



Chairman's vision

We are committed to continue advancing true to our principle of being "Always with Chile" and "Always with Latin America"

2019 was a difficult year for the company, as it was influenced by the consequences of the accident that occurred in November 2018 at Puerto Guacolda II in Huasco, which meant the terrible loss of life of one of our co-workers and the shutdown of the port terminal for about 13 months, with a 40% decrease in iron ore shipments compared to the previous year.

On the other hand, in July we had to face the consequences of an accidental spill of 40 cubic meters of diesel into the sea in Isla Guarello, Magallanes Region, where we have operations for the extraction of limestone. The response was immediate and efficient, which was reflected in the results of the containment and clean-up. However, all this led us to question the way we were doing things. We started a review of the processes, procedures and preparation of the workers, so that situations like this do not happen again. Thus, during the past year, we focused on structuring, systematizing and standardizing processes, guidelines, procedures and tools to improve our performance, achieving stable processes with controlled risks. We continue to work on this.

Focusing these actions from the field of occupational safety and health, during 2019 we formally ratify that the care of workers, both our own and those of our contractors, is a strategic, permanent and non-negotiable value. And if each one of us is capable of exercising visible leadership from our position, with sense and courage, we will manage to incorporate into the culture of CAP the fact that no productive factor is above the safety of people. With the conviction of "Seguridad sin Excusas" (Safety without Excuses), in 2019 we obtained the best results in terms of frequency and severity of the last ten years of the Group.

In environmental matters, the company, through its operating companies, carried out a survey of critical socio-environmental risks, in which all our companies are working for their control and/or elimination.

In March 2019, the Superintendence of the Environment approved the Compliance Program presented in 2018 for the operations of our mining company in Huasco, with investments close to US\$ 37 million and contemplating a hundred specific measures.

With respect to water use, it should be noted that today both Compañía Minera del Pacífico (CMP) and Compañía Siderúrgica Huachipato (CSH) reuse almost 60% of this element in their operations.

In terms of recycling, 96% of the waste generated in steel production is recycled or reused by the steel company itself and, this year, which marks its seventh decade, we want to continue making progress in matters of Circular Economy.

As far as renewable energy is concerned, CINTAC, an operating company of the CAP Group, reached a relevant milestone by totaling nearly 100 thousand square meters of photovoltaic panels, installed on roofs between the regions of Coquimbo and Biobío, making it the largest installer in the country.

From a social perspective, 2019 was a year that presented us with new challenges and, based on the discussions of the climate crisis and the social outburst, we feel called to reinforce our role as a company, offering opportunities for development and well-being for our employees, collaborators, customers and communities, with the aim of working together for shared and sustainable development.

Therefore, in matters of climate change, and understanding that it is a global challenge that requires collective action, CAP accepted the invitation of "Climate Change Leadership Companies" (CLG, for its acronym in English), committing to a fair transition to a low-carbon emissions economy in 2050. That is why we have begun to build a strategy and an action plan for the short, medium and long term, which will allow us to recognize and act on the risks and opportunities that our operations face in this area.

Also in the social area, we would like to highlight a historical milestone for both CMP and the company in general. It is the successful process of early participation of the "Relave Filtrado en Tierra de Planta de Pellets" (Pellet Plant Filtered Tailings on Land) Project, which included

three meetings with the citizens, a door-to-door walk covering 78% of the houses in Huasco Puerto, and carrying out a great Environmental Fair open to the public, which was visited by more than 700 people. We seek to ensure that the group's activities are carried out generating trust, transparency and ethics, without altering relations with its environment, along with adding value to the areas where it operates.

However, we recognize that we still have many challenges ahead in this area and, based on a gap diagnosis conducted in the territories of our operations, we are working on a short and medium-term strategy and Action Plan that considers the highest international standards of relations and community development.

In relation to Corporate Governance, during 2019 we worked on the reformulation of the governance of our operating companies and for greater diversity in their boards of directors, incorporating seven women. Additionally, in June we created the Compliance area, which will oversee the increasingly relevant aspects of ethics and compliance.

In this last aspect, in 2019 we will increase our efforts to promote a culture of transparency and integrity, which encourages all our workers and contractors to actively participate in the task of concretely applying our values, principles and provisions, inviting them to always raise their hand and voice against any risk behavior in this area, using the different channels available for this purpose.

In the area of human rights, in 2019 we explicitly committed ourselves to the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights and the core conventions of the International Labor Organization (OIT, for its acronym in Spanish). Therefore, we will start the selection of expert advisors who will support us in the development of a due diligence process to proactively and systematically identify potential problems, where they might occur and how to solve them.

From the economic point of view, we are preparing to return to the path of growth. Nevertheless, we are aware of the complex social, sanitary, political and economic context. In the case of our country, we hope that the legitimate social demands will be resolved with understanding, respect and dialogue, and that the sanitary emergency will be faced in the best possible way, with discipline and solidarity.

In this complex and challenging context, it is a great pleasure for me, as Chairman of the Board of Directors of the CAP Group, to present our twelfth Sustainability Report, prepared in a collaborative manner according to the guidelines of the Global Reporting Initiative (GRI) Standards, the Global Compact and the Sustainable Development Goals of the United Nations, organization to which we have adhered since 2008.

Finally, as a mining-steel and industrial group, with nearly 14,000 direct and indirect employees, with a presence not only throughout the country, but also in Argentina and Peru, we are committed to continuing to advance true to our principle of being "Always with Chile" and "Always with Latin America".

Rodolfo Krause
Chairman of the Board of Directors
CAP S.A.

Awards and Distinctions 2019

- **Dow Jones Sustainability Index (DJSI) Chile (DJSI) and DJSI MILA Pacific Alliance**
For the third consecutive year we integrated these indexes that bring together the companies with the highest standards of environmental, social and corporate governance responsibility in Chile and in the countries of the Pacific Alliance.
 - **Best Sustainability Report and Communication Strategy**
We were the only Chilean company awarded at the Ibero-American Communication Summit held in Madrid. The quality of our report and associated communications strategy was recognized.
 - **Transparency and quality of information**
For the third consecutive year we obtained the first place in the Report Reporta Chile 2019 in the Industry and Services sector. The Report analyzes the quality and transparency of the information of the IPSA companies.
 - **Talent management and retention**
We obtained the first place in Merco Talento 2019, leading the category "Holding Company". The award highlighted the Group's contribution to the management and retention of talent within the organization.
 - **Responsibility with suppliers**
In the first three places, Compañía Minera del Pacífico (CMP) and Compañía Siderúrgica Huachipato (CSH) were placed in the Ranking of Best SME Payers, awarded by the Chilean Association of Entrepreneurs (Asech, for its acronym in Spanish) and the Chilean Commodities Exchange (BPC, for its acronym in Spanish).
- Information on the awards obtained by our operating companies can be found in their respective chapters.*