 2019, we increased the number of contractors, incorporating contractors in each of the three work shifts we have, thus generating more local employment in Huasco.



Environment

Air emissions

Since iron ore pellets were transported from the production plant to the port in 2019, preventive measures were taken to avoid emissions of particulate material into the air. These included truck loading, sweeping and vacuuming, among others.

Environmental monitoring of the marine environment

In the area where the port is located, the marine environment is permanently monitored through a bi-annual Environmental Monitoring Program (PVA), with winter and summer campaigns. During 2019 no breaches of the conditions defined as normal by the authority were recorded.

Waste and hazardous substances

The management of industrial waste and hazardous substances is carried out in accordance with the provisions of the environmental qualification resolutions (RCA) and the applicable legal regulations.



Community

The relations with the surrounding communities are managed jointly with CMP, and include active communication and participation in working groups in Huasco.

Opportunities for local people and businesses

When hiring labor and services from suppliers, we prioritize giving the opportunity to local people and businesses. In 2019, local personnel was hired, calling on the Huasco Port Stevedores Union and local freighters to support the greater movement generated in the port (hired by CMP).



⁴⁹ Number of lost-time accidents during the year per million hours worked Includes own workers and contractors.

⁵⁰ Days lost per million hours worked.

