



**2020**

**SUSTAINABILITY  
REPORT**



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# ABOUT THIS REPORT

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## STEEL IS THE HEART OF THE NEW GREEN ECONOMY



For the thirteenth consecutive year, we present our Sustainability Report with the aim of informing the new corporate strategy of the CAP Group and its effects on the sustainable growth of the companies that comprise it and its stakeholders, in the social, environmental, and governance areas. This report has been prepared under the Global Reporting Initiative (GRI) standards, under the essential option. Additionally, it includes some requirements of the Dow Jones Sustainability Index (DJSI) and the Communication on Progress (COP) of the Global Compact.

The information presented in this document addresses the management developed by the CAP Group between January 1 and December 31, 2020. Data from previous years are included to provide a greater context, as well as the main events that have occurred up to the date of publication.

The team in charge of the report was led by the Sustainability Area, with the collaboration of all the operating companies and the advice of external experts.

This team ensured compliance with the GRI standard and was responsible for collecting and validating the information reported. As in previous years, the results of this work were externally assured by Deloitte.

The issues reported were those determined as most relevant, or material, in the framework of the definition of CAP's new Sustainability Model<sup>1</sup>.



<sup>1</sup> More information on this process can be found in the "Sustainability Model" section of chapter 1 of this report.

## Our leaders' vision

# LETTER FROM THE CHIEF EXECUTIVE OFFICER

**The year 2020 will remain etched in everyone's memory. The pandemic imposed unprecedented challenges on us as humanity, and the CAP Group was no stranger to them.**

Our companies carry out activities that are essential to the operation of many production chains that have a major impact on territorial and national economies. Thousands of direct and indirect jobs depend on them, most of them local. Therefore, being able to maintain operational continuity was a duty that went far beyond the financial results. At the same time, we had the imperative to take care of the health and well-being of our own workers and contractors, avoiding exposing them to the Covid-19 risks.

To balance these two needs, we quickly put in place a series of measures to ensure the proper care of people: we prioritize remote work; we adapt our operations, going beyond the health requirements of the authorities; we apply strict preventive measures, some based on cutting-edge technologies, such as data analytics; we provided psychological support and emotional assistance to safeguard the mental health of our teams. **In total, during the year we invested around US\$5.5 million to prevent contagion within our companies.** Thanks to these timely decisions and the commitment of the workers, we were able to continue operating. No one was laid off or suspended because of the pandemic.



We are committed to continue moving forward faithful to our principle of being "always with Chile" and "always with Latin America".



Moreover, all CAP Group companies closed the year with better financial results than in the previous year, despite the dissimilar market conditions they had to face. Consolidated sales reached US\$ 2.679 billion, a year-on-year growth of 68%, while EBITDA reached US\$ 974 million, almost five times higher than in 2019. In terms of profit, we earned US\$ 300.4 million, an amount that compares favorably with the US\$ 104 million loss recorded in 2019.

This good financial performance was achieved with one of the lowest contagion rates in the industry (4.3%) and **relevant improvements in the Group's safety standards, which were reflected in an average accident frequency rate of 1.7, almost one percentage point lower than in 2019.** Furthermore, we did not abandon our role as social players. We supported neighboring communities, both with actions to contain the pandemic in the regions where we are located and with programs to promote employment and entrepreneurship.

All these facts are undoubtedly relevant for the company, as they consolidate our commitment and leadership in the countries and regions where we are present. **However, the milestone that will probably have the most long-term repercussions, especially over the next ten years, was the definition of the new corporate strategy.** Faced with the accelerated changes that the industry and its environment have experienced in recent years - digitalization and automation of processes, variations in commodity prices, climate change, new social demands, etc. - we have been reflecting deeply on our role and purpose. We reconsidered each of our activities, questioning how to project the business into the future. **The resulting strategy has sustainability at its core. It is not an additional objective, but the lever that will allow us to be more efficient, productive, safe, and valued by society.**

In general terms, the strategy aims to achieve high levels of efficiency in the transformation of natural resources, driven by a greater degree of interdependence among operating companies, the application of modern and innovative technological tools in all our operations, and the development of non-core resources complementary to our core business -such as water and solar energy- that will contribute to decarbonize our production processes, optimize our operations and create benefits for other industries and communities. All this within the framework of an organizational culture based on environmental, social, and governance (ESG) criteria, which we seek to install as part of our corporate goals.

Already in 2020, we reached certain milestones associated with the new strategy, such as CSH's signing of a renewable energy supply contract with Engie. Effective as of January 2021, the agreement will make it possible to eliminate the emission of 184 thousand tons of CO<sub>2</sub> per year, 10% of the Huachipato steel plant's emissions. As a result, products such as our grinding media steel balls will have a 31% lower carbon footprint than their main competitor, grinding media imported from China.

**For its part, CINTAC acquired 60% of Promet, a construction solutions company for the mining industry. The purchase not only opens the doors to the mining market but also consolidates its commitment to modular construction, which is much more environmentally friendly than traditional methods.** The CINTAC Group also continued to expand the use of renewable energy by installing more solar panels on the roofs of its plants, which already generate 35% of the energy required for Cintac SAIC's production.

At the same time, Puerto Las Losas developed a mechanization and automation project for bulk shipments that eliminates the emission of particulate matter by encapsulating the entire ore transport to the ships.

CMP implemented an innovative process risk management system that incorporates environmental and social criteria into the daily activities of plant operators. It is also carrying out exhaustive monitoring of compliance with the commitments made in the Environmental Qualification Resolutions (EQR) of its projects and the audits of its operations. Among these, it is worth mentioning the installation of a second electrostatic precipitator at the Pellet Plant, an investment of US\$ 65 million, which continued to progress despite the pandemic. The start-up will make it possible to exceed the new air quality standard in the area.

In safety, we have applied process control and risk management

practices that have resulted in a decrease in the aforementioned accident frequency rates.

In terms of governance, we continued with the renewal process initiated in 2019, which also reached the operating companies. We successfully promoted the incorporation of female directors, professionals, technicians, and administrative staff in all subsidiaries and today women already represent 12% of our total staffing.

**As part of the new corporate design, several committees of directors were created around strategic issues,** which have operated efficiently and in coordination with the executive teams.

**In the social area, we strengthen our historical characteristic of being eminently local companies.** 64% of the mining services that CMP uses are provided by companies located in the areas where its operations are located. Along the same lines, CINTAC designed a technical-construction training program for communities in different municipalities.

Thus, we can affirm that 2020 was a complex year for everyone, but a very positive one from the point of view of reflection and the establishment of a sustainable strategy, which leaves us well-positioned for the next decade. We still have a long way to go. For example, in the short term, we must begin to measure our carbon and water footprint, as well as decarbonize our plants in the medium and long term, with new models for generating energy from renewable sources. We

have the right strategy and the right team to achieve this and much more.

Looking to the future, I envision a CAP Group integrated from the beginning to the end of the steel chain; a state-of-the-art company that, with its activity, drives the development of a series of complementary factors to produce additional value in other industries. In short, I envision a strategic company, with experience and important mining concessions, that continues to play a crucial role for Chile and the world: the sustainable transformation of iron into the steel products and solutions that societies need to progress

Julio Bertrand Planella  
**Chief Executive Officer**

# FORWARD-LOOKING APPROACH

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## STRATEGIC PLANNING

"In 2020, we started a **strategic planning** process for the next ten years and the resulting strategy is based, first and foremost, on a company purpose and on the values that must govern the conduct of all the people working in the Group. Environmental, social and governance criteria are part of the values in which all our decisions and activities must be immersed." Rodolfo Krause, Chairman of CAP Group <sup>1</sup>.



## ZERO EMISSION STANDARD

"In ten years we must move towards a **zero emissions** standard and be in a position to manufacture green iron and steel, leveraging on renewable energy in the area and, potentially, the use of hydrogen as a fuel. As iron producers, that has to give us a substantial competitive advantage because the steel industry requires inputs with an increasingly reduced carbon footprint." Juan Enrique Rassmuss, Chairman of CMP.



## LOCAL SUSTAINABILITY

"I **believe in local sustainability**. I believe that it is the shift supervisor who builds it to the extent that he connects with local needs, who lives close to the place where he works, who generates an interrelation with the territory that allows him to push with all his energy the development of the communities. The same is true for the company as a whole. It will never be compatible with sustainability for a company's employees and executives to live outside the regions where they operate. The key concept is 'territorial development': the possibility of developing the territory from the daily activities we carry out as a company. This is how I imagine sustainability management in the years to come". Francisco Carvajal, Chief Executive Officer of CMP.



## CONSTRUCTION SOLUTIONS

"The challenge for **Compañía Siderúrgica Huachipato is to achieve a sustainable operation in the long term**, not only from a financial point of view but also from an environmental point of view. In the future I see it as a high-quality steelmaker, oriented to niche markets, working in an integrated way with its customers to manufacture green steel through increasingly sustainable processes. In the case of CINTAC, the company is evolving from its former role as a manufacturer of products to that of a manufacturer of solutions, which today represent about one-third of its total revenues. The goal is for them to constitute the most important part and that we can offer construction solutions that integrate structure, insulation, and solar energy generation". Roberto de Andraca A., Chairman of CSH and CINTAC <sup>2</sup>.

<sup>1</sup> Rodolfo Krause was Chairman of the CAP Group at the end of 2020. This role is currently held by Jorge Salvatierra.

<sup>2</sup> Roberto de Andraca A. was Chairman of CINTAC at the end of 2020. This role is currently held by María Cecilia Facetti.



## STRATEGIC PARTNERS IN MINING & CONSTRUCTION

**"Compañía Siderúrgica Huachipato is called to assume a very active role in the challenges of the global community.** We are already mapping out a roadmap to reduce our emissions and decarbonize our processes, with short- and medium-term objectives. Also, through innovation, we are creating special steel solutions that contribute to reducing the carbon footprint in mining and construction. We want to be strategic partners in the value chain of both industries, with developments that are close to our customers, allowing them continuous and reliable progress". Rodrigo Briceño, Chief Executive Officer of CSH.



## POSITIVE RESULTS

**"In the last period, TASA focused its efforts on stabilizing its operation.** After a 2020 in which we achieved very positive results, it is now in a position to define a longer-term vision, in line with the new corporate strategy. In this context, sustainability is fundamental in many respects. 'People first' is a principle of absolute relevance for the Group. We understand the community as a key element of the value chain and environmental care is one of the main differentiating objectives of our offer: we promote innovative products such as the steel frame and industrialized systems that contribute to reducing waste and impact on the territories". Pedro Pablo Olivera, Chief Executive Officer of Intasa.



## MODULAR CONSTRUCTION

**"CINTAC has consolidated a growth strategy oriented to modular construction,** an area that not only contributes to the business, but also to sustainability since it is a much more environmentally friendly construction method. That is why we have set out to be leaders in this market, both in Chile and Peru. This is what led us in 2020 to integrate Promet to our Group of companies and drives us to look for new business opportunities in the Pacific coast, always keeping our labor and environmental standards as an essential selection criterion". Javier Romero, Chief Executive Officer of CINTAC.



## WATER AND RENEWABLE ENERGY

**"Ports and desalination plants are scarce and increasingly necessary assets.** Through its management, CAP has the opportunity to deepen its role as an enabler of economic and social progress in the regions where its sites are located. In the future, I see the Group's infrastructure area with many more branches, positioned in more regions, strengthening the assets it already owns and developing others in conjunction with new mining businesses, both its own and external. I also see ample room to increase its participation in the well-being of communities, providing water and renewable energy where they are most needed. Patricia López, Corporate Infrastructure Manager.

# 2020 HIGHLIGHTS

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Continuous efforts in Health & Safety allowed the frequency rate to decrease to 1.7 in 2020, and for the second consecutive year, there were no fatal accidents to regret.

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Management of the pandemic with an investment of approximately US\$ 5.5 million to prevent contagion within the companies, minimizing operational interruptions, and avoiding layoffs due to the pandemic.

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Support for local communities to manage the pandemic, amounting to more than US\$ 700 thousand in sanitary supplies and contributions to local entrepreneurship, benefiting some 50,000 people.

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Strengthening of environmental management processes and systems, helping to minimize the environmental impact of operations: in 2020, 94.4% of waste was reused or recycled.

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Progress towards a low-carbon economy by signing a renewable energy supply contract that will eliminate the emission of 184 thousand tons of CO<sub>2</sub> per year from the Huachipato steel plant.

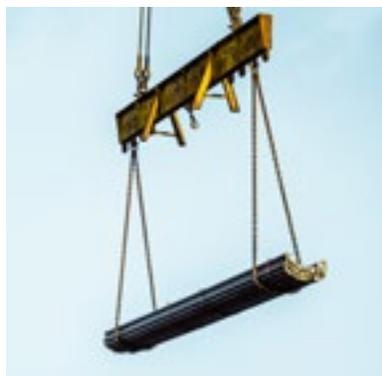
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Acquisition of 60% of Promet, a mining construction solutions company, consolidating the company's commitment to modular construction, which is much more environmentally friendly than traditional methods.

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Better financial performance than the previous year, across all CAP Group companies, allowing a profit of US\$ 300.4 million.

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# CAP GROUP AT A GLANCE

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## 2020 Production

 **14.96** of iron ore  
M Mt +47% vs. 2019

 **728** of finished  
thousand steel +2%  
Mt vs.2019

 **755** in manufactured  
thousand products  
Mt shipments

---

## 2020 Results

**US\$ 2.68B** in consolidated  
income  
+68% vs. 2019

**US\$ 974M** in EBITDA  
+388 vs.2019

**US\$ 300M** in net  
profit

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## Pandemic management during 2020

 **1** fatality  
due  
to COVID-19<sup>3</sup>

 **4,3%** of occupational  
RATE infections  
by COVID-19

 **0** terminations and  
layoffs due to  
the pandemic

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**US\$ 5.5M** invested to prevent  
contagion

**US\$ 0.7M** to support local  
communities

**50,000+**  
members of local communities  
supported to cope with the pandemic

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<sup>3</sup> In 2021, as of the date of publication of this report, 4 fatalities had been recorded in our subsidiaries in Peru.

## Sustainability



of renewable energy incorporated into CSH's grid thanks to a new supply contract



of accident frequency vs. 2.6 in 2019 and **0** fatal occupational accidents.



of boards of directors and members of senior management trained in risk management



of desalinated Water produced



of local workers



of the conflicts of interest records in digital format and online.



of waste recycled



in purchases from local suppliers



corruption-related incidents



of the energy used in the manufacture of CINTAC SAIC products comes from solar panels.



collective bargaining negotiations successfully concluded



new female members on the boards of directors of operating companies in 2020 <sup>4</sup>



of surface area with biodiversity protection measures



Total hours of training for own employees



information security non-compliance

<sup>4</sup> In 2021, 3 women joined the Board of Directors of CAP S.A.



## AWARD

### Dow Jones Sustainability Index

For the fourth consecutive year, CAP was listed in both the Dow Jones Sustainability Chile Index (DJSI Chile) and its regional version, the Pacific Alliance Latin American Integrated Market Index (MILA). Both consider environmental, social, and governance best practices. DJSI Chile is based on the IGPA (an index that groups most of the shares traded on the Santiago Stock Exchange) and is developed from information provided by the companies themselves through an annual survey and an assessment carried out by a specialized consultant. It is currently composed of 27 companies.

Meanwhile, the MILA index highlights those companies with the highest sustainability ratings in the Pacific Alliance region. In 2020, 62 were selected.

### CAP was listed in both the Dow Jones Sustainability Chile Index (DJSI Chile) and its regional version



A large, stylized graphic of the letter 'C' is the central focus. It is composed of several concentric, overlapping segments. The outermost segment is a solid dark blue. The inner segments are white, creating a sense of depth and movement. The 'C' is set against a background of a desert landscape with layered rock formations and a winding river. The overall design is modern and professional.

# 01.

ABOUT THE  
CAP GROUP



# ABOUT THE CAP GROUP

## ON THE AMERICAN PACIFIC COAST

We are the largest producer of iron ores and pellets.

## IN CHILE

We are the largest steel producer, the most important steel processor and the third largest port operator.

## 70+ YEARS OF HISTORY

of iron and steel. With presence in Chile, Peru, and Argentina, throughout the entire value chain.

## OWNERSHIP<sup>1</sup>

# 45.80%

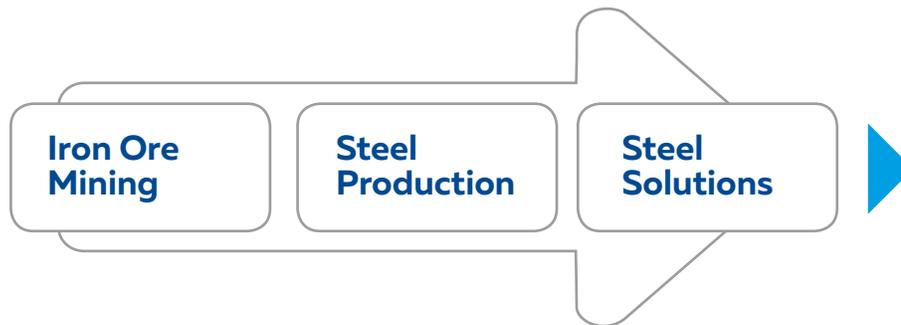
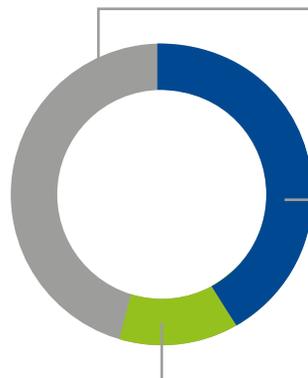
Free Float

# 34.90%

Invercap

# 19.30%

Mitsubishi



### KEY INDUSTRIES

- Mining**
- Metal-mechanic industry**
- Construction + other areas**

We also participate in complementary businesses needed to develop our core business:

- Water desalination
- Power transmission
- Port operation

<sup>1</sup> As of December 31, 2020



# OUR PURPOSE, OUR VALUES

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## OUR PURPOSE

We contribute to the transformation of natural resources to deliver value, always committed to the sustainable progress of society.

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## OUR VALUES

### Sustainability

- Safety without excuses; throughout the value chain, we care for the environment, diversity, and the communities where we operate.

### Integrity

- We act correctly and transparently, not only in compliance with the law but also in the spirit of the law.

### Excellence and innovation

- What we do we do well, innovating, collaboratively, and committed to the business.



# SUSTAINABLE STRATEGY



In its 74 years of existence, the CAP Group has constantly adapted to the changing environment to continue supplying:



**High-quality products**



**Creating shared value with society**

The current context of accelerated change -technological, social, economic, environmental, and climate- prompted us once again to review our business models, with a view to achieving sustainable growth. This has resulted in the following milestones:

## 2019

## 2020

Establishment of a decentralized but aligned corporate governance scheme:

**CAP S.A**  
Strategic investor role

**Operating companies**  
Greater independence to define and implement business strategies and investments.

Reformulation of our corporate purpose based on environmental, social, and governance (ESG) values that the company has decided to promote in all its decisions and projects.

Definition of new corporate business strategy for the next decade.

## Strategic planning process

After identifying the resources and capabilities that the Group has throughout its value chain and the new reality of the external context in the industries in which CAP participates, we defined four focuses that concentrate the investment initiatives and projects, to ensure the fulfillment of our purpose. For each initiative or investment project, definitions of success and goals were proposed that represent the strategic priorities that will strengthen the foundations of the business.

## STRATEGIC FOCUSES



### 1 Corporate governance



### 2 Portfolio of investment and divestment projects



### 3 Ports strategic assets



### 4 Energy and water strategy

## DEFINITION OF SUCCESS

Strengthen CAP Group's corporate governance, focusing on the promotion of an ESG culture and the development of talents and decision-making processes that allow for the successful implementation of the strategy.

To have a robust portfolio of strategic projects that continuously provides growth opportunities, strengthens the business foundation, and maximizes its value.

To develop the potential of the Group's ports to create shared value and transform them into benchmarks for sustainable development in the regions where we operate

To provide water and energy resources and services to the CAP Group sustainably and competitively, to strengthen the foundations of the business and maximize its growth potential.

### This new strategy:

- Incorporates sustainability in a core and inseparable place in its guidelines.
- Includes as a corporate governance goal the promotion of an organizational culture based on ESG criteria.
- It considers adapting the business models of the Group's companies to establish relationships of virtuous interdependence among them.
- Aims to achieve high levels of sustainability in the development of natural resources such as water and solar energy, with new business models complementary to the current ones. This will make it possible to reduce costs and achieve greater differentiation of products and services, as well as increase the shared value that CAP generates with the communities through access to clean water and energy, the reduction of emissions, and the development of high social and sanitary standards.
- It considers port infrastructure as strategic assets to promote decarbonization by enabling cleaner fuels, such as gas and eventually green hydrogen.




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<p><b>The strategy will be implemented in a decentralized manner in two stages:</b></p>	<p><b>2021 2023</b></p>		<p><b>2023 2030</b></p>	
	<p><b>Strengthening the foundations of the business</b></p> <ul style="list-style-type: none"> <li>▪ Stabilizing and optimizing operations.</li> <li>▪ Define a portfolio of strategic projects.</li> </ul>	<p><b>Consolidate growth</b></p> <ul style="list-style-type: none"> <li>▪ Sustainably maximizing iron and steel production, increasing our service offering, and developing a growth plan in new businesses linked to our value chain.</li> </ul>		

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**First steps**

The first initiatives under the new sustainable strategy were launched in 2020:

**At the central level**

- We defined an ESG model and began the corresponding cultural transformation of the Group.
- At the corporate level, Corporate Governance instances were implemented in accordance with best practices, gradually extending their application to the operating companies.

**At CMP and CSH**

- We developed compliance and remediation programs.

**At CMP**

- We were able to stabilize the operation, which allowed us to achieve high levels of worker safety and optimize operating costs.
- We defined new business models for ports and long-term mine planning.

**At CSH**

- We replaced coal-based power generation contracts with renewable sources.
- We developed a new commercial policy that includes the production of high-quality steels specifically for the new requirements of strategic industries such as mining and construction.

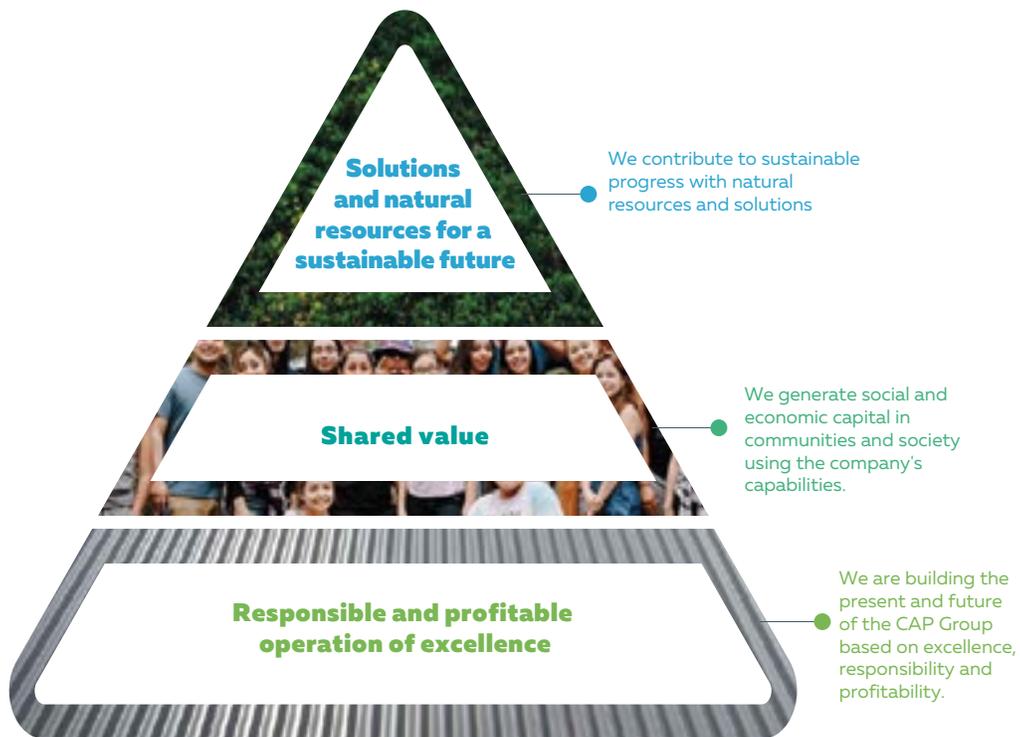
**At Cintac**

- We started the extension of the steel product commercialization model to the supply of construction solutions that generate shared value



## SUSTAINABILITY MODEL

In line with the new corporate strategy and the ESG culture that we are building within the CAP Group, we designed a company-wide sustainability model that will guide each of the activities that we will develop over the next few years.





## Identification of key ESG issues for CAP:



### E



- Energy and emissions
- Water
- Waste, materials, and transportation
- Adapting to climate change
- Biodiversity and natural heritage

### S



- Health and safety
- Contribution to well-being and social and economic progress.
- Labor rights and equity
- Human capital development and commitment

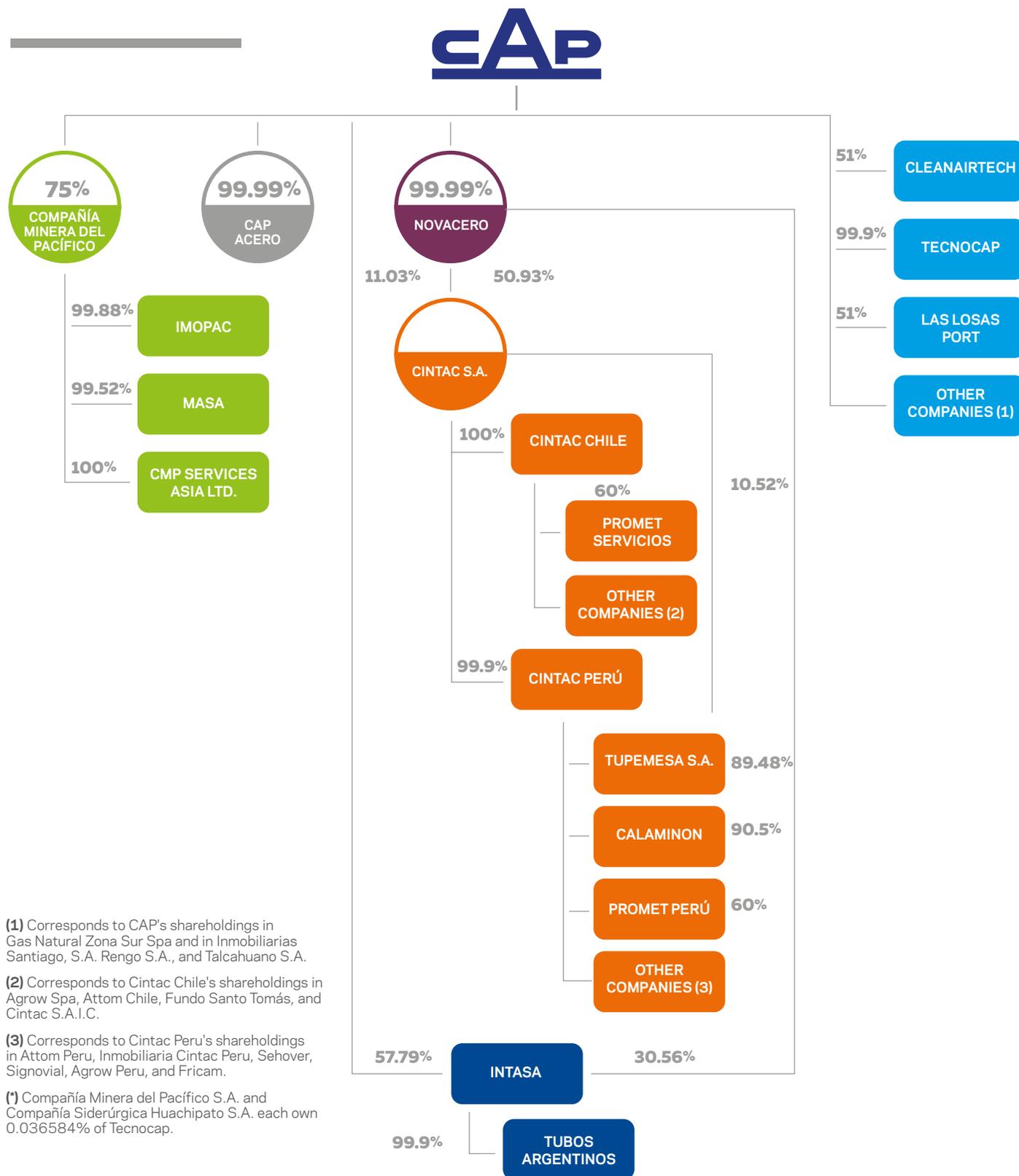
### G



- Risk management and compliance
- Governance and integrity
- Cybersecurity and information security

In a second stage, we will define specific goals, the initiatives needed to achieve them, and indicators for each key issue.

# CORPORATE STRUCTURE



(1) Corresponds to CAP's shareholdings in Gas Natural Zona Sur Spa and in Inmobiliarias Santiago, S.A. Rengo S.A., and Talcahuano S.A.

(2) Corresponds to Cintac Chile's shareholdings in Agrow Spa, Attom Chile, Fundo Santo Tomás, and Cintac S.A.I.C.

(3) Corresponds to Cintac Peru's shareholdings in Attom Peru, Inmobiliaria Cintac Peru, Sehover, Signovial, Agrow Peru, and Fricam.

(\*) Compañía Minera del Pacífico S.A. and Compañía Siderúrgica Huachipato S.A. each own 0.036584% of Tecnocap.



# OPERATIONS AND BUSINESS

## Location of our main operations

- Compañía Minera del Pacífico (CMP)
- Compañía Siderúrgica Huachipato (CSH)
- CINTAC Group
- TASA
- Infrastructure
- Head Office





## IRON ORE MINING:

### Compañía Minera del Pacífico (CMP)

With more than 55 years of history and operations in the Atacama and Coquimbo regions, CMP extracts iron ore to produce pellet feed, self-fluxing pellets or sinter feed, which it exports to markets around the world.

**14.968 million MT**

production and purchases in 2020 (14.655 M of production + 313 thousand in purchases) +4.7% vs. 2019

**99%**

of the iron exported by Chile is produced by CMP.

#### MINING COMPLEXES



#### PROCESSING PLANTS



#### PORTS



##### El Algarrobo Mine

- In suspension of production in 2020

##### Mina Cerro Negro Norte

- 3.377 million MT of pellet feed

##### Los Colorados Mine

- Total transportation of preconcentrated from Los Colorados Mine was 9.6 million MT

##### Minas El Romeral Mines

- 2.8 million MT of lumps, fines, sinter feed, and pellets

##### Isla Guarello Mine

##### Pellet Plant

- 3.942 million MT of pellets

##### Magnetite Plant

- 2.207 million MT of pellet feed (44.7% from fresh tailings from Minera Candelaria and 55.3% from third party iron fines)

##### Punta Totoralillo

- 6.98 million MT in shipments

##### Guacolda II

- 6.62 million MT in shipments

##### Guayacán

- 2.83 million MT in shipments



## STEEL PRODUCTION:

### Compañía Siderúrgica Huachipato (CSH)

Chile's largest steel complex since 1950:

- The only integrated steel company in the country: It manufactures from basic raw materials, guaranteeing high purity and quality in its products.
- It supplies the mining, metal-mechanic, and construction industries with long steel products.
- By way of Imopac, it extracts limestone from Guarello Island (Magallanes region), a raw material for steel production.

## STEEL PROCESSING:

### CINTAC Group

Since 1956, it has been a leading manufacturer and marketer of construction systems:

- Serves the construction and industrial markets in Chile and Peru.
- Wide range of steel products: tubes, profiles, pipes, plates, roofing, coatings, structural elements, construction systems, and products for road safety.
- Consolidation in the solar energy market with structures for photovoltaic panels.

### Tubos Argentinos S.A. (TASA)

Argentinian company focused on the production of construction systems and integral solutions through the transformation of steel, accompanied by logistic services and innovation.

It operates two plants in the provinces of Buenos Aires and San Luis.

---

**728,060 Mt**

of finished steel in 2020  
(+2% vs. 2019)

**755 thousand Mt**

total shipments in 2020  
(+9% vs. 2019)

---



**Plant**  
**Steel plant**  
Huachipato



**Ports**  
Huachipato  
Guarello

---

**213 thousand Mt**

producción en 2020 (Chile + Perú)  
(-17,7% vs. 2019)

**264 thousand Mt**

despachos totales en 2020  
(-12,9% vs. 2019)

---

**43 thousand Mt**

producción en 2020  
(-11% vs. 2019)

**46 thousand Mt**

total shipments in 2020  
(-8% vs. 2019)

---



## INFRASTRUCTURE: Puerto Las Losas S.A.

Company owned by CAP S.A. (51%) and Agrocomercial A.S. Ltda. (49%).

- Built to meet the cargo transfer needs of its partners and the growing industry of the Atacama region.
- The only multipurpose terminal in the region: unloading of bulk cargo, handling of general cargo, and investment projects.
- 29 hectares fitted out as a primary customs zone, facilitating foreign trade operations.

## Aguas CAP (Cleanairtech Sudamérica S.A.)

Desalination plant in Caldera. Main activities:

- Produce and transport desalinated water in the Atacama region.
- Based on reverse osmosis technology, it currently supplies water to all of CMP's operations in the Copiapó valley and other mining clients in the region, without impacting the aquifer in the area.

## Tecnocap S.A. (power transmission)

Since 2013, it has been managing its own power transmission line, satisfying the energy demand of the Cerro Negro Norte mine and the Aguas CAP desalination plant.

**435 thousand Mt**

shipments in 2020

**8.03 millones m<sup>3</sup>**

of desalinated water in 2020  
(+2.9% vs. 2019)

**257 GWh**

transported by its transmission  
line in 20



# 02.

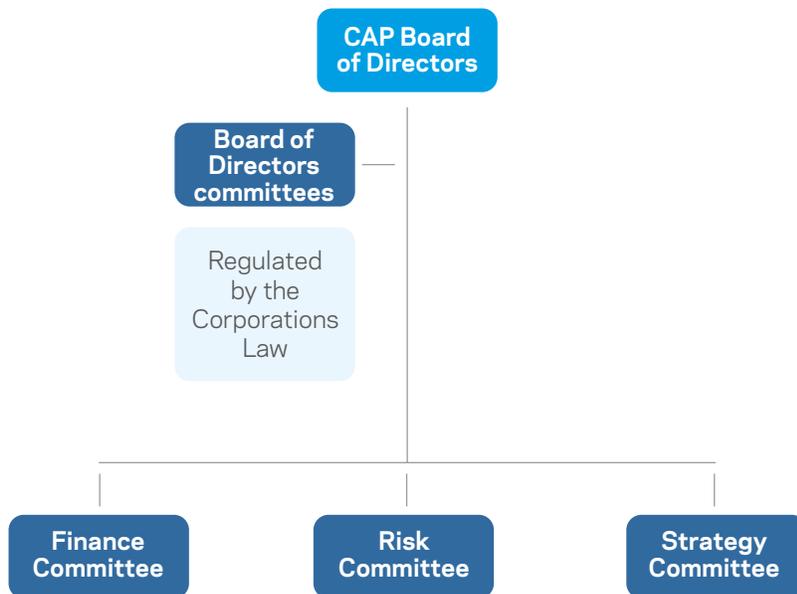
GOVERNANCE  
AND INTEGRITY



# CORPORATE GOVERNANCE

CAP S.A. is an open stock company, subject to the regulations dictated by the Financial Market Commission (CMF, for its acronym in Spanish). Its Board of Directors is composed of seven members elected at the Ordinary Shareholders' Meeting for a period of three years, with the possibility of reelection.

The Board of Directors delegates the management of the company to the Chief Executive Officer. Also, it has committees to carry out its functions. Following a restructuring, in 2020 the Board of Directors committees were organized as follows:



Each operating company of the CAP Group - all corporations - has its own board of directors composed of members who serve for three years, are eligible for reelection, and have the same responsibilities as their peers on the corporate board of directors at the subsidiary level.

The Group's current governance structure is the result of an in-depth analysis that the company carried out during 2019 and which produced a series of changes that were consolidated in 2020, which were critical in obtaining the good results for the year <sup>1</sup>.

<sup>1</sup> More information on the Group's results can be found in chapter 4 of this report.

## Manual for Good Corporate Governance Practices

To adopt best governance practices, the company has a guide that covers the induction process for new Board of Directors members, training procedures for all Board members, management of crisis situations, market information analysis, and communications on sustainability to the public, among other relevant issues. The document is available at [this link](#).



  
Strategic investor  
role



**Operating companies**  
A greater degree of independence in the definition of policies, strategies, and investments, which are consistent with corporate strategy.

### NEW BOARD OF DIRECTORS COMPOSITION:

#### Changes in 2020

Integration of external professionals with extensive experience in their respective fields (such as mining, infrastructure or steel), replacing executives from subsidiaries

Inclusion of CAP S.A. directors

#### Goals

- Adding experience and knowledge to the decision making process
- Strengthen alignment with the corporate
- Stimulate collaboration between both levels
- Improve the flow of information.

#### Creation of new committees to strengthen the management of the boards of directors





## Board of Directors of CAP S.A.

As of December 31, 2020, it was composed of seven members elected at the ordinary shareholders' meeting held in April 2019. None held executive positions, all seven were independent according to the criteria established by the DJSI, and one was a foreigner. All had industry experience, more than three years of seniority, and were over 50 years of age.

On April 16, 2021, CAP S.A. announced a renewal of the composition of the Board of Directors, in which three women were incorporated for the first time: Maria Olivia Recart, Patricia Nuñez, and Manola Sanchez. Jorge Salvatierra was appointed Chairman, while Tadashi Mizuno was appointed Vice-Chairman.

## Board of Directors as of December 31, 2020

Rodolfo Krause Lubascher

### Chairman

Civil chemical engineer, Chilean

Date of appointment: April 16, 2019

Juan Enrique Rassmuss Raier

### Vice-Chairman

Civil Industrial Engineer, Chilean

Date of appointment: April 16, 2019

Juan Gerardo Jofré Miranda

### Director

Business Administration, Chilean

Date of appointment: April 16, 2019

Marcelo Awad Awad

### Director

Civil Industrial Engineer, Chilean

Date of appointment: April 16, 2019

Roberto de Andraca Adriasola

### Director

Business Administration, Chilean

Date of appointment: April 16, 2019

Jorge Salvatierra Pacheco

### Director

Civil Industrial Engineer, Chilean

Date of appointment: April 16, 2019

Tadashi Omatoi<sup>2</sup>

### Director

Metallurgical engineer, Japanese

Date of appointment: April 16, 2019

<sup>2</sup> On March 4, 2021, he submitted his resignation and was replaced by Tadashi Mizuno



## Main activities of the Board of Directors in 2020

STRATEGY	POLICIES	FINANCE	HEALTH AND SAFETY
<p>Definition of the Group's new strategic focuses:</p> <p><b>Corporate governance:</b></p> <ul style="list-style-type: none"> <li>Development of an ESG culture</li> <li>Development and retention of professional talent</li> <li>Adequate Investment risk management</li> <li>Prioritization of sustainable projects that generate additional value through the interdependence of the Group's assets.</li> </ul> <p><b>Energy and water:</b></p> <ul style="list-style-type: none"> <li>Project evaluation and development to provide water and energy to CAP, third parties, and neighboring communities sustainably and at lower costs.</li> </ul>	<p><b>Approved:</b></p> <ul style="list-style-type: none"> <li>Conflict of Interest</li> <li>Donations, Sponsorships and Memberships</li> <li>Internal Audit</li> <li>Integrity and Compliance</li> </ul> <p><b>Updated:</b></p> <ul style="list-style-type: none"> <li>General Policy on Related Party Transactions</li> <li>General Policy of Regularity</li> <li>Manual on Handling of Information of Interest to the Market</li> </ul>	<p>Definition of credit line drawings to be able to respond promptly to possible contingencies</p>	<p>Monitoring of the health and safety indicators of the Group's companies, and of the measures to deal with the pandemic.</p> <p>The same concern was expressed by all the subsidiary boards of directors.</p>

## TRAINING

In the second half of 2020, the Board of Directors of CAP received training from the audit firm PwC on different issues:

<ul style="list-style-type: none"> <li>Best practices in inclusion, diversity, and sustainability reporting (stakeholder capitalism).</li> </ul>	<ul style="list-style-type: none"> <li>Progress of the public-private roundtable on green finance to combat climate change and circular economy initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>Transparency, human rights, and gender equity goals.</li> </ul>
<ul style="list-style-type: none"> <li>Main public initiatives in the area of sustainability (General Rule No. 386 on ESG information in annual reports, proposals of the Financial Market Commission).</li> </ul>	<ul style="list-style-type: none"> <li>CAP's position on new sustainability trends, including aspects such as climate impact and risk management, carbon neutrality, and sustainable development goals.</li> </ul>	<ul style="list-style-type: none"> <li>Latest trends in local and international risk management (Enterprise Risk Management model).</li> </ul>



14

Number of Board meetings in 2020



97.9%

Average annual session attendance



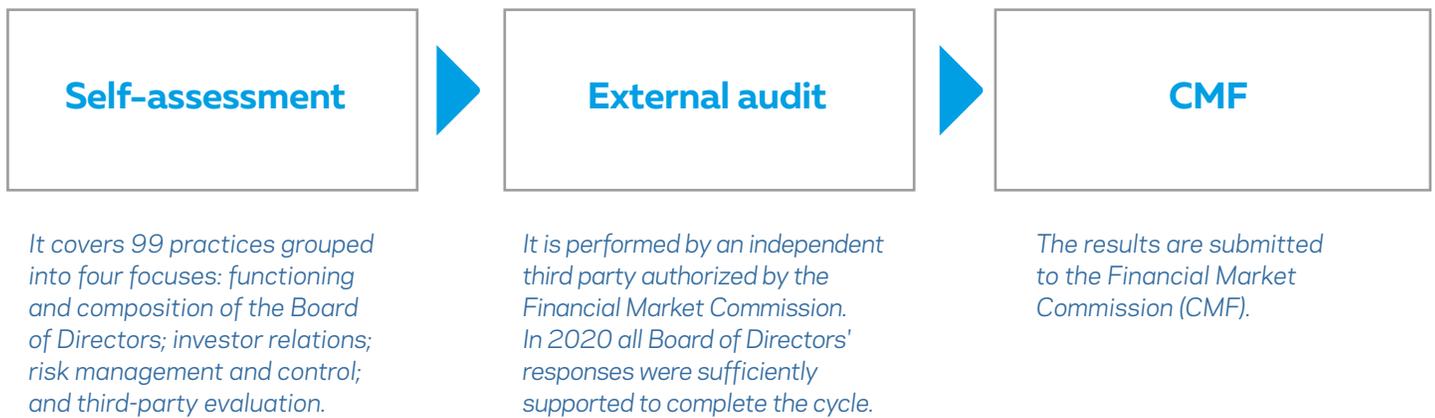
71%

Compliance with Standard 385 on good corporate governance practices in 2020



## Assessments of the Board of Directors in 2020

In compliance with the best corporate governance practices contemplated in NCG N°. 385, the Board of Directors undergoes an annual self-assessment process.





## Board of Directors of Compañía Minera del Pacífico S.A. (CMP) as of December 31, 2020

Juan Enrique Rassmuss  
**Chairman**

Julio Bertrand Planella  
**Director**  
Civil industrial engineer

Vicente Irrarázaval Llona  
**Director**  
Geologist

Yasuharu Tanaka  
**Director**  
Business

Marcelo Awad  
**Director**  
Civil industrial engineer

Victoria Vásquez García  
**Director**  
Business administration

Ángel Milano Rodríguez  
**Director**  
Business Administration

▪ **Last renewal:**

April 2021, at the last renewal, Yasuharu Tanaka left the Board of Directors. He was replaced by Tadashi Mizuno..

▪ **Number of meetings in 2020:**

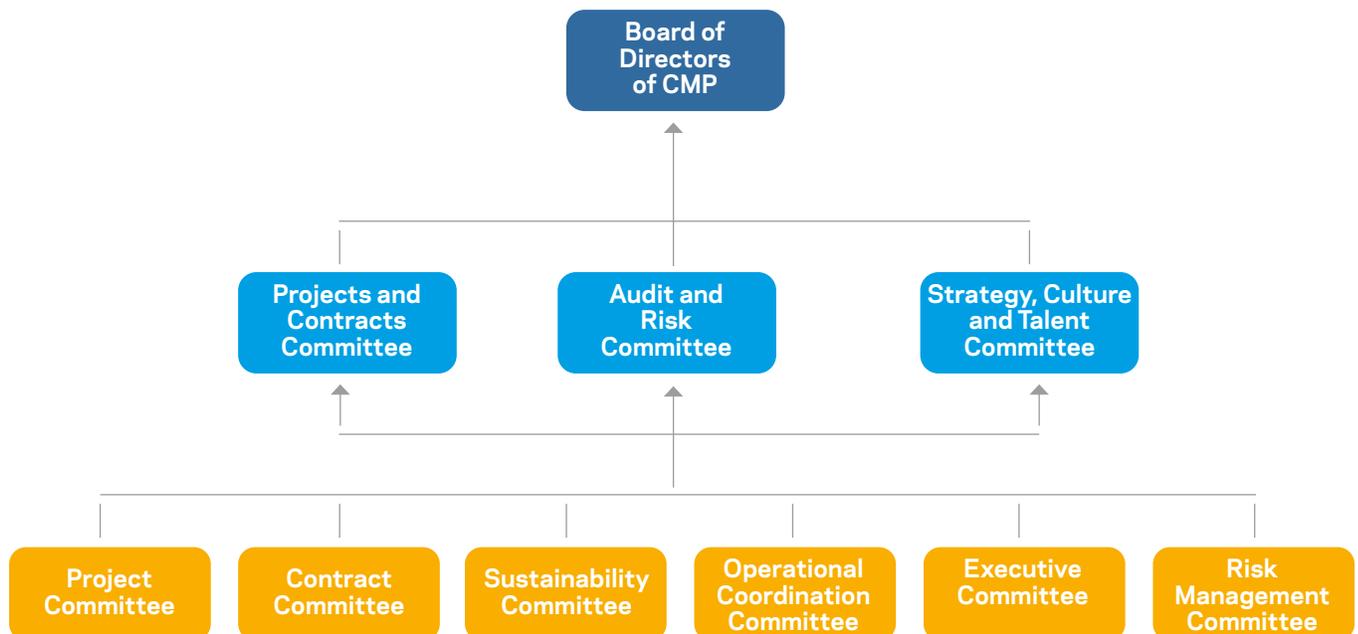
13 (12 ordinary and one extraordinary).

▪ **Sustainability activities in 2020::**

Participation in the Audit and Risk Committee and the Strategy and Talent Committee.

## New board of directors' committees at CMP

An example of the work done in 2020 to improve the quality and timeliness of decision making is the work carried out by the Group's mining company with the creation of the following committee scheme, which includes 3 Board of Directors committees and 6 Executive committees that interact with each other:





## Board of Directors of Compañía Siderúrgica Huachipato S.A.

Roberto de Andraca Adriasola  
**Chairman**

Catalina Mertz Kaiser  
**Director**  
Business administration

Jorge Salvatierra Pacheco  
**Director**  
Civil industrial engineer

Julio Bertrand Planella  
**Director**  
Civil industrial engineer

Alejandro Figueroa Álvarez  
**Director**  
Mechanical Engineer

- **Last renewal::**  
April 2020.  
For the first time, a woman is joining the board, business administration Catalina Mertz
- **Number of meetings in 2020:**  
12 (1 per month)
- **Sustainability activities in 2020:**  
Management control and analysis of monthly reports on sustainability, Strategy, and Talent.

## New CSH Investment Committee

This committee was created in December 2020 and its responsibility is to define the allocation criteria and decide on projects whose cost exceeds US\$ 1 million.

## Board of Directors of CINTAC S.A.

As of December 31, 2020

Roberto de Andraca Adriasola  
**Chairman**

María Cecilia Facetti de Savoldi  
**Vice-Chairman**  
Chemical engineer

Julio Bertrand Planella  
**Director**  
Civil industrial engineer

Gerardo Jofré Miranda  
**Director**  
Business administration

Felipe Díaz Ramos  
**Director**  
Business administration

Claudia Bobadilla Ferrer  
**Director**  
Lawyer

Susana Torres Vera  
**Director**  
Civil chemical engineer

- **Last renewal:**  
April 2021, where María Cecilia Facetti de Savoldi was appointed Chairwoman, and Claudia Bobadilla Ferrer as Vice-Chairwoman. Gerardo Jofré Miranda left the Board of Directors.
- **Number of meetings in 2020:**  
12 (1 per month)
- **Sustainability activities in 2020:**  
Monthly report analysis. The agenda of the Directors' Committee and the Strategy and Investment Committee includes periodic review of progress on sustainability.

## New Strategy and Investment Committee of CINTAC

Created in 2020, it meets monthly to review in detail all matters related to the company's strategy and investment decisions and then presents its recommendations at the Board of Directors meeting.

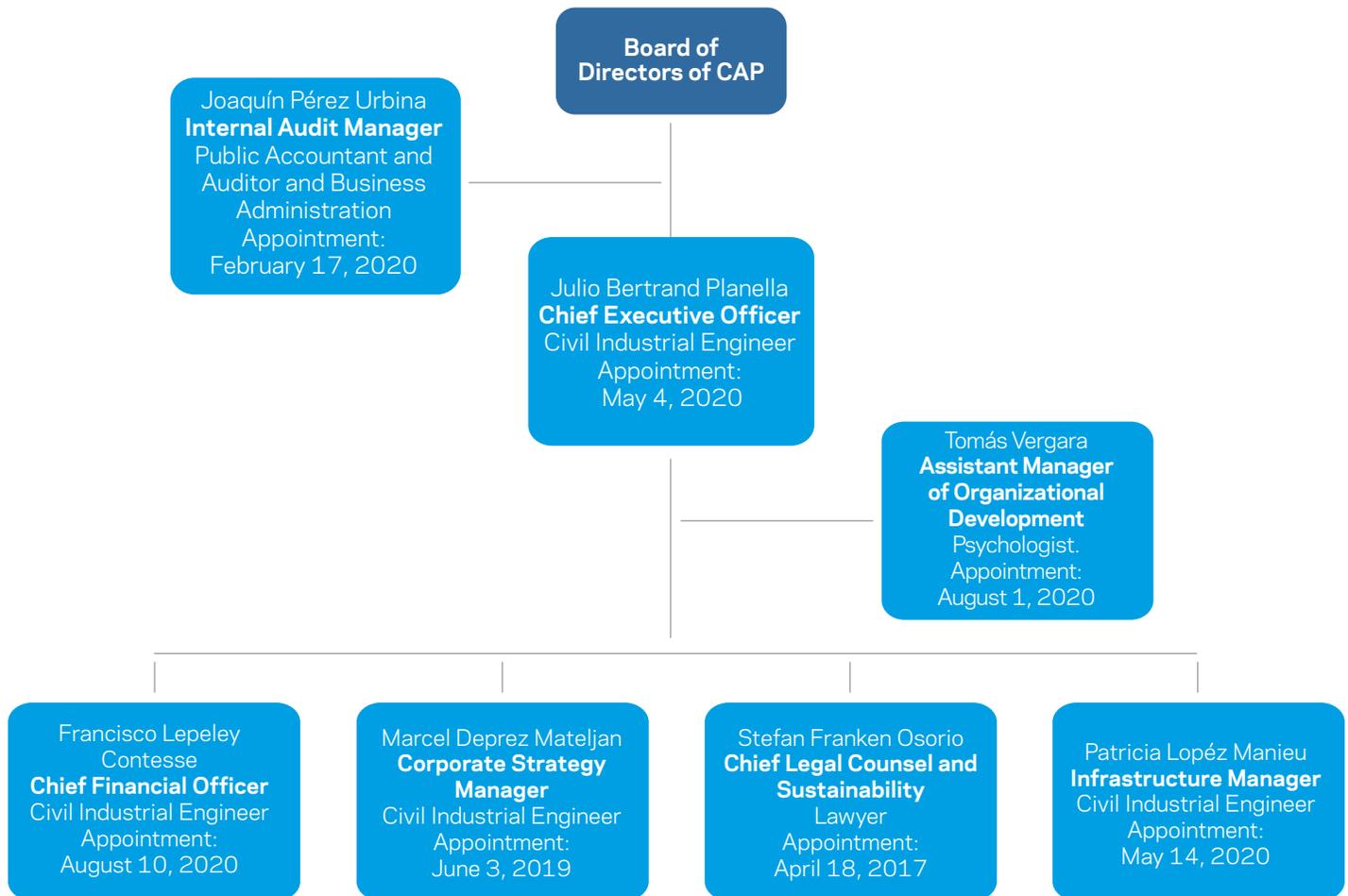


## New technological tools for the Group's directors

The Group's open stock companies made progress in the deployment of digital tools for the optimal functioning of their Boards of Directors. By application of general rules 434 and 435 issued by the Financial Market Commission at the beginning of 2020, the Group implemented the simple electronic signature mechanism for Board of Directors minutes and other documents not subject to additional formalities, as well as the use of technological means for holding shareholders' meetings, taking all precautions to duly guarantee the identity of the participants, the principle of simultaneity and the secrecy of voting.

## CAP S.A. MANAGEMENT

In 2020, the company restructured its corporate management to align it with the new role of strategic investor defined by the Board of Directors for CAP S.A. The resulting structure is as follows:



The current Chief Executive Officer of CAP S.A., Julio Bertrand, also took over in 2020. Graduated as an engineer from the Pontificia Universidad Católica, Master in Engineering Sciences from the same university, and MBA from the University of Adelaide (Australia), his main objectives are to lead the consolidation of the new corporate governance and implement the recently approved sustainable corporate strategy.



## OPERATING COMPANIES

	Chief Executive Officer	Relevant changes in 2020	Sustainability
<b>CMP</b>	<p><b>Francisco Carvajal Palacios</b> Civil Mining Engineer</p> <p>Appointment: November 1, 2019</p>	<p>The new Operations (César Garrido), Business (Patricio Venegas), People (Carolina Lomuscio), Occupational Health and Safety (Macarena Herrera), Planning and Development (Makarina Orellana) managers and the Strategy and Management superintendent (María José Álvarez) were appointed.</p>	<p>There is a Sustainability Committee comprised of the entire senior management team and the Operations, Environment and Project Development assistant managers, as well as several superintendents and other officers. It meets weekly to follow up on the current compliance program at Huasco and other commitments made by CMP.</p>
<b>CSH</b>	<p><b>Rodrigo Briceño Carrasco</b> Civil Electronic Engineer</p> <p>Appointment: October 1, 2018</p>	<p>No relevant changes</p>	<p>One of the management pillars is to ensure the sustainability of the business in all areas: safety, environment, third-party relationships, communities, and financial results.</p>
<b>CINTAC</b>	<p><b>Javier Romero Madariaga</b> Civil Industrial Engineer</p> <p>Appointment: July 31, 2013</p>	<p>The corporate team was reinforced with the creation of two new managements: Risk and Internal Control and Strategy and Operational Excellence, both requested by the Board of Directors. In subsidiaries, two new chief executive officers were appointed: Sergio Trittini (Tupemesa) and Laureano López (interim, Promet Perú). Andrés Weinreich was appointed assistant general manager of Calaminon.</p>	<p>Both the People and Sustainability Manager and the Risk and Internal Audit Manager attend the Board of Directors every quarter to report on progress in sustainability.</p>
<b>INTASA S.A.</b>	<p><b>Pedro Pablo Olivera Urrutia</b> Civil Industrial Engineer</p> <p>Appointment: October 28, 2020</p>	<p>No relevant changes</p>	<p>No relevant changes</p>

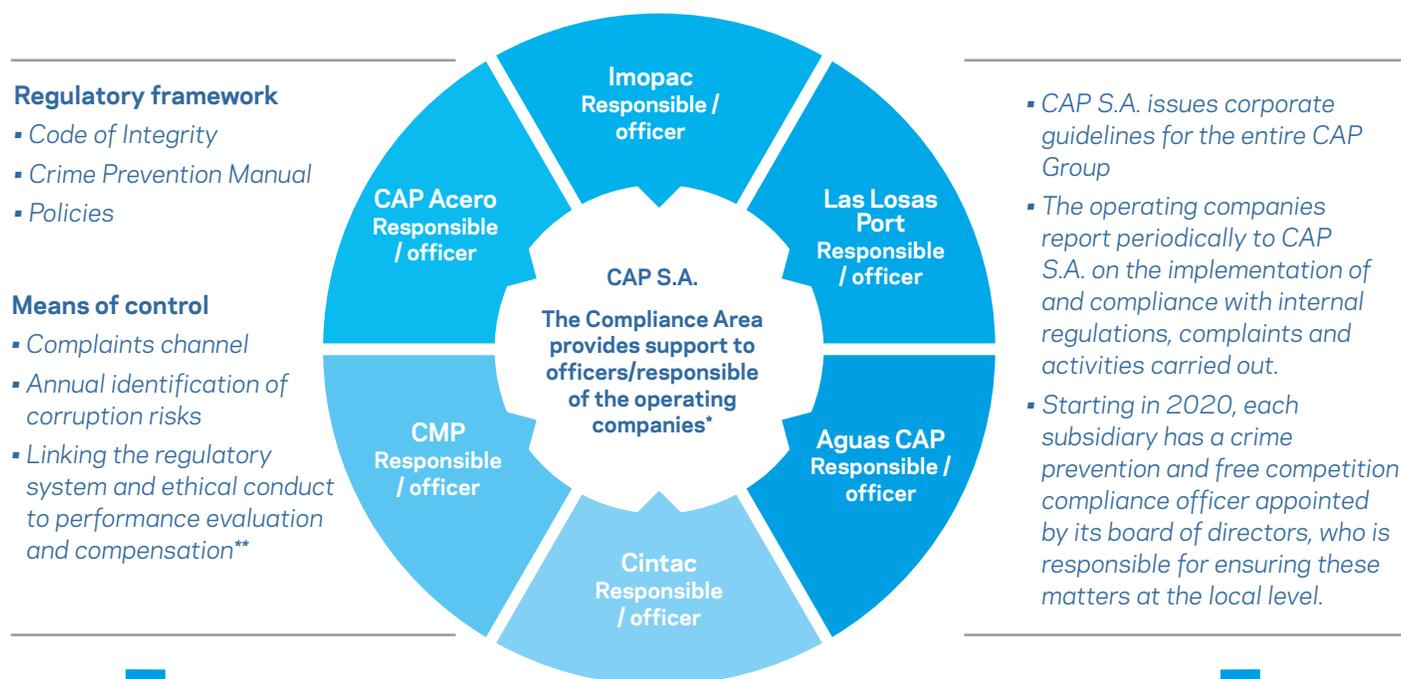


# ETHICS AND COMPLIANCE

Aware of the importance of maintaining a reputation built over decades, in the last two years we have strengthened our compliance management system, with the logic of going beyond the laws that govern us. Our goal is to move towards an organizational culture framed by the ESG values that we incorporate as the pillars of our strategy so that every decision is made within a framework of integrity and sustainability. Today we have a model composed of different elements and roles that give it strength and extend to the entire Group the responsibility of ensuring respect for the rules and principles.

*In 2020 CAP S.A. was one of the 54 organizations that received the recognition given by the Fundación Generación Empresarial (Business Generation Foundation) to distinguish the commitment to integrity and the efforts made to raise its own ethical standards.*

## Compliance structure of the CAP Group:



### Corporate Integrity and Compliance Committee

- It is composed of the Chief Executive Officers of CAP S.A. and of the operating companies, as well as the Chief Legal Counsel of CAP S.A..
- The responsible/officers of the subsidiaries submit every six months the progress of the Integrity and Compliance Program.



\* The head of Corporate Compliance is also the responsible for prevention and compliance officer of CAP S.A., Aguas CAP, and Las Losas Port.

\*\* At CAP S.A., CMP, TASA, Las Losas Port, and Aguas CAP the regulatory system is linked to workers' remuneration. At CAP S.A., CMP, CSH, TASA, Las Losas Port, and Aguas CAP, the ethical conduct of workers and their adherence to the Group's regulatory system is linked to the performance evaluation.



## Code of Integrity

This practical tool launched in December 2019 (replacing the Code of Ethics) contains the fundamentals on which our relationships with the company's stakeholders should be based. It applies to Directors, employees, suppliers, contractors and, business partners and includes:

- CAP Group's commitment to respect and promote human rights in our operations and supply chain. This includes freedom of association, the right to collective bargaining, and non-discrimination among other issues.
- Acceptable business conduct and a guide for ethical decisions: anti-corruption, crime prevention, conflicts of interest, gifts, free and fair competition, generation of reliable information, management and use of information.
- Responsible relationship with stakeholders.
- Occupational health and safety.
- Labor conditions and fair treatment of workers.
- Environmental responsibility and standards.
- Fair and responsible relationship with suppliers.
- Relations with authorities, shareholders, and communities.

## Corporate Integrity and Compliance Committee

Created in 2020, it is composed of the Chief Executive Officers of CAP S.A. and of the operating companies, and the Chief Legal Counsel of CAP S.A. Its responsibilities include promoting a culture of compliance in the CAP Group, hearing and resolving complaints considered to be highly serious, ratifying the protocols proposed by the compliance officers and, when appropriate, recommending their approval to the Board of Directors.





## Integrity and Compliance Program <sup>3</sup>

Based on the company's Integrity and Compliance Policy and the risks detected, it includes regulatory, cultural, and best practice elements based on nine pillars:

- |   |   |  |
|---|---|--|
| <ul style="list-style-type: none"> <li>▪ Governance</li> <li>▪ Definition and implementation of controls</li> <li>▪ Training</li> </ul> | <ul style="list-style-type: none"> <li>▪ Communication and culture</li> <li>▪ Risk Assessment</li> <li>▪ Integrity Channel</li> </ul> | <ul style="list-style-type: none"> <li>▪ Third-party compliance in form</li> <li>▪ Monitoring and reporting</li> <li>▪ Continuous improvement</li> </ul> |
|---|---|--|

<sup>3</sup> It covers all Group companies, except TASA, which is only covered by the scope of the Code of Integrity.

In 2020, we continued to implement the program throughout the Group. Along with training and communication campaigns to socialize it, we made significant progress in several of its pillars:

## Digitalization of processes

In August 2020, we implemented a new digital platform to report a series of matters related to regulatory compliance within the company. It is available to all Group employees, who received a video tutorial, communications, and training to encourage and facilitate its use.



For an adequate follow-up and monitoring of the management associated with the compliance risks identified in the company, we also began the implementation of a digital platform for continuous auditing



## Update of the Crime Prevention Manual and recertification of the model

Law 20.393 on criminal liability of legal persons added in 2020 the crime of non-compliance with measures ordered by the sanitary authority in the context of an epidemic or pandemic. In response, we incorporated it into our Crime Prevention Manual and to our training, as part of a permanent updating process.

Along with the above, in August 2020 we started the recertification of the Crime Prevention Model in all companies operating in Chile. The process, which involves conducting an audit, has already been successfully completed for CAP S.A., Las Losas Port, and Aguas CAP which were certified in March 2021.

*In 2020, CMP received 11 labor fines and one reprimand related to sanitary issues. The other companies did not record any fines or sanctions for non-compliance with legislation. The Group was not involved in legal actions for anti-competitive or monopolistic practices.*

## New policies and guidelines to prevent corruption

This year, the Corporate Integrity and Compliance Policy was approved, to which all other internal compliance regulations are subordinated. Also, for more effective prevention, in 2020 we incorporated two new policies:

- Conflicts of Interest Policy
- Donations, Sponsorships and Memberships

Both come in addition to the guidelines contained in the Code of Integrity, the Crime Prevention Manual, and the Short User Guides which address internal regulations associated with relations with public officials, gifts and hospitality, community projects, due diligence, and conflicts of interest. All these documents were updated at the end of 2020.



Corruption incidents reported in 2020





## Identification of corruption risks

To implement timely controls against possible corruption risks in the company, we conduct annual assessments in which situations with criminal potential are prioritized according to their criticality. In 2020, the risks that scored highest in CAP S.A. were the following:

RISK	ASSOCIATED AREA OR PROCESS	CONTROL MEASURE
Bribery of a public official	Recruitment and selection process	A declaration of conflicts of interest and relations with public officials was implemented for new hires, which must be incorporated into the Recruitment and Selection Procedure, pending development
	Expense reporting process	A system was implemented to report expenses through SAP.
Incompatible negotiation and unfair administration	Business between related companies	The guidelines of the Group's Conflicts of Interest Policy began to be implemented.

## Integrity channel

The company has a complaints channel called "Integrity Channel" for its employees, customers, suppliers, advisors, contractors, shareholders, and communities to make inquiries and report any possible transgressions to the Group's principles and any national law or regulation. It operates in a safe, anonymous, and confidential manner and is available on the intranet, the corporate website, and those of the operating companies. To encourage its use, training was provided and an instructional video was disseminated. Complaints received in 2020 remained at the same level as in the previous year.

*It is also possible to make complaints through the e-mail [canaldeintegridad@cap.cl](mailto:canaldeintegridad@cap.cl).*

## Complaints received in 2020

	CAP S.A	CMP	CSH	CINTAC	TASA	INFRAESTRUCTURE
Received	3	11	6	2	0	2 <sup>4</sup>
Internal	1	5	6	2	0	0
External	2	6	0	0	0	2
Not yet addressed	0	0	0	0	0	0
Under investigation	0	0	0	0	0	0
Resolved	3	11	6	2	0	2

<sup>4</sup> Both in Aguas CAP



## Contributing to the public debate

415-1

We participate in several organizations contributing with our experience to the discussion on public policies, national development, and industry sustainability.

REGIONAL	NATIONAL	INTERNATIONAL/BINATIONAL
<p><b>CORESEMIN Atacama</b> Disseminates safety and prevention matters in the regional mining sector.</p> <p><b>CORMINCO</b> Represents the mining companies of the Coquimbo region.</p> <p><b>IRADE</b> Promotes the competitiveness of the Biobío region through collaboration between companies, universities, and the public sector.</p> <p><b>CPC Biobío</b> A multi-sectoral trade association that promotes the right to private property and the right to entrepreneurship in the southern part of the country.</p> <p><b>CIDERE Biobío</b> Grouping of corporations that promote entrepreneurship, innovation, and corporate responsibility.</p>	<p><b>Sociedad Nacional de Minería (National Mining Society)</b> Participates in the discussion and promotion of public policies that promote the mining industry.</p> <p><b>ACENOR</b> Provides technical, legal, and accounting assistance to the energy sector and represents companies before the authorities.</p> <p><b>Cámara Chilena de la Construcción (Chilean Chamber of Construction)</b> Seeks the sustainable development of the construction industry.</p> <p><b>ASIMET</b> It works to ensure that the Chilean metallurgical and metal-mechanic sector operates with the highest levels of quality.</p> <p><b>Instituto Chileno del Acero (Chilean Steel Institute)</b> A technical reference that promotes steel solutions for integral development.</p> <p><b>Líderes Empresariales por la Acción Climática (Business Leaders for Climate Action)</b> Cooperates with the government in generating solutions to the climate challenge.</p> <p><b>Acción Empresas</b> Trade organization that seeks to position corporate sustainability as a business vision.</p> <p><b>Chile Green Building Council</b> Promotes sustainable construction, innovation, and efficient use of resources.</p> <p><b>Sociedad de Fomento Fabril (Manufacturing Promotion Association)</b> Aims to validate the company as a reliable and relevant player in the development of Chile.</p> <p><b>Consejo Nacional de Seguridad de Chile (Chilean National Safety Council)</b> Corporation dedicated to awareness-raising on the need to prevent accidents and occupational diseases in the different activities of national</p>	<p><b>Asociación Latinoamericana del Acero (Latin American Steel Association)</b> Promotes regional integration, innovation, and corporate responsibility</p> <p><b>Asociación Latinoamericana de Desalación y Reúso de Agua (Latin American Association of Desalination and Water Reuse)</b> Promotes desalination and water treatment for reuse.</p> <p><b>Pacto Global (Global Compact)</b> Chilean chapter linked to the UN that examines critical issues related to sustainability in the business world.</p> <p><b>Cámara de Comercio Argentino-Chilena (Argentine-Chilean Chamber of Commerce)</b> Seeks to strengthen the relationship between both countries and ensure friendship through trade.</p>

■ Sectoral
 ■ Business/public policy
 ■ Sustainability/innovation

### Monetary contributions to trade associations and public discussion organizations in 2020

Total amount:: **\$349.5 million pesos**

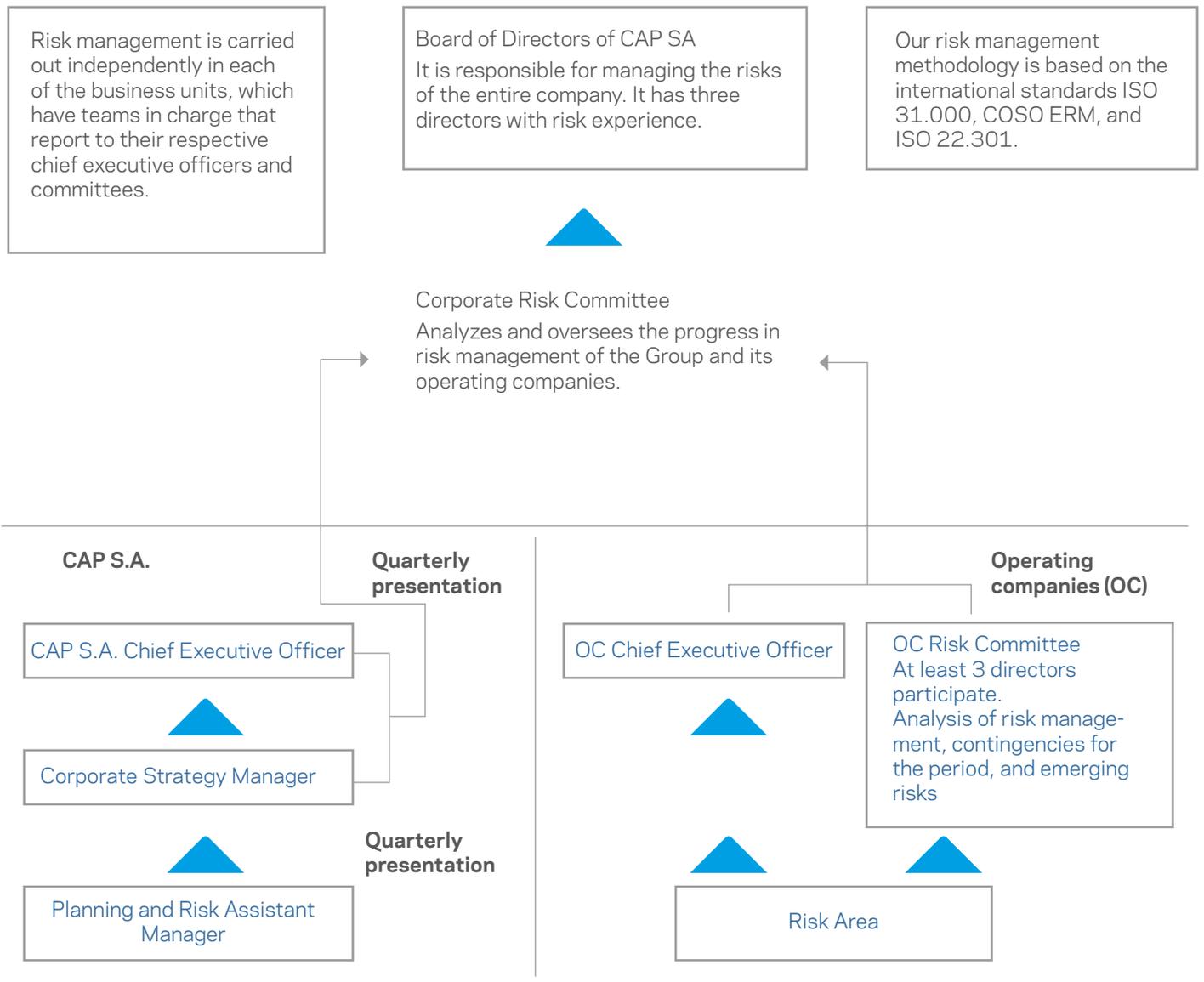
CAP's Code of Integrity and the Donations, Sponsorships, and Memberships Policy explicitly prohibit contributions to political campaigns and activities of any kind.



# RISK MANAGEMENT



## ORGANIZATIONAL STRUCTURE

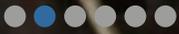




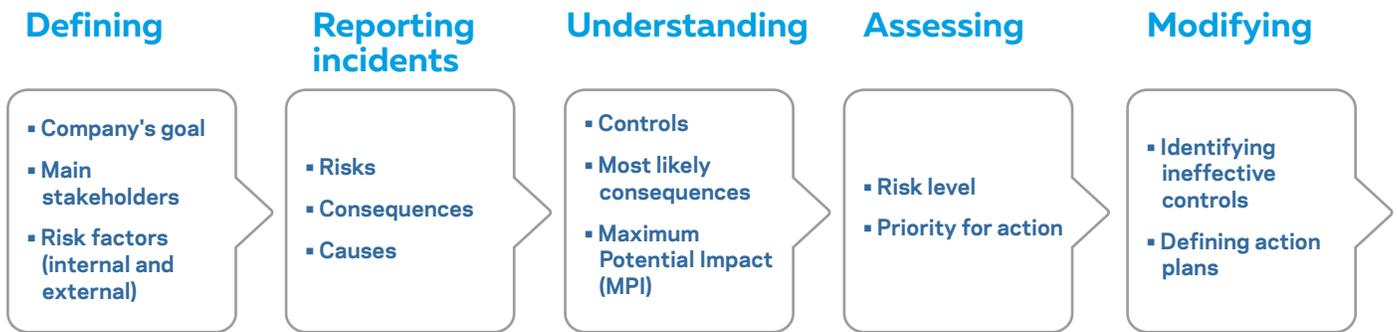
The Corporate Risk Management Framework in place prioritizes the risks of the operating companies. Each relevant risk identified is assessed based on its probability of materialization and its expected impact: economic, reputational, environmental, and on people.

Likewise, CAP S.A. and its subsidiaries have market risk management policies, including those related to exchange rates, interest rates, commodity prices, credit, and liquidity. The Finance areas regularly measure the magnitude of ongoing risks and eventually execute mitigation or hedging measures. At least once a quarter, together with the publication of the Group's financial statements, the sensitivity to the impact on the result and balance sheet of potential changes in the exchange rate and interest rate is evaluated.





## Identification and mitigation methodology



## EMERGING RISKS

As part of its risk management system, the company identifies and manages emerging risks, those with the potential to generate long-term impacts on the business or the industry as a whole, and which in some cases have already begun to have an impact. In 2020 the main ones were:

### CYBER RISK

It could become more relevant for the Group in the coming years due to the growing dependence on the use of information technology networks and systems for data analysis, processing and storage, added to the exponential development of new cybercrime techniques. If not properly managed, critical information could be lost, privileged information could be leaked and even the continuity of processes crucial to operations could be compromised.

### MITIGATION ACTIONS

We increased the budget allocated to information security and cybersecurity; we strengthened the IT team with more cybersecurity specialists; at CAP S.A. we carried out a series of internal audits on Information Security and Cybersecurity Policies, which allowed us to reinforce policies and standards; we conducted staff awareness training and strengthened our cyber-attack alert communication network, security platforms, and the services responsible for protecting and backing up information.

### RISKS ASSOCIATED WITH CLIMATE CHANGE

There have already been physical manifestations of climate change, such as the great drought affecting the northern part of Chile, and it is anticipated that in the future these effects will intensify in magnitude and frequency, which could impact the operational continuity of the Group's plants and mining sites. It is also expected that there will be more restrictions on the use of coal and changes in the regulations governing industrial water consumption and greenhouse gas emissions, among other factors that may impact the costs and investment plans of the group's companies.

### MITIGATION ACTIONS

We promoted early measures, such as investment in a desalination plant to avoid using groundwater, decarbonization plans at CMP and Huachipato, an energy self-supply project using solar panels at CINTAC, and the design of an ESG model that, along with ensuring compliance with the EQR, promotes strategies to reduce our carbon footprint and increase energy and water efficiency.

## Risk culture

We want each employee to be committed to our strategy and to assume the responsibility of identifying in a timely and preventive manner the risks involved in deviating from their goals. Therefore, the performance evaluation of our collaborators is based on indicators closely linked to the effectiveness and efficiency in the management of strategic risks. The process consists of four evaluation dimensions that allow a holistic view of potential risks to be recognized and that, also, operate in a cause-effect logic, in which the fulfillment of each dimension is a facilitator of the next one



### 1. COMPANY'S FINANCIAL GOALS

They are based on the ROCE and EBITDA indicators, which are directly related to the strategic risk "Interruption of the operation with economic impact".

They are part of the evaluation process of each employee. Only their weighing on the final evaluation varies. The weighing is higher in executive positions.



### 2. OPERATIONAL GOALS

They are designed based on strategic operating indexes that predict financial performance. For example, the accident frequency rate and the production and cost index are related to the management of the Group's strategic risk "Deterioration in competitive position".

As well as the financial goals, they are part of the performance evaluation of each employee, with a weighing that varies according to the position.



### 3. INDIVIDUAL STRATEGIC GOALS

They come from the operational goals and the contribution made by each area to the achievement of the conditions necessary to fulfill the company's strategy. They are linked to different strategic risks, depending on the department. For example, "Not having the right talent for the challenges of the business" is related to the goals of the Organizational Development department.

They have a preponderant weight in the performance evaluation of heads and positions located two positions away from the CEO.



### 4. LEADERSHIP GOAL (COMPETENCIES)

They apply to every collaborator. The focus is on promoting a participatory and transparent culture.

They are divided into specific competencies and behaviors. All are evaluated for management and teamwork competencies. Heads are also evaluated for leadership, while strategic vision is added for assistant managers and managers.



In 2020, we also deployed several actions to deepen this involvement:

- Meetings were held between CAP S.A. and the operating companies to exchange the lessons learned by the different risk areas of the subsidiaries and the tools they have developed to manage them.
- We worked with the directors of the operating companies' committees to strengthen comprehensive risk monitoring.
- We started the development of a standardized probability and impact matrix to classify the risks of the subsidiaries and to have a better view of their effect on the Group.

On the other hand, we are analyzing the possibility of managing the Group's risk information on a new platform driven by the Internal Audit management, which will allow us to generate synergies between companies and departments. Also, the Risk Management Plan considers updating the corresponding corporate policy and framework, an initiative in which we hope to involve different areas of the Group to provide feedback.

For their part, in 2020 the operating companies made significant progress in this area:

- CMP implemented a new single, standardized risk management system by process, which involved mapping 100% of the company's critical processes (close to 80% of the total), not only in operations but also in the areas of Human Resources, Procurement, Marketing, Sustainability, Sales and Legal. The system makes it possible to record risks in the ERP, from where it is possible to obtain unified information, analyze data and optimize management.
- In CINTAC, the main risks of some of its operating companies have been surveyed and risk responsible have been assigned to support and coordinate future surveys and analyses.
- Infrastructure began to survey its main risks with the guidance of the corporate team.



### Risk management training and education

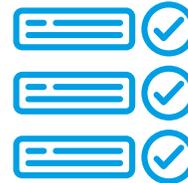
In 2020, directors and senior management were trained in the main risk management tools implemented in the last year at the local and international levels, including those related to sustainability. Meanwhile, the subsidiaries led their training and education processes internally.



CMP	CSH	CINTAC
All personnel involved were trained to identify, analyze and record their risks in the ERP, in accordance with the new management system.	The internal risk management team guided the personnel responsible for analyzing and managing the company's main risks in the use of the methodology.	The new risk responsible for the companies that make up the CINTAC Group were trained to perform this role.

## New Corporate Internal Audit Policy

In 2020, the Internal Audit Management was created, replacing the former Internal Control Management, and its report to the Board of Directors was defined, through the Directors' Committee, setting up a best practice that strengthens the independence and objectivity in the development of the function. Also, the new policy was approved, which guides how audits should be planned, executed, and reported in companies in which the Group has more than a 50% shareholding (directly or indirectly) or control of financial and operational decisions. Its nine principles, aligned with international standards, are mandatory for all personnel:



- |  |  |
|--|--|
| <p><b>1.</b> Internal Audit will focus its work on protecting and adding value to the most relevant business processes, prioritized according to the most critical inherent risks that may threaten them.</p>        | <p><b>6.</b> The management of the audited processes should undertake the necessary actions to mitigate the control weaknesses observed.</p>   |
| <p><b>2.</b> It must always act with objectivity and independence from management's judgment, basing its observations on objective evidence..</p>  | <p><b>7.</b> Internal Audit will form and maintain a competent and sufficient team for the size of the organization and to implement its processes.</p>  |
| <p><b>3.</b> Its references will be the company's values, its corporate policies, the law, and regulations.</p>  | <p><b>8.</b> It has the hierarchy of a corporate management reporting to the Directors' Committee of CAP S.A. and will have sufficient resources and authority to fulfill its mandate. Its administrative report will be directed to CAP S.A.'s Chief Executive Officer.</p> |
| <p><b>4.</b> It is the "control of controls" and a professional support of the Board of Directors and senior management in their oversight responsibilities for risk management and internal control activities.</p> | <p><b>9.</b> Among its responsibilities is the gradual implementation of technologies that support its management.</p>   |
| <p><b>5.</b> Group companies should provide Internal Audit with timely access to all information and sources necessary to execute its work programs.</p>   |  |



## International standards in relations with our collaborators and third parties of interest

CAP respects the internationally recognized rights of people in all its operations and throughout its supply chain, including our workers, suppliers, contractors, business partners, and the communities with which we interact. This commitment is described in our Code of Integrity. Also, in 2019 we adhered to the United Nations Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance.

### VERIFICATION OF COMPLIANCE WITH STANDARDS

Ethics and governance	Implementation of the integrity and compliance model
Safety and Occupational health	Implementation of contract administration procedures
Employee well-being and labor relations	Regular surveys, talks, and workshops
Communities and environment	Follow-up of commitments established in the EQR and compliance with legal and internal regulations.
Suppliers and business partners	Due diligence process before hiring



#### ▪ Execution of immediate remediation plans

In case of finding situations in which risks related to human rights have materialized.

#### ▪ Direct supervision

If the risk has not yet materialized..

#### ▪ Training and workshops focused on the area or operation where the discovery took place

In both cases.

Adoption of specific measures (follow-ups, visits, regular audits by a third party, etc.) if necessary.

## Human Rights and Business Program

In 2020, the company participated in this program for the extractive and energy industry organized by Acción Empresas. In this instance, we examined our performance according to different criteria linked to how we relate to our stakeholders. We also worked with focus groups of company employees to assess issues such as social and labor non-discrimination, interpersonal relationships, privacy, and the prevention of violence and harassment in the workplace. Thanks to this initiative, we were able to identify areas for improvement and positive aspects of our management.





## Due diligence process

To delve even deeper into the recognition and management of actual and potential impacts that may affect our stakeholders, we started a due diligence process with the advice of the Centro Vincular of the Universidad Católica de Valparaíso (Linking Center of the Catholic University of Valparaíso). In a first stage, we seek to raise awareness among workers, and then assess the performance of CAP and the operating companies, mapping the main risks to which they are exposed. Finally, we will implement the necessary action plans to mitigate them, with the appropriate monitoring.

The groups in which we are assessing potential risks are:

- Own employees
- Contractors
- Migrants (within the group of employees and contractors)
- Local communities
- Indigenous peoples (included in the communities)

*En 2020 capacitamos a los colaboradores que participan en la contratación de proveedores y socios comerciales respecto a la realización de procesos de debida diligencia.*

## Information security

Cyberattacks have experienced an accelerated increase in recent years, a trend that intensified the massification of teleworking in 2020. The greater number of connected people has increased the number of computer security breaches that cybercriminals exploit and Chile is no stranger to this danger. A recent study by CheckPoint, a global provider of IT security solutions, places us as the Latin American country where companies registered the most cyberattacks during the first stage of the pandemic, with an average of more than 1,000 cases per week per company, above the world average of 498. For CAP, this type of attack is an emerging risk, which is why cybersecurity has become a priority issue in its management. In response, we have increased the area's budget and taken a series of actions involving people, processes, and technologies.

Since 2019, we have had a corporate security officer, who oversees information security and supports the Group's information security strategy. Also, each member of our team is responsible for safeguarding information and has the duty to alert about potential cybersecurity risks. This is reinforced through training, communication campaigns, and security event alert reports. There are disciplinary measures in case of acts that violate the company's values and internal policies, which include the safeguarding of company information.

*The Board of Directors of CAP S.A. has a member with expertise in cybersecurity: Jorge Salvatierra (2019 and 2020), a member of the Directors and Finance Committees, and Chairman of the Risk Management Committee. Mr. Salvatierra has been involved in cybersecurity and digitalization of processes for much of his career, participating in different companies linked to technology and telecommunications, such as Entel, VTR, Canal 13, Optiglobe Communications, and Darby Technology Ventures (in the last two he was COO).*

*We provide biannual training on different predefined topics related to information security that consider the cybersecurity events that have occurred, which is complemented with regular communication campaigns..*



*0 information security breaches or other cybersecurity incidents in 2020.*



Our approach to information security is aligned with international best practices, which we apply both internally and to our suppliers:



- CAP's external suppliers are certified in international standards such as ISO 27.001.



- Annually, our housing data center service provider (Entel) performs operational continuity tests and also complies with SSAE18 audits.



- The external audit of the Group's consolidated financial statements, performed in 2020 by EY Chile, includes the review of general IT controls.



- We periodically carry out ethical hacking tests to discover vulnerabilities in our systems and digital infrastructures.



A photograph of two male workers in an industrial setting. The worker on the left is wearing an orange hard hat, safety glasses, and a dark blue long-sleeved shirt with reflective white stripes. He is wearing white work gloves with blue palms and is pointing towards a clipboard. The worker on the right is wearing a white hard hat with a red stripe, safety glasses, and an orange high-visibility jacket. He has a name tag that reads 'TUPEMESA ESTUARDO CAMPOS' and is holding a clipboard and a pen, looking at the document. The background shows an industrial interior with overhead lights and structural beams.

# 03.

OUR PEOPLE



# ORGANIZATIONAL DEVELOPMENT

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People are the main competitive advantage of the CAP Group. To sustain it over time, we have developed corporate policies and implemented people management processes that comply with ESG standards of excellence at each stage of an employee's life cycle, from the moment he/she joins the Group until his/her last day in the organization. Through our policies, processes, and code of integrity, we promote values such as diversity, inclusion, and equal opportunity. Thus, we hope to foster the potential of each employee, develop high-performance teams, and strengthen the commitment to organizational goals. We also promote mutual respect, trust, and collaboration as hallmarks of our team members.

For the period 2020-2023, the Organizational Development Department of CAP S.A. defined the goal of committing all the Group's employees to the new corporate purpose and strategy. To this end, we defined three management pillars for CAP S.A. and the operating companies:

1. Align all employees with the Group's purpose and strategy.
2. Build capabilities to implement the strategy, especially in critical positions.
3. Promote an ESG culture throughout the Group.

We began to work on the achievement of these goals simultaneously in the operating companies, adapting the implementation of the required measures to the context and strategy of each one.

## ALIGNMENT OF ALL EMPLOYEES WITH THE GROUP'S PURPOSE AND STRATEGY.

### Performance management

404-3

Having a performance evaluation system based on the goals of the corporate strategy, with clear and relevant metrics, strengthens the alignment and commitment of all employees, both with the company and with the implementation of the strategy. Also, it provides meritocracy and transparency to the system, focusing on professional development, rather than on the evaluation itself. This is the aim of the new performance management system that we began to implement at the end of 2020, which also provides consistency in the setting of goals and the use of tools within the Group..



### Features of the new system

- It is based on the definition of goals for each employee, in four dimensions. The weight of each one varies according to the level of the position, which allows part of the goals to be common to the entire organization.
- It has standards for setting objectives, carrying out the feedback process, and evaluation.
- Structures the payment of variable income for executives, standardizing allocations according to position, achievements, and development of competencies.





**Evaluation**  
Coverage: All workers

<p><b>1</b> Company's financial goals</p>	<p><b>2</b> Operational goals</p>	<p><b>3</b> Individual strategic goals</p>	<p><b>4</b> Leadership goal</p>
<p>Based on traditional indicators such as ROCE and EBITDA.</p> <p>Higher weighing in executive positions.</p>	<p>Designed based on strategic operating indexes that predict financial performance, such as the accident frequency rate and the production and cost index.</p> <p>The weighing varies according to the position.</p>	<p>They come from the operational goals and the contribution made by each area to the achievement of the conditions necessary to fulfill the company's strategy.</p> <p>Greater weighing of heads and positions located two positions away from the CEO.</p>	<p>They are divided into:</p> <ul style="list-style-type: none"> <li>▪ Competencies</li> <li>▪ Specific behaviors</li> </ul> <p>All are evaluated for management and teamwork competencies. Heads are also evaluated for leadership, while strategic vision is added for assistant managers and managers.</p> <p><b>For executives, sustainability behaviors are included in their evaluation. These are selected according to the conditions to be enhanced based on the previous year's SSIndex measurement.</b></p>



The four dimensions apply to all workers, to involve them not only in achieving the goals of their own areas, but also those of the rest of the company.

**Calibration Committee**  
Different managements analyze evaluations that may contain biases or lack sufficient information.

**Rating**

For the first time, sustainable behaviors are associated with performance evaluation and variable income.

**Two areas:** one for goal fulfillment and the other for the development of competencies. This classification allows working together with heads on specific development plans for the quadrant that each person occupies (for example, high in competencies and low in fulfillment).

**2020 Achievements**  
- Increased commitment  
- Improved safety indexes



## BUILDING CAPACITIES TO IMPLEMENT THE STRATEGY

404-1/ 404-2

### Critical positions

To ensure the operational continuity of the Group's companies, in 2020 we started a process of identifying critical roles and preparing potential successors, which includes documenting all strategic procedures and closing any gaps so that these roles are performed to the highest standards.

#### Stages:

1. Identifying critical positions according to their level of criticality for the operation and the 2021 strategy, together with determining their replacement cost.

A high criticality for the operation and high replacement cost implies that a position is critical.

2. Evaluation to determine replacement cost if:

- The person in the position has technical knowledge or expertise that no one else has and/or is not documented.
- No one else on the team is prepared to perform the role.
- The person in the current position has gaps to perform the role to the expected standard.

3. Risk mitigation strategies for each case:

- Lack of technical knowledge or expertise: document in policies and procedures or train collaborators formally in these matters.
- Lack of successors: determine the level of readiness of potential successors in their ability to assume the position (immediately, in one or two years, or three years or more). For each case, determine the formal training strategy.
- Gaps in the current position: provide training to certify the skills required for the position.

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*We train heads in strategies for goal setting, feedback, performance evaluation, and professional development discussions to empower them in the development of their teams and to make explicit the meritocratic relationship between performance and variable income.*

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### Talent development

As a complement to the operational risk mitigation strategy resulting from the work we are doing with critical positions, talent development provides the possibility of preparing our employees for new challenges, either in the same position or related to future roles (successors). Also, by providing them with long-term tools so that they can implement the corporate strategy sustainably, their commitment to the organization is strengthened.

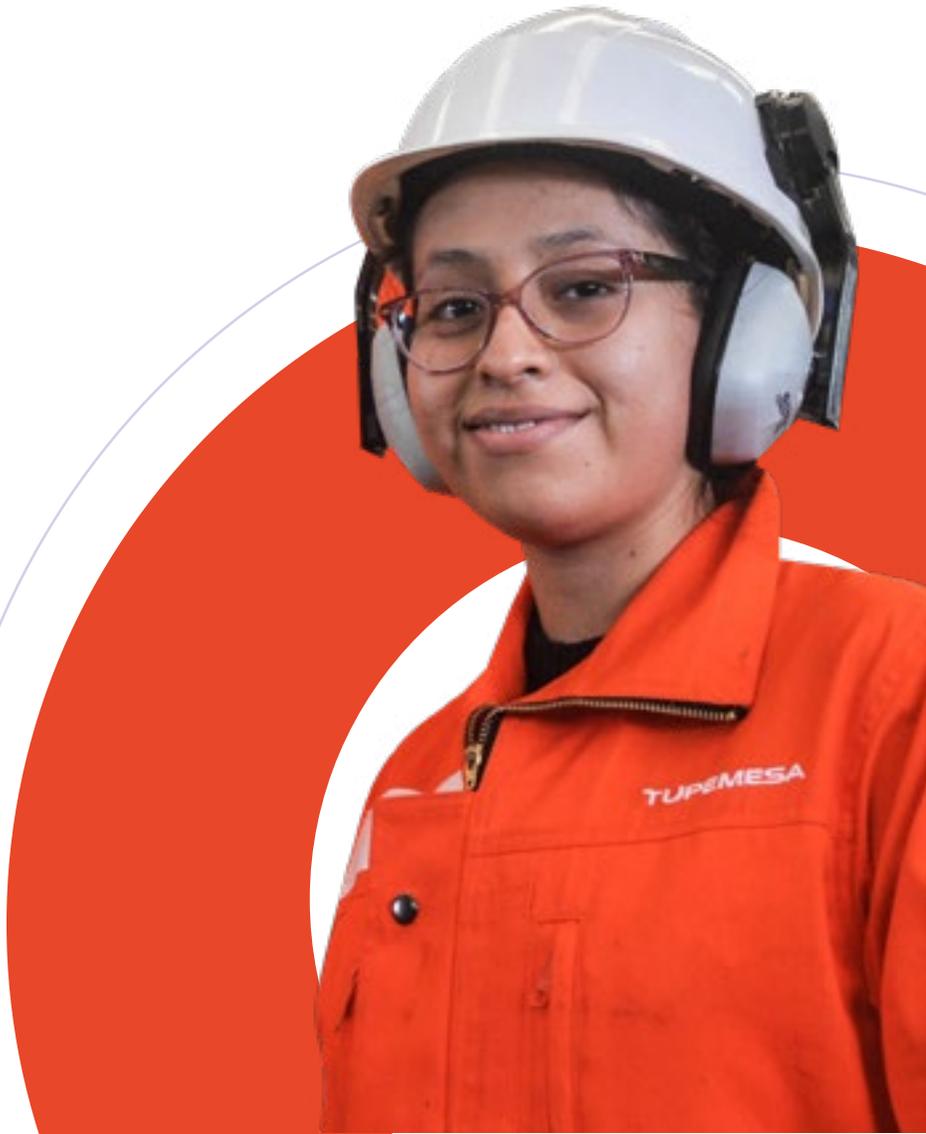


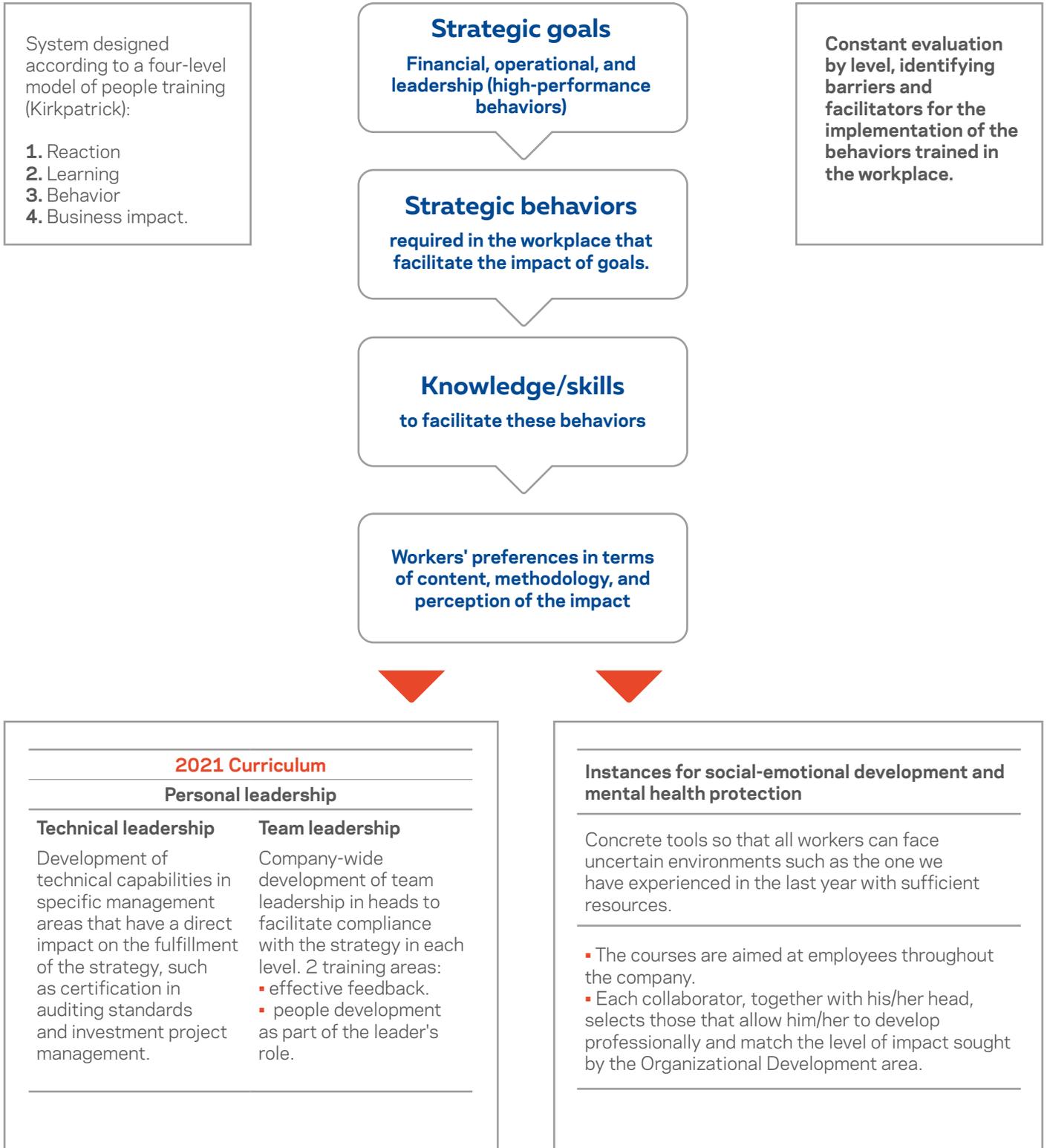
The company's talents are evaluated in the annual performance management process, which allows us to classify them according to a matrix that identifies those with outstanding performance in both the fulfillment of goals and the development of competencies. The process also recognizes those people with the skills to achieve outstanding performance in the future, if they are adequately empowered.

## Training design

### 404-2

To develop our current training curriculum, we deployed a prior training needs detection process that starts with the strategic requirements of the business at the financial and operational levels and then addresses the behaviors that need to be promoted in the different areas and in the critical personnel to achieve these goals and continues with the competencies required by these behaviors. The sequence, adapted from the Kirkpatrick methodology, establishes an impact logic that generates continuous learning and implementation data, with which it is possible to assess the results of the programs in operation and, thus, improve them. The detection process was carried out between November 2020 and February 2021.







## Training in the pandemic

Apart from the need to digitalize courses to adapt them to capacity and mobility constraints, the pandemic forced us to reformulate our training programs in two aspects during 2020:

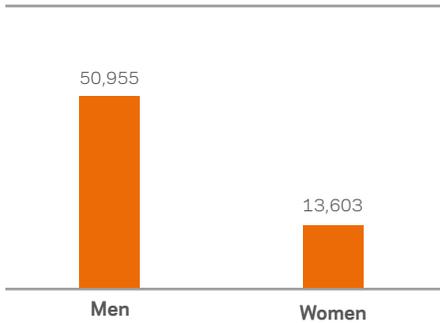
### 1. Providing technical-vocational training to people whose jobs have been suspended.

Due to teleworking, a group of employees in technical-administrative positions saw their traditional operational role diminished. The policy adopted was to promote their present and future employability through training in job skills that would enable them to contribute to other areas or prepare for future challenges. For seven months, 12 collaborators received at least 16 hours of training in new skills every month. All of them gave a positive evaluation of the process and consider that it increased their future employability.

### 2. Extension of management, leadership, and socioemotional development courses to all positions.

In 2020, we sought to train as many employees as possible in tools that would enable them to implement the strategy and promote the socioemotional, physical, and mental well-being of each person.

**HOURS OF TRAINING BY GENDER**



**US\$ 1,468,693**

Amount invested in training during in 2020.

**US\$ 265**

Amount invested in training per worker in 2020

**64,558**

Total hours of training for own workers

**12**

Average hours of training per worker





## PROMOTING AN ESG CULTURE THROUGHOUT THE GROUP

### Organizational culture and commitment

To manage its work climate, CAP uses the results of the different measurements it carries out internally, which are aimed at identifying gaps or specific needs. After analyzing their causes (personal or organizational), specific intervention plans are designed, such as targeted training and area support measures.

#### ▪ SSIndex cultural assessment

The company uses the Stakeholders Sustainability Index (SSIndex), from ESG Compass, in defining its strategy to address its stakeholders. The methodology includes a cross-risk analysis of employees, customers, suppliers, communities, and contractors. Its analysis allows setting management focuses for each group, with the help of intelligent software.

In 2020, it was again applied to internal team members to measure their commitment to the Group's work regarding the environmental, social, and governance variables that impact their future value. Significant increases were recorded in many of the companies, and 3 of them are now certified, i.e. 75% or more of the respondents have validated good performance.

Likewise, the application of the SSIndex methodology in other stakeholders, such as customers and suppliers, allows promoting an ESG culture company-wide throughout the value chain of the CAP Group.

#### ▪ Culture committee

*This instance created by CAP S.A. in 2020 involves members of different teams who meet every 15 days to reflect on issues related to organizational culture, such as diversity in the workplace and sustainability.*

CAP Group and Subsidiaries	Employees	Customers	Suppliers	Community	Contractors
Cap S. A.	CERT	--	MON	--	--
Aguas CAP / Las Losas Port	CERT	MON	MON	MON	MON
CINTAC	CERT	MON	MON	NO	NO
Compañía Minera del Pacifico S.A.	MON	MON	MON	MON	MON
Compañía Siderúrgica Huachipato S.A.	MON	MON	MON	MON	CERT
Tubos Argentinos S.A.	MON	MON	MON	NO	--
Tupemesa S.A.	MON	MON	MON	NO	NO

CERT	Certified by SSINDEX: 75% or more of respondents have validated a good performance in ESG and sustainability risks.
MON	Monitored: the company has surveyed and less than 74% have validated good performance, and an improvement plan has been implemented.
NO	Not applied: the company has not applied the SSIndex to a certain stakeholder group.
--	Not relevant: the stakeholder is not material in this industry, as defined by SASB.



# HEALTH AND SAFETY

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## MANAGING THE PANDEMIC

In 2020, we took on sanitary crisis management as an additional strategic pillar. For this purpose, we created a committee that adopted national and international recommendations on Covid-19 diagnosis, contagion risk control and promotion of the mental, physical, and socioemotional well-being of each collaborator. The operating companies approached their challenges in these areas with the same concern for their collaborators, designing different initiatives adapted to their reality.

### Actions taken by the Covid-19 Committee

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#### Telework and flextime

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- Remote work was prioritized from the beginning of the crisis, especially in administrative positions and for people with risk factors. CAP S.A. reached the point of having 70% of its staff working remotely.
- The Group provided everyone with the tools and conditions for the proper performance of their work in this format (equipment, connection, ergonomic chairs, etc.).
- Telematic courses were given to facilitate adaptation and maintain occupational safety standards in the homes.
- Special working times were established, with schedule blocks at certain times of the day to allow work-domestic responsibilities balance.
- Regular surveys were conducted to monitor the correct functioning of these measures.



**TELEWORK**

#### Prevention and protocols in case of contagion

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- For those who must perform their duties in person, strict sanitary protocols were implemented that went beyond the requirements of the authorities.
- The operating companies divided their plant personnel into independent groups (bubbles) with deferred schedules so that they did not coincide with each other.
- Maximum capacities were set at the facilities, periodic tests were carried out (targeted and massive), preventive kits were distributed and training sessions were held.
- In terms of mobility, CINTAC canceled public transport travel during the most critical phase of the pandemic, while CMP also stopped air travel.
- The mining company mapped risk zones through data analytics and implemented a pre-entry survey at the main entry gate with software that blocks entry upon suspicion of infection.



**PREVENTION**





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**Need for support in work-life balance**

Measures such as kindergarten services for stay-at-home parents, free psychological care, and new working time policies are being implemented.

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**Need for greater connection with the team and maintaining the culture**

We have set out to develop a culture of sustainability and commitment so that our workers feel part of the entire company and perceive that they have a positive impact on the country's development. For this purpose, teams are being created with specific responsibilities in the fulfillment of the corporate strategy, distributed uniformly among all positions.

Also, we are extending training in leadership tools to all people in the company (not only heads), to promote their professional development beyond their position.

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**Concern about job stability and fear of contagion**

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**Occupational Health and Safety Management System (OHS)**  
**403-1/ 403-2/ 403-3/ 403-4/ 403-7/ 403-8**

The safety policy developed by CAP, which extends to all its subsidiaries, has a preventive approach that places the protection of people's integrity at the core of each process and activity. For the Group, occupational health and safety are the consequence of a job well done, i.e., carried out with absolute control of the processes. From this point of view, the workers themselves and their supervisors are responsible for ensuring the correct execution of previously planned tasks. Also, they have departments in charge of providing support and training to the different teams in this area, systematizing the information gathered in the field to update the associated policies.

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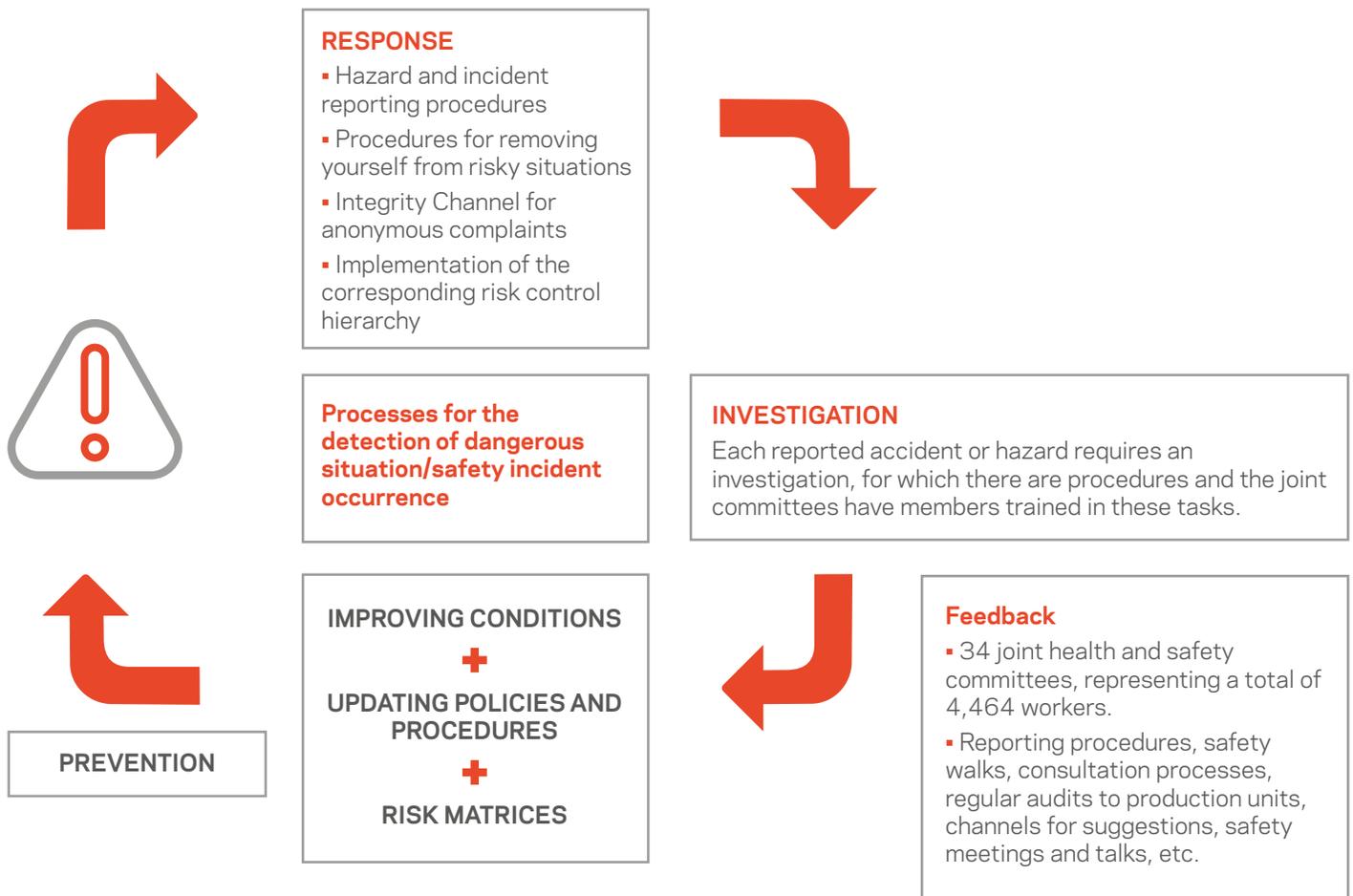
*In 2020 CSH certified its OHS management system under the new version of the ISO 45.001 standard, replacing OHSAS 18.001 2007. CINTAC maintained the certification of its integrated management system under ISO 9001, 14001, and 45001 standards. The Aguas CAP management system complies with the regulatory requirements of OHSAS 18.001:2007.*

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## OHS MANAGEMENT SYSTEM





## Main OHS risks identified in 2020

CAP S.A.	CMP	CSH	CINTAC	TASA	Infraestructura
<b>Own Workers (OW)</b> <ul style="list-style-type: none"> <li>Ergonomic risks</li> <li>Falls from the same level</li> <li>Psychological risks in teleworking</li> </ul> <b>Contractors (CC)</b> <ul style="list-style-type: none"> <li>Coronavirus contagion</li> <li>Falls from the same level</li> </ul>	<b>Own workers</b> <ul style="list-style-type: none"> <li>Loss of balance (fall same/ different level)</li> <li>Loss of control when handling objects</li> <li>Loss of control in maneuvering / lifting elements</li> </ul>	<b>Own workers and contractors</b> <ul style="list-style-type: none"> <li>Those considered in the task risk analysis (TRA) and in the risk sheets.</li> </ul>	<b>Own workers and contractors</b> <ul style="list-style-type: none"> <li>Trapping in machinery and mobile equipment</li> <li>Hit by forklift</li> <li>Suspended load</li> <li>Falls from height</li> <li>Contact with electric power source</li> </ul>	<b>Own workers</b> <ul style="list-style-type: none"> <li>Carelessness and overconfidence in performing the task.</li> </ul> <b>Contractors</b> <ul style="list-style-type: none"> <li>Work at height</li> </ul>	<b>PLL own workers</b> <ul style="list-style-type: none"> <li>Crushing</li> <li>Trapping</li> <li>Hit</li> <li>Falling into the water</li> <li>Coronavirus contagion.</li> </ul> <b>Aguas CAP OW</b> <ul style="list-style-type: none"> <li>Coronavirus contagion.</li> </ul> <b>PLL Contractors</b> <ul style="list-style-type: none"> <li>All of the above plus trapping.</li> </ul> <b>Aguas CAP CC</b> <ul style="list-style-type: none"> <li>Damage or deterioration to property</li> <li>Coronavirus contagion</li> </ul>

To mitigate them, there are standards, procedures associated with each task, protections incorporated into the infrastructure, personal protection elements, signage, risk matrices, and a series of measures that are inspected regularly. Also, there are regular awareness-raising campaigns.

## OHS Performance

403-5/ 403-6/ 403-9

The year 2018, in which we had to mourn four fatal accidents in the Group's companies, was a turning point for CAP. In response, strict process control and risk management practices were implemented, which have since allowed us to eliminate workplace accidents resulting in fatalities and decrease our frequency rates. In 2020, OHS indicators improved substantially compared to the previous year. This is largely the result of the additional precautions taken to protect the integrity of people and maintain operational continuity in the context of the pandemic. In this regard, in 2020, there were no fatalities due to occupational accidents or diseases, either among our workers or contractors.

**Promoting health and safety** *In the reporting period, health and safety training focused on the containment of COVID-19 contagions and psychological support. But companies also developed other training initiatives, mostly through remote channels and related to plant safety and riskier tasks.*

# 15

Cases of occupational diseases recorded in CAP Group companies in 2020



**CMP closed 2020 with the lowest frequency index (FR) in its history.**

**CSH reduced the FI by 28%**

and has now achieved nine consecutive years and more than 55 million hours worked without fatalities.

This good performance also responds to the joint work carried out since 2019 with contractor companies that presented a lower performance in OHS. Also, in 2020, it strongly addressed the application of Minsal protocols to minimize exposure to risks that may affect the health of its own and external workers.

CINTAC reduced its FR by less than half in just one year thanks to the implementation of behavior improvement programs, visible leadership, and the generation of synergies among all the Group's companies.

Tubos Argentinos reduced its accident rate by 20% compared to the previous year.

The incorporation of Promet, which has high occupational health and safety standards, meant a great contribution in this sense, given the transfer of valuable information in the instances set up to share good practices during the pandemic:

- Weekly meetings with all of the Group's sustainability teams
- Safety and Environment Committee: Meets regularly with all Sustainability and People areas to establish the guiding principles for each organization's safety plans.

## 2020 safety indicators (own workers and contractors)

CAP S.A.	CMP	CSH	CINTAC	TASA	Aguas CAP	P. Las Losas
<b>Hours worked</b>						
<b>199,777</b>	<b>14,833,085</b>	<b>6,483,750</b>	<b>7,253,179</b>	<b>354,096</b>	<b>295,055</b>	<b>167,480</b>
-5.6% vs. 2019	+0.7% vs. 2019	-8.6% vs. 2019	+64% vs. 2019	-18% vs. 2019		
<b>Number of lost time accidents</b>						
<b>0</b>	<b>12</b>	<b>25</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>2</b>
vs. 0 en 2019	↓ vs. 17 en 2019	↓ vs. 38 en 2019	↓ vs. 8 en 2019	↓ vs. 6 en 2019		
<b>Frequency rate</b>						
<b>0</b>	<b>0.81</b>	<b>3.86</b>	<b>0.69</b>	<b>11.3</b>	<b>6.78</b>	<b>11.94</b>
vs. 0 en 2019	↓ vs. 1,15 en 2019	↓ vs. 5,35 en 2019	↓ vs. 1,7 en 2019	↓ vs. 14 en 2019		↑ vs. 11 en 2019



# ORGANIZATIONAL COMPOSITION

102-8/ 405-1

## Own workers in 2020

### Distribution by company

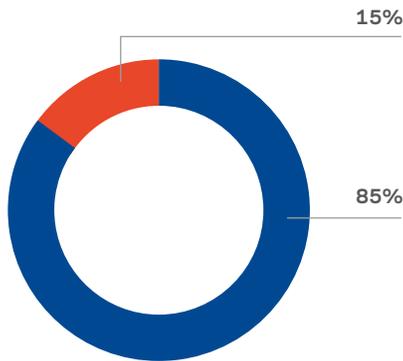
CAP S.A. and Infrastructure	107
CSH	833
CMP	2,019
CINTAC	2,411
TASA	169
<b>Total</b>	<b>5,539</b>

# 5,539

CAP Group's own employees as of December 31, 2020

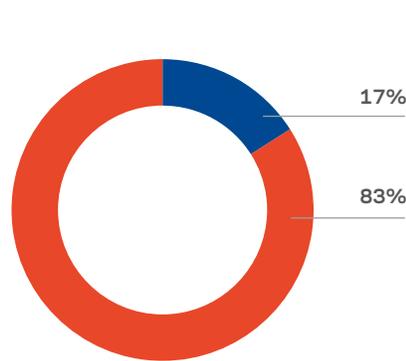
+14% vs. 2019

### BY GENDER



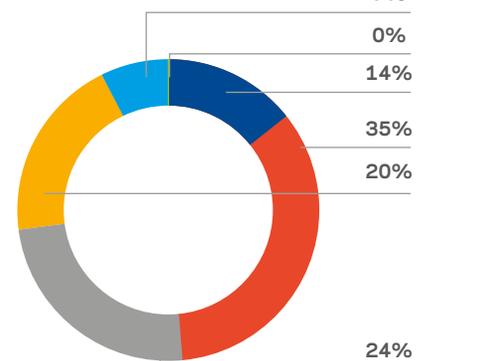
■ Men  
■ Women

### BY TYPE OF CONTRACT



■ Fixed-term  
■ Indefinite-term

### BY AGE

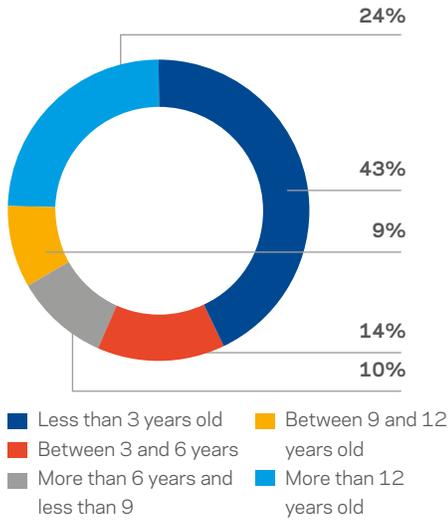


■ 30 years old or under    ■ 51 - 60 years old  
■ 31 - 40 years old        ■ 61 - 70 years old  
■ 41 - 50 years old        ■ 71 years old or over

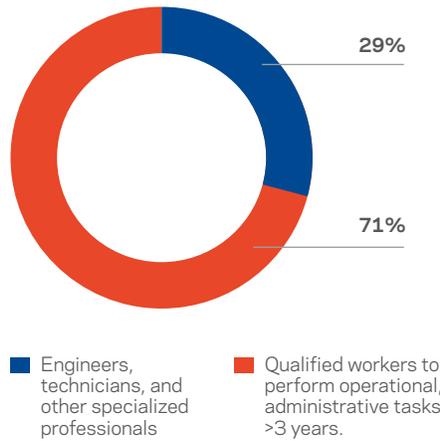




### BY SENIORITY



### BY EDUCATION



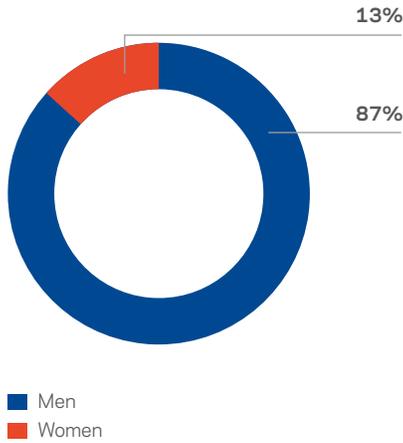

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**5,537**  
Full-time, and only 2 under part-time

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## 2020 CONTRACTORS

### CONTRACTORS BY GENDER



Different areas of the operating companies are responsible for relationships with contractors, to cover all aspects: economic, labor, operational, environmental, and safety.

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**6,644**  
contractor workers of the CAP Group as of December 31

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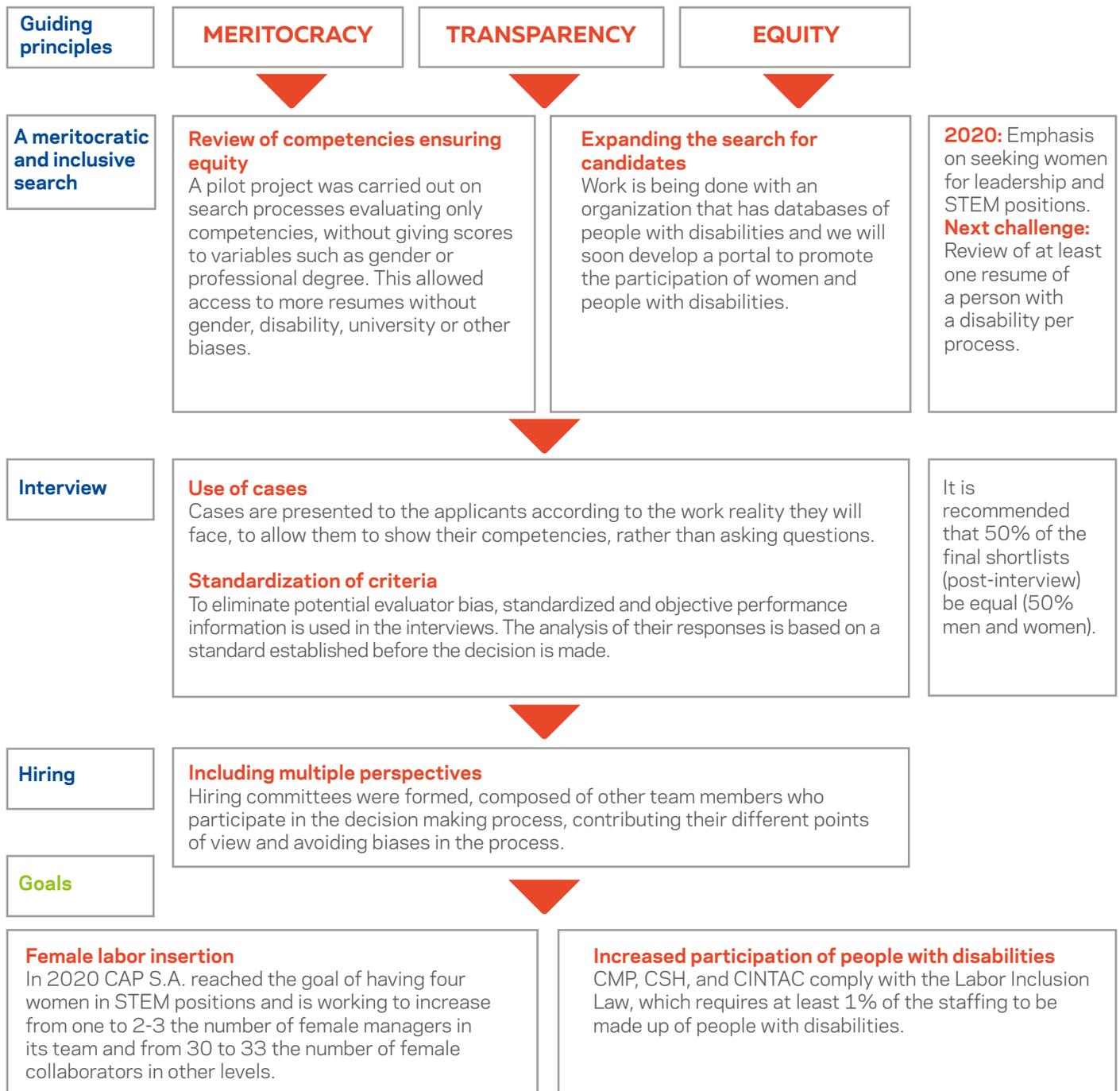




# DIVERSITY AND INCLUSION

405-1, 405-2, 202-1

In 2020, policies related to the processes of attracting, recruiting, and selecting new talent were updated to align them with ESG standards.





To these guidelines a series of measures have been implemented by CAP companies to meet their diversity and inclusion goals, which are already producing results:

### Mining business

**43%**

of CMP's new hires in 2020 were women.

**40%**

del comité ejecutivo de CMP está compuesto por mujeres, porcentaje muy superior al promedio de 14,5% de la industria.

- **Implementation of the training program Professional Women**

**19**

women from different professions joined the CMP processes.

- **SENCE apprentice program**

**50%**

of participants are women  
All of CMP's inclusion programs have been transferred to contractor companies.

### Steel processing

**20%**

of CINTAC's staffing is made up of women, a percentage that represents an increase of four percentage points compared to 2019.

- **Diversity and Quality of Life Policy Update**

It was disseminated to all subsidiaries to generate diversity and quality of life programs.

- **Awards**

In 2020 CINTAC was awarded the Impulsa Talento Femenino (Promote Female Talent) prize and moved up 27 places in the Index of Women in Senior Management (IMAD Ranking).

**1,5%**

of CINTAC's staffing is composed of people with disabilities. In 2021, the Chilean companies of the CINTAC Group will carry out the necessary job analyses to increase this percentage.

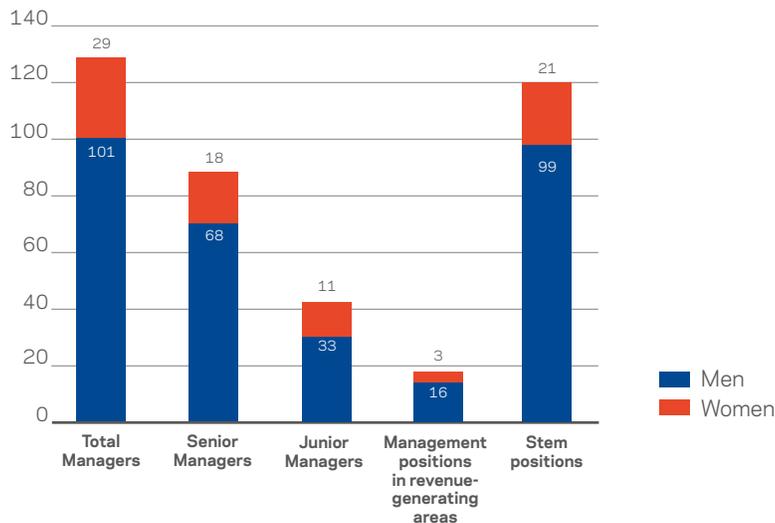
**50%**

of TASA's management and leadership positions are held by women.



## Diversity in the CAP Group

### GENDER DISTRIBUTION BY LEVELS - 2020 MANAGERS AND STEM POSITION



**Senior Managers:** With a hierarchical line of authority at a maximum of two levels from the CEO.

**Junior Managers:** Below the senior level.

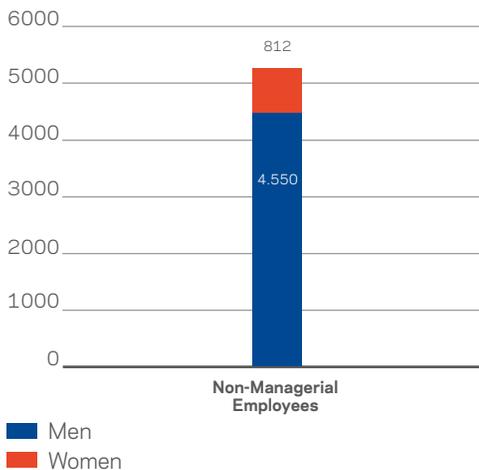
**Management positions in revenue-generating areas:** sales or directly contributing to production. Excludes support functions.

**STEM positions:** associated with science, technology, mathematics, and engineering.

### Female leadership

Scholarships are available to promote the participation of women in leadership and management training programs. This program is being extended to all Group companies. Also, we have decided to increase the overall budget for the training of female employees.

### GENDER DISTRIBUTION IN NON-MANAGERIAL POSITIONS - 2020



26

Workers and contractors with disabilities in the CAP Group

11

Workers and contractors of indigenous peoples in the CAP Group

100

Foreign workers and contractors in the CAP Group



### Wage gap <sup>8</sup>

In 2020, the average wage of women represented 135% of the average wage of men working in the company. Among employees without professional positions, the difference was 164%<sup>9</sup>, in favor of women. Among managers<sup>10</sup>, the gap was also in favor of women, with an average of 124%. However, at the executive level<sup>11</sup>, the gap favored men, as the average wage of women was 65% of that of men.

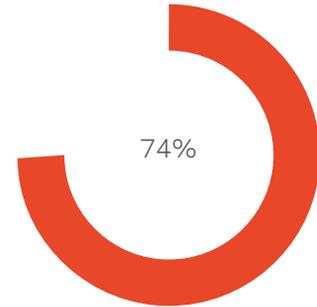
Although there is still a long way to go, the above reflects the continuous efforts made by CAP S.A. to promote female employability, providing better development opportunities for our female collaborators.

### Freedom of association

#### 405-1

We seek to maintain good relationships with all of the company's unions. Therefore, for us, collective bargaining processes are important milestones that reflect the work and ongoing dialogue with union leaders.

The average wage for men compared with the average wage for women



At CMP, early collective bargaining took place with four unions in 2020.

CSH conducted early collective bargaining with the company's two unions. Agreements satisfactory to both parties were reached in a short time.

In 2020, CINTAC closed an early collective bargaining agreement with Imsa Chile's Union Number 3 (Lonquén plant). Another milestone was the renewal of Promet's union leadership.

Through the chambers that group the companies of the industry and the Unión Obrera Metalúrgica de la República Argentina (Metallurgical Workers Union of Argentina), in May 2020 TASA agreed to a regime of personnel suspensions due to the effect of the pandemic. Also, the annual negotiation was carried out to agree on the increases of the collective bargaining agreement for all the members of the union.

### Unionized workers

	CAP S.A.	CMP	CSH	CINTAC	TASA	Infra. PLL/AC	Total Group CAP
Number of unions	1	10	3	4	1	0	19
Number of unionized workers	19	1,857	830	388	110	0	3,204
Number of workers covered by collective bargaining agreements	67	2,019	830	491	110	0	3,517
Strikes longer than 30 days	0	0	0	0	0	0	0
<b>Total strikes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<sup>8</sup> The data only considers CAP S.A. (Parent Company), Infrastructure, and TASA.

<sup>9</sup> All company collaborators who do not occupy executive positions (administrative, technical and professional).

<sup>10</sup> All management level positions that are up to two positions below the general manager, but are not executive level positions in the company.

<sup>11</sup> The entire senior executive staffing of the company, including the chief executive officer and those who report directly to him (CEO, CFO, COO)..

A large, stylized number '4' is the central graphic element. It is composed of a white outline and a solid orange fill. The background of the entire page is a photograph of a rocky, brownish-grey cliff face with a drilling rig visible at the bottom right.

# 04.

GENERATING  
ECONOMIC  
VALUE



# GENERATING ECONOMIC VALUE

## 2020 FINANCIAL RESULTS 201-1

Although market conditions were dissimilar for the different business segments, CAP S.A. and all its subsidiaries performed well in 2020.

### Consolidated sales:

**US\$ 2.679 M** ▶ +68% vs. 2019

Main contribution from iron ore mining.

### EBITDA:

**US\$ 974 M** ▶ almost 5 times more than 2019

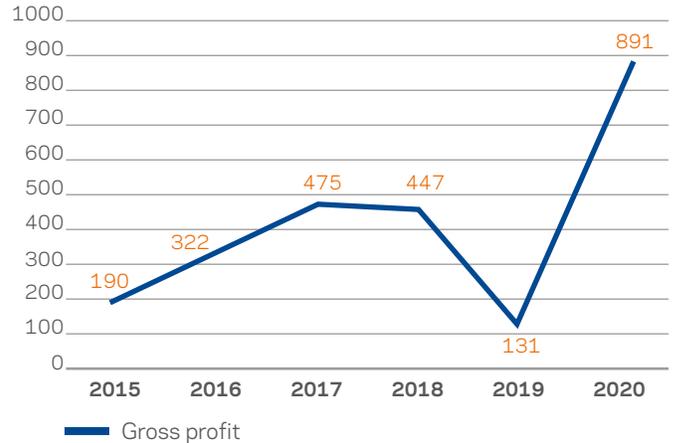
### Profit<sup>1</sup>:

**US\$ 300.4 M** ▶ US\$ 104.1 M in losses for 2019

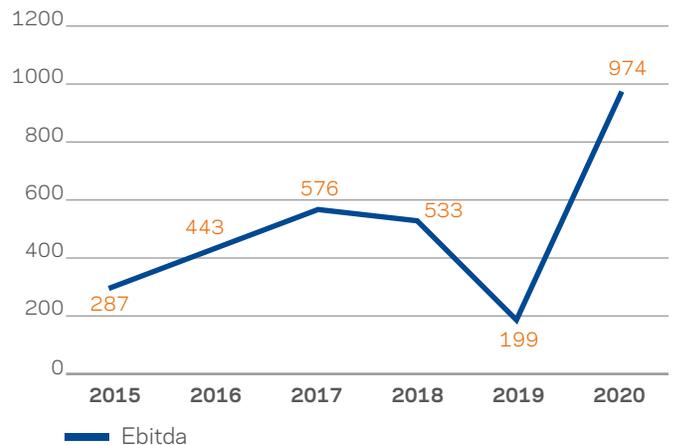
### The international market environment in 2020

Despite a scenario of global economic depression, the price of iron ore showed a significant rise during the second half of the year, reaching levels not seen since 2013. This is largely the result of the fiscal stimulus received by the construction and infrastructure industries in China, where demand for iron ore grew by 6% annually. Steel demand also increased in that country (5%), but this failed to offset declines in other markets, resulting in a 2% year-on-year decrease in the international demand and substantial drops in steel prices.

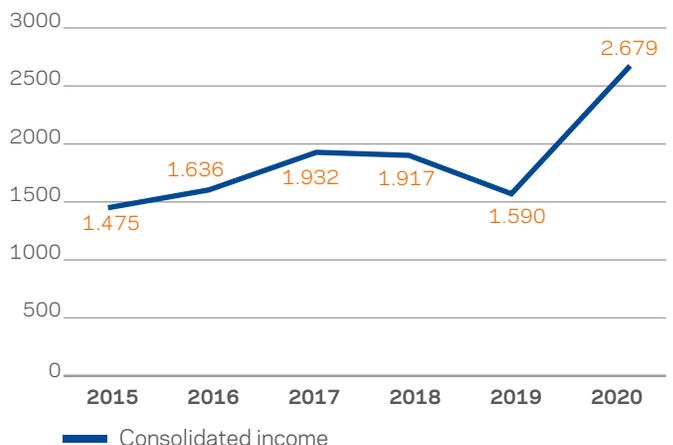
### GROSS PROFIT (MUSD)



### CAP GROUP EBITDA (MUSD)



### CONSOLIDATED INCOME (MUSD)



<sup>1</sup> Non-controlling interests deducted.



One of the main obstacles faced by our subsidiaries was the pandemic, both because of its negative effects on demand (except for CMP) and the difficulties it generated for operational continuity. The CINTAC Group companies, with operations in Chile and Peru, even had to stop production for two and a half months, while TASA had to stop production for more than a month. However, they all managed to overcome these challenges with good planning, operational improvements, and sound protocols. As of the second half of 2020, they began to benefit from the reactivation of the economy, which was driven by the gradual lifting of restrictions in Chile and neighboring countries. Thus, they ended up showing progress compared to the previous year.

### CMP



- Operational stabilization of the business
- Reopening of the Guacolda II port closed since 2018
- Almost complete renewal of the management team

#### Capturing external opportunities:

- High iron ore prices

Recovery of production and shipping capacity

**16.5 M Mt** per year in exports

### CSH



- Extraordinary production, inventory, and cash management plan to deal with the drop in shipments
- Focus on higher-value products and a 13% increase in shipments

#### Capturing external opportunities:

- Uninterrupted activity in the mining sector
- Opening of new domestic markets to which other steel companies did not have access

Increase in sales

Reduction of losses vs. 2019

**US\$ 1.816 M**

Consolidated income  
+133% vs. 2019

**US\$ 875 M**

Ebitda  
+351% vs. 2019

**US\$ 488 M**

Consolidated income  
+2,7% vs. 2019

**US\$ -32 M**

Ebitda



### CINTAC



- Optimized business management at CINTAC S.A.I.C. and Tupemesa
- Entry into the mining market through the acquisition of a 60% stake in Promet

#### Capturing external opportunities:

- Disruption of Chinese imports, the main competitor

Cierre del mejor año en la historia de CINTAC

**+11,7 %** en ventas vs. 2019

### TASA



- Normal operation as of May 2020

#### Capturing external opportunities:

- Context of high liquidity and product scarcity

Profit generation

Reduction of indebtedness

**US\$ 389 M**

Consolidated income  
+133% vs. 2019

**US\$ 49,6 M**

Ebitda  
+94% vs. 2019

**US\$ 729 mil**

Profit

**US\$ 7 M**

Ebitda

### INFRASTRUCTURE



- Stability of customers' consumption: desalinated water and energy
- High occupancy of Las Losas port, which served the transportation of goods for power generation projects being developed in the region.
- Eight-year contract signed by Las Losas Port with CSH to ship to Talcahuano 840 thousand tons per year of pellets produced by CMP.

**+US\$ 10 M** (12.3%) in sales vs. 2019

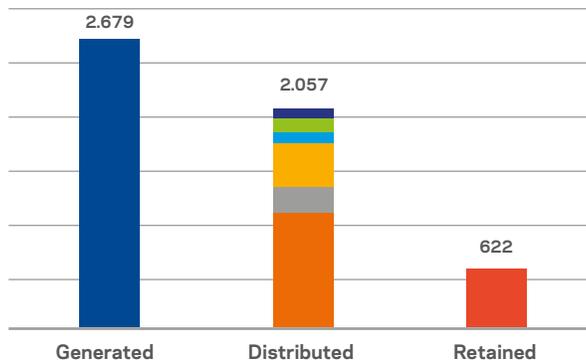




# ECONOMIC VALUE GENERATED AND DISTRIBUTED

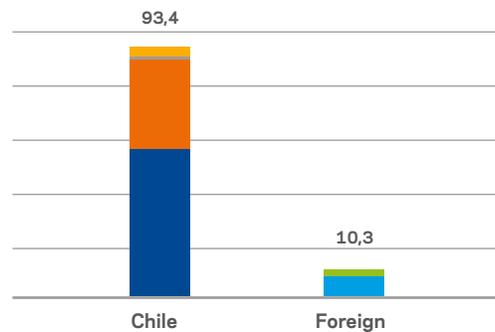
201-1

**CAP CONSOLIDATED (MUSD)**



- Consolidated income: 2,679
- Workers' salaries and benefits: 195
- Taxes: 93
- Amount paid to financiers: 64
- Direct operating costs: 1,160
- Payments to cooperating companies: 462
- Amount paid to shareholders: 83
- Amount retained: 622

**TAXES (MUSD)**



- Income tax: 57.1
- Taxes on municipal patents: 1.1
- Peru: 8.6
- Specific mining taxes: 32.9
- Other taxes\*: 2.3
- Argentina: 1.7

\* Contributions, tax concessions, stamp tax, VAT, and others



# PRODUCTS AND CUSTOMERS

## PRODUCTS AND CUSTOMERS

CAP's commitment to excellence is reflected in its continuous effort to differentiate itself in the quality of its products and services. We strive to get to know our clients' projects and needs closely so that our offer always meets their expectations and adjusts to industry trends.

### Products

Iron ore gives rise to steel, a critical material for many productive sectors, such as industry, mining, infrastructure, agriculture, and power generation. It is the heart of the green economy. It has the highest recyclability of all the materials on the planet. Also, it is resistant, ductile, versatile, weldable, and magnetic qualities that make it an essential input for the development of nations. For this reason, it has no substitutes in most of its applications.

### CMP Products

In line with CAP's strategy of offering distinctive products, CMP produces high-grade concentrates and pellets with very few impurities, less polluting than traditional ones. In the context of increasing restrictions on atmospheric emissions, these attributes will be increasingly required by steel companies.

Pellet feed	Pellet	Direct reduction pellet
<p>Small size marketable iron ore.</p> <ul style="list-style-type: none"> <li>Place of production: El Romeral, Cerro Negro Norte Mines, Pellet Plant, Magnetite Plant</li> <li>Use: in pellet agglomeration and production processes</li> <li>Grade: 66%, 67%, 68% Fe</li> </ul>	<p>Basic or self-melting (manufactured with a special alkali additive).</p> <ul style="list-style-type: none"> <li>Place of production: Pellet Plant</li> <li>Use: in direct loading into a blast furnace for pig iron production</li> <li>Grade: 65% Fe</li> </ul>	<p>Agglomerated iron ore in pellet form.</p> <ul style="list-style-type: none"> <li>Place of production: Pellet Plant</li> <li>Use: in direct reduction processes</li> <li>Grade: 66,4% Fe</li> </ul>
Pellet chip	Lumps	Fine
<p>Pellet that has been broken in its production process.</p> <ul style="list-style-type: none"> <li>Place of production: Pellet Plant</li> <li>Use: in the sintering process, coal washing and sludge formation used in oil wells</li> <li>Grade: 65% Fe</li> </ul>	<p>Granulated iron ore.</p> <ul style="list-style-type: none"> <li>Place of production: El Romeral Mines and El Algarrobo Mines</li> <li>Use: in direct loading for pig iron production</li> <li>Grade: 61% Fe</li> </ul>	<p>Iron ore that must be agglomerated by sintering.</p> <ul style="list-style-type: none"> <li>Place of production: El Romeral Mines and Pellet Plant</li> <li>Use: in the sintering process and then fed to a blast furnace</li> <li>Grade: 62% Fe</li> </ul>



## CSH Products

The company has consolidated its reputation with products such as wire rods and steel bars for different uses: ore grinding, reinforcement of concrete and rock strata, grounds, and embankments. As an integrated steel company, it has favorable conditions to produce steel with grades and properties designed for specific uses demanded by the South American markets. In this way, it has recently focused on offering products with greater added value, which generate efficiencies in the construction, mining, and metal-mechanic industries. An example of this is the supply of grade 80 concrete bars for the bridge being built over the Chacao channel in Chiloé, the development of the dynamic helical bolt for mining construction, and cut and bend bars for large infrastructure works.

## Special products



### MMFX high-strength corrosion resistant rebar

- Produced with nanotechnology from the MMFX Steel Corporation of the United States.
- 5 times more corrosion resistant than traditional ones
- Extends the useful life of the infrastructure and reduces maintenance costs
- Allows efficient design of high-strength constructions.

### CAP-SOL Bars

Designed for mining constructions, such as reticulated frames for tunnels, preformed structures, pillars, and electro welded meshes. They comply with the NCh204 standard.

Suitable for use in areas with extreme temperatures, corrosive environments or under high mechanical demands

### Most common applications:

- Industrial and mining sector
- Tooling
- Automotive parts manufacturing

## "Decommoditization" of conventional grinding products

CSH's mining mill products have a high carbon and alloy content for balanced hardness and tenacity to ensure grinding efficiency. Also, the company is working on two lines of research that seek to increase its resistance to wear and oxidation by increasing the alloy with carbon or chromium. Successful pilot tests have already been conducted, testing the performance of balls with a higher chromium content in cement and iron grinding.



## Contributions to the Chacao Canal Bridge

The company supplies the construction of this emblematic work with grade 80 bars, which are 30% stronger than the common ones, i.e., one-third less steel is needed in the columns to resist the same weight. This implies reductions in transportation costs, carbon footprint, and labor accidents due to the handling of smaller quantities of material. Their manufacture requires a micro-alloying and controlled rolling technology that had not been developed in Chile before. Also, the bars incorporate other innovations in quality, lengths, diameters (Ø57.3 mm), and delivery system. In 2019 and 2020, CSH was awarded two tenders and totaled 9,936 t of shipments.

## CINTAC Products

In recent years, the Group has diversified its offering, targeting different markets. Today it is present in many sectors:

<b>Mining</b>	<b>Salmon farming</b>	<b>Industry and agriculture</b>	<b>Housing, educational and sanitary construction</b>	<b>Roadway</b>	<b>Power generation</b>
With worksite facilities and hotel services	With materials for the construction of rafts and pools	With different solutions for industrial buildings and warehouses	Where it engages in industrialized and modular construction systems.	With highway guardrails and road fitting out services	With the installation of photovoltaic structures on the ground and roofs



## New Tacna Hospital

In 2020 Calaminon was awarded the construction of the Tacna Hospital (Peru). The 12 thousand square meter work represented an important challenge for the CINTAC Group company, especially due to the tight deadlines and the pandemic context in which it was executed. To speed up the processes, the fast-track system was applied, which overlaps engineering and operations activities. Thus, the Engineering area was able to adapt the project to Calaminon's materiality and construction system in record time, while, with double 12-hour shifts, the manufacturing of the modules was completed on schedule. The installation required the use of on-site solutions, such as the transfer of bending machines to manufacture fittings in the field. In the end, the deadlines, the budget, and all the sanitary protocols dictated by the authorities were met, making it possible to resolve the region's sanitary infrastructure deficit at a critical time.

## TASA Products

The Argentine company is engaged in the manufacture and wholesale distribution of iron and steel products, such as structural tubes, conduction pipes, C-profile, and dry construction systems. All of its processes are certified under the ISO 9001 quality management standard.

It has three product lines that contribute to the quality of life and care of the environment:

### Solar TASA

Solar panel systems adaptable to any type of roof or ground and structures for the generation of renewable energies.

### Road TASA

Galvanized steel road guard rail and other structures for road and mining use.

Water storage ponds.

### Steel House

A simple and innovative architectural solution that allows the construction of houses, sheds, and warehouses that are durable with seismic and fire resistance and flexible designs. It provides greater thermal insulation, which generates energy savings at the time of use.





## Customer relationship

Our Code of Integrity requires us to meet our customers' requirements in an agile and timely manner, to be transparent in our business relationships, to promote long-term partnerships based on trust, and to observe the standards, regulations, and specifications of all our products informing them of any modifications they may present.

We maintain responsible billing processes and protect our customers' information, using it only for the purposes for which it was requested. Also, we have a policy that sets limits and criteria for the exchange of gifts, invitations, and other benefits.

In 2020, relationships with our customers were marked by the pandemic. The different companies of the Group had to take exceptional measures to avoid interrupting their shipments, implementing sanitary protocols to protect their workers and contractors::

- ▶ CMP moved forward with a flexible contract scheme for spot customers.
- ▶ CSH strengthened the communication channels that keep its customers informed about the status of orders and adjusted the process routes to the end use of the products, grouping them by families to respond more efficiently to the requirements of the context.
- ▶ CINTAC prioritized automated service channels and placed special emphasis on service to hardware chains.

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*The sanitary crisis showed once again the importance of having domestic steel production. During the first stage of the pandemic, exports from China stopped abruptly. However, copper mining was able to continue supplying steel grinding media because CSH maintained its operational continuity.*

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## Customer satisfaction

CAP Group companies regularly measure customer satisfaction. In 2020, five of them carried out measurements:

	Tool	Frequency	% of satisfaction	Customers covered	Satisfaction target
<b>CSH:</b>					
	IRS Methodology	Annually	85%	27 companies	>80%
<b>CINTAC Group:</b>					
S.A.I.C.	ESG Compass	Quarterly	85%	40%	
Calaminon	Telephone survey	Quarterly	88%	126	58%
Promet	SGL	Quarterly	Grade 5.3		Grade >3
TASA	Survey	Annually	91%	24%	No targets
	Measurement	Frequency	Coverage	Results	Satisfaction target
<b>Infraestructura:</b>					
Aguas CAP, Las Losas Port	Customer loyalty over time	Annually	100%	100% loyalty	100% loyalty



# SUPPLIERS

102-9, 102-10

We select our suppliers based on the quality and suitability of their products and services, their price, and delivery conditions without privileging or discriminating arbitrarily in the selection process and with all the necessary precautions to prevent any conflict of interest.

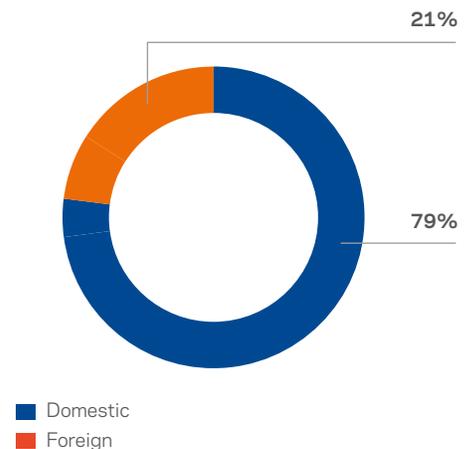
All of them must comply with our ethical, labor, safety, and sustainability standards, which we assess through established procedures. Also, we support them in their continuous improvement processes and always seek to meet our business commitments promptly.

In 2020, we placed special emphasis on the due diligence process for supplier contracting, from a compliance perspective. We worked with 6,652 suppliers during the year, of which 3,586 were domestic and 1,961 were SMEs.

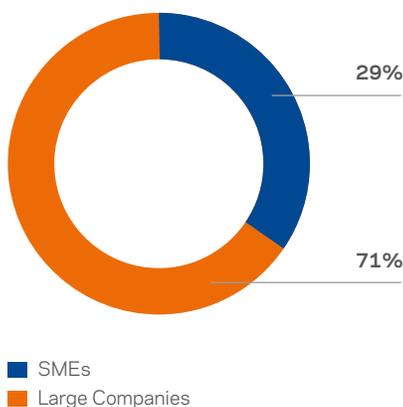
## US\$ 1.76 B

Total spending on suppliers in 2020

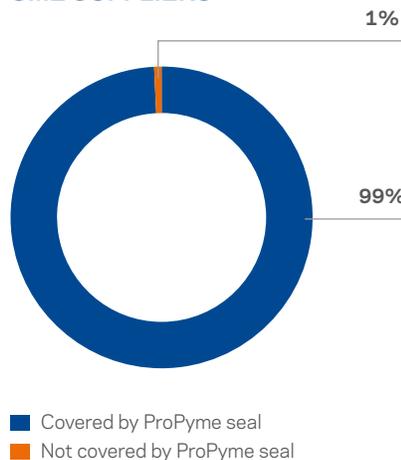
### CONSOLIDATED SUPPLIER SPENDING BY GEOGRAPHIC DISTRIBUTION - 2020



### SUPPLIERS BY SIZE



### SME SUPPLIERS



**100%**

of the SMEs that work with CMP and CSH are covered by the ProPyme seal, that is, they receive their payment within a maximum of 30 days from the receipt of the invoice. Both companies have been recognized by the Chilean Commodities Exchange, and additionally, CSH was recognized by the Chilean Association of Entrepreneurs.



## Supplier evaluation

SELECTION/EVALUATION CRITERIA		
<b>Compliance</b>	<b>Risk identification</b>	<b>1,190</b>
<p>Since 2020 all potential suppliers and contractors of the Group are required to complete due diligence forms, in which they report:</p> <ul style="list-style-type: none"> <li>▪ Company structure</li> <li>▪ Key executives</li> <li>▪ Controls management</li> <li>▪ Conflicts of interest</li> <li>▪ Relations with public officials</li> </ul> <p>Internally, a search is performed on the Compliance Tracker platform to gather information.</p> <p>This procedure is included in the User's Guide: Due Diligence.</p>	<p>The subsidiaries have a formal risk identification process for their suppliers, aligned with CAP's Crime Prevention Model, which includes an assessment in the following areas:</p> <ul style="list-style-type: none"> <li>▪ Compliance with occupational health and safety regulations</li> <li>▪ Compliance with environmental laws</li> </ul> <p>At CSH, it is part of the KPIs that impact supplier payment statements.</p> <ul style="list-style-type: none"> <li>▪ Compliance in the payment of salaries</li> </ul> <p>CMP and CSH have an external labor certification service that carries out monitoring. CINTAC applies a complete control over supplier contracts on the worksite.</p> <ul style="list-style-type: none"> <li>▪ Prohibition of child labor</li> <li>▪ Adherence to the Group's Code of Integrity, including on-site inspections and regular meetings with suppliers and contractors<sup>3</sup>.</li> </ul>	<p>suppliers and contractors of Group companies were evaluated in 2020</p> <p><b>1,073</b> direct</p> <p><b>117</b> indirect</p>
<p>CMP has a technical inspection service (domestic and international) dedicated to certifying castings components and spare parts. Also, it carries out surveys at the plants of potential suppliers and monitors the progress of the manufacturing of the components.</p>		





## SUSTAINABILITY RISK MANAGEMENT

All deviations imply immediate action plans and possible sanctions for the companies. At CMP, companies with high-risk breaches are not invited to bidding processes.

**51**

suppliers were identified as high sustainability risk in 2020.

**16** direct / **35** indirect

**82**

suppliers identified as high risk had action plans in place in 2020.

**62** direct / **20** indirect

**60**

improved their performance in the last 12 months.

**12** direct/ **48** indirect

## CRITICIDAD

**CMP, CSH, CINTAC, TASA and INFRAESTRUCTURA** have criticality definitions for their suppliers, which include:

- high volume
- critical components
- non-substitutable goods and services

**221**

critical direct suppliers

**US\$ 742,426,470**

total spending on critical suppliers

**774**

critical indirect suppliers

<sup>3</sup> To prequalify companies, CMP also uses information obtained from the SICEP platform, which includes financial, labor, business, and safety indicators. CMP and CSH require a Dicom certificate.

<sup>4</sup> TASA does not include high volume in its criteria. CMP also considers suppliers related to employee well-being (food, transportation, etc.) to be critical.





## Sustainability goals for the supply chain

<b>CMP</b>	▪ +2% increase in local purchases	▶	<b>2020</b>
	▪ Ensure participation of local companies in bidding processes	▶	<b>2020</b> <b>2021</b>
<b>CSH</b>	▪ 100% of payments within 30 days of invoicing	▶	<b>Always</b>
<b>CINTAC</b>	▪ Development of new local suppliers/ Declaration Form to be submitted to supplier's folder	▶	<b>2020</b> <b>2021</b>

## Safeguards and support measures for suppliers and contractors in the pandemic

<b>CAP S.A.</b>	<b>CMP</b>	<b>CSH</b>	<b>CINTAC</b>	<b>AGUAS CAP</b>
<ul style="list-style-type: none"> <li>▪ Additional financial contributions were made to the contracts to pay for private transportation for personnel working in the corporate building, to avoid the use of public transportation.</li> <li>▪ The work teams were divided into two groups that went to the building every other week.</li> <li>▪ All workers of the service provider companies participate in rapid tests for COVID-19 infection, carried out every 15 days.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Work and communications protocols, fatality prevention standards, emergency management procedures and preventive demobilizations, and transportation companies' entry instructions were updated to adapt them to the pandemic.</li> <li>▪ Suppliers that provide materials related to the coronavirus (tests, masks, alcohol gel, etc.) were asked for certificates of origin, ISP registration, and inclusion in the list published by the Minsal.</li> <li>▪ Payment terms were reduced from 25 to 15 days or less for all suppliers that reported liquidity problems.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Contractor workers used CSH buses to avoid exposure to public transportation. This required an increase in the bus fleet, as it also reduced the permitted capacity.</li> <li>▪ The sanitary conditions applied to suppliers were strengthened, especially at plant entry.</li> <li>▪ Suppliers' facilities inside the plant (buses, dressing rooms, and cafeterias) were audited weekly to validate sanitary measures.</li> </ul>	<ul style="list-style-type: none"> <li>▪ A list of essential suppliers was developed to manage their operating permits during the quarantine period. Subsequently, they were provided with advice on how to obtain them.</li> <li>▪ Compliance with sanitary regulations issued by the authorities was monitored.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Contractors were advised on the application of Covid-19 protocols and procedures.</li> <li>▪ Changes were implemented in certain services in order not to terminate them (for example, active breaks were changed from in-person to remote mode).</li> </ul>



# INVESTMENTS

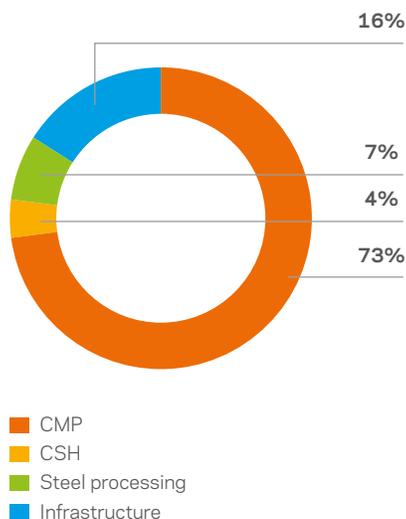
After four years in which the CAP Group moderated the execution of investments, the company has begun to deploy a forward-looking plan that contemplates implementing state-of-the-art technology and industry best practices to increase the productivity of its operations, reduce production costs and maintain its unrestricted commitment to safety and sustainability. This includes the latest advances in tailings management, filters for CO2 emissions containment, increased use of desalinated water in mining processes, consumption of energy from renewable sources, and automatic coordination between mobile equipment.



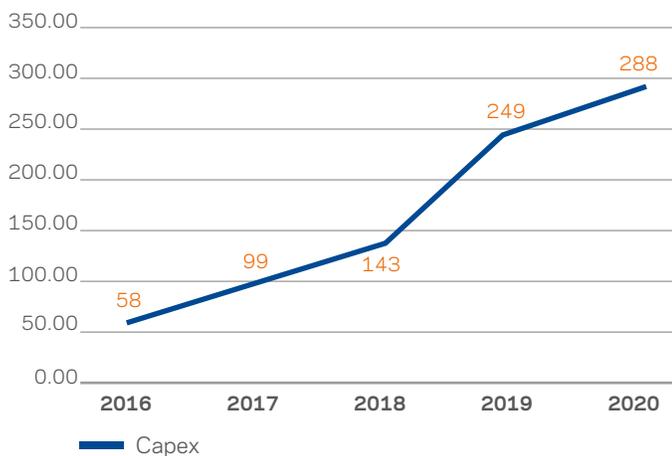
Project	2020 CAPEX	Impact
Replacement of Cerro Negro Norte concentrator pipeline	US\$ 30 M	Ensures CNN's operational continuity and minimizes the risk of iron concentrate spills.
Electrostatic precipitator for the Pellet Plant	US\$ 18 M	Improves air quality in the area.
Guacolda II Interim Solution	US\$ 15 M	It allows resuming shipments at the port, enabling the operational continuity of the Los Colorados mine and the Pellet Plant, and improving safety.
2020 Pellet Plant Major Repairs	US\$ 14 M	Guarantees the operational continuity of the site.
Modification, reception, and storage of ore bulks at Las Losas Port	Total: US\$ 9 M	Reduces particulate matter emissions, increases loading rate, and improves safety.
El Romeral Phase V North	US\$ 8 M	Extends the life of a pole of growth in the Coquimbo region.
Cerro Negro Norte Aqueduct Replacement	US\$ 7 M	Minimizes the risk of water leaks.
Nitrogen oxides (NOx) reduction system at the Pellet Plant	US\$ 7 M	Decreases global pollutants emitted at the plant.
New Cintac Group plants in Peru	Calaminon: US\$ 5 M Promet Peru: US\$ 2.7 M	It allows the integration of processes and the development of synergies.
Structural reinforcement Los Colorados Mine	US\$ 3 M	Improves safety.
LD#1 converter replacement of CSH	US\$ 2.2 M	Minimizes the probability of operation interruption and reduces operational costs.
Magnetite Plant Dewatering	US\$ 2 M	Reduces operating costs and water footprint.
Infrastructure improvements to CSH facilities on Guarello Island	US\$ 0.8 M	Reduces the risk of future leaks and spills.



### CAP CONSOLIDATED (MUSD)



### CAPEX (MUSD)



## Future investments

### CMP

- "Huasco Valley, on land tailings solution (US\$ 200 M).

It will put an end to the dumping of solid waste into the sea. Waste from the Pellet Plant's magnetic concentration process will be transformed into thickened tailings for land disposal starting in 2023.

- Continue the Pellet Plant's major maintenance plan (US\$ 75 M in five years).
- Replacement of other sections of the aqueduct (US\$ 68 M in five years).
- Phase V North (US\$ 40 M).

### CSH

- Completion of the fuel storage and dock maintenance projects at Guarello Island (US\$ 560 thousand, 2021).
- Major maintenance of dock and unloading equipment at Huachipato (US\$ 1.2 M, 2021-2024)
- Improvements to internal roads and rainwater management at the Huachipato plant (US\$ 1.3 M).
- Also, in 2021, US\$ 200 thousand will be allocated to studies on decarbonization projects. The initiatives include injecting coke gas into the blast furnace and improvements in the loading of scrap into the steel plant.

### CINTAC

The Group intends to use land acquired in Casablanca to relocate its production plants from Maipú, which will allow improving processes and freeing up assets for new business generation. Another of its goals is to advance in industrialized construction with its first real estate project. Related to the latter, it will restructure and modernize Promet's production plants in Chile and Peru.



## Projects under study in El Tofo and the Huasco Valley

In the medium and long term, CAP expects to grow the mining business based on its current resources, for which two large projects are already in the pipeline:

### Cruz Grande Port: US\$ 250 M

It will provide reception, storage, and shipment services for bulk ore for the future El Tofo mining district. It will be located on the same site where another port of the same name served the original El Tofo district for six decades. It had to close in 1974 for business reasons, but during its existence, it was one of the most modern of its time and contributed to the development of the area.

The design of the new port is based on the highest industry standards for safety and the environment. Its start-up is planned for 2025-2026.

#### In 2020

- The first works began, including road improvements, support infrastructure, and environmental compensation initiatives.
- The construction master plan was structured, engineering upgrades were made and the development of the FEL1 stage of the mining project that will supply it began.

#### Compromisos ambientales y comunitarios

- CMP tramitó la declaración de un área de protección privada de 400 hectáreas ricas en biodiversidad.
- Se conformó una mesa de trabajo con los sindicatos de pesca locales para generar planes de fomento al turismo y mejorar la infraestructura del vecino pueblo de Chungungo. Ya se definieron las encuestas y los planes de capacitación que se realizarán.
- Se destinaron US\$ 1,5 millones para continuar desarrollando el proyecto y sus compromisos ambientales en 2021.

#### Future of the sites in the Huasco Valley:

Its permits expire at the end of this decade, which opens up the opportunity to develop a new major project in the area that will drive the company's growth and put it at the forefront of sustainability. Working groups are already developing the baselines.



# US\$250 M

Cruz Grande Port



# 400

400 hectares rich in biodiversity

# US\$1.5 M

was allocated for environmental projects



The background of the page features a photograph of two women standing in a field of young green plants. The woman on the left is wearing a blue long-sleeved shirt and a dark jacket, while the woman on the right is wearing a dark jacket. The image is partially obscured by a large, stylized graphic element consisting of a thick, curved, golden-yellow band that forms a partial circle around the text.

# 05.

## SHARED VALUE WITH OUR COMMUNITIES



# SOCIAL DEVELOPMENT

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In line with our Sustainability Model, we constantly seek to use our capabilities to generate shared value with communities and society. To this end, we promote local employment and the development of suppliers in the regions in which we operate, promote clusters integrated by our operating companies, develop initiatives to contribute to the progress of the communities and territories, and generate synergies with other public, private and civil society players. These guidelines have led us to become an active part of the locations where we are present, thanks to which we forge lasting bonds and trust capital based on a common history.

## COMMUNITY SUPPORT IN THE PANDEMIC

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Starting in March 2020, the CAP Group companies, beyond their permanent support in employment generation and local development, focused on supporting neighboring communities in their needs related to the pandemic:

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 **50,000+**

People in Chile, Peru, and Argentina directly benefited from the contributions made by the CAP Group

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Company	Activities
<b>CAP S.A.</b>	<ul style="list-style-type: none"> <li>▪ Donation of 300 surgical caps for the first line in the fight against the pandemic to the Hospital Clínico de la Universidad de Chile.</li> </ul>
<b>CMP</b>	<ul style="list-style-type: none"> <li>▪ Delivery of disinfection and prevention supplies to health officials, including 20,000 thermometers and other items.</li> <li>▪ Delivery of gift cards, food boxes, snack trays, chocolate baskets, and Christmas bags.</li> <li>▪ Support for the mobilization of the Huasco Hospital.</li> <li>▪ Sanitization of streets, hospitals, health centers, coves, boats, and vehicles.</li> <li>▪ Delivery of diapers and other support for older adults.</li> <li>▪ Renting of huts for 350 families in the Elqui Valley.</li> <li>▪ Water distribution in rural areas.</li> <li>▪ Delivery of graphic material for prevention and self-care campaigns.</li> </ul>
<b>CSH</b>	<ul style="list-style-type: none"> <li>▪ Delivery of personal protection equipment to neighborhood councils.</li> <li>▪ Economic contributions to craftswomen and seamstresses, delivery of materials to make face masks, and training in digital skills to promote their products online.</li> <li>▪ Delivery of more than 500 boxes of food for the municipality of Talcahuano.</li> <li>▪ Delivery of Christmas dinners, Christmas boots with candies (made by neighbors).</li> <li>▪ Donation of machines for a community bakery.</li> <li>▪ Permanent street sanitization.</li> <li>▪ Support for community meals.</li> <li>▪ Delivery of diapers for older adults and bedridden patients</li> </ul>
<b>CINTAC</b>	<ul style="list-style-type: none"> <li>▪ Delivery of kits and materials for disinfection in communities in Peru ( Oxapampa Consortium)</li> </ul>
<b>TASA</b>	<ul style="list-style-type: none"> <li>▪ Monthly distribution of food boxes to neighbors by local parishes</li> </ul>
<b>Infraestructura</b>	<ul style="list-style-type: none"> <li>▪ Donation of 3M 7093C filters for employees of the Manuel Magalhaes Medling Hospital in Huasco by Las Losas Port.</li> </ul>

## Valuation of contributions in USD\$<sup>1</sup>

	CAP S.A.	CMP	CSH	CINTAC	TASA	Infra.	CAP Group
Total cash contributions	0	0	11,454	0	0	0	11,454
Volunteering costs	0	Not reported	0	0	0	0	Not reported
Total cost of services provided	0	228,352	46,569	0	0	0	274,921
Total donation in kind / materials	1,116	226,630	0	140	5,000	48,906	281,793
Total management expenses	0	63,613	57,792	0	0	0	121,406
<b>Total amount</b>	<b>1,116</b>	<b>518,595</b>	<b>115,815</b>	<b>140</b>	<b>5,000</b>	<b>48,906</b>	<b>689,574</b>

<sup>1</sup> Value of the dollar as of December 31, 2020: \$ 710.5



# LOCAL ECONOMIC DEVELOPMENT

203-2

One of the main features that differentiate us from the rest of the industry is that our companies are eminently local. Over time, we have prioritized the hiring of people from the regions where we operate and we rely heavily on regional industries to procure goods and services, a trend that in 2020 was enhanced by the mobility restrictions imposed by the pandemic. This allows us to be in tune with the needs of the different territories and to strengthen relationships with other players to articulate the productive vocations of each region.



## Local employment

**97%** of CMP's own staffing is local  
**100%** of operating<sup>2</sup> plant executives are local  
CMP is a major employer in the municipalities where its operations are located.

### In 2020

#### Apprentice Program

- Training of young people in technical and operational skills so that they constitute a real hiring alternative for the company.

## Suppliers and contractors

**88.8 %** of CMP's contractors are local  
**42%** of CMP's suppliers are local.  
**64%** of mining services are contracted locally.

### In 2020

#### Prioritization of local services throughout the chain

- Transportation of personnel
- Provision of office supplies
- Food services
- Logistics

**400** road trucks per day, all contracted locally

**40** trained small transportation entrepreneurs

#### Implementation of digital platform

- Exclusive to local bidders.

#### 2 supplier development programs co-financed by Corfo

- Coverage:  
**16** companies from Huasco  
**13** companies from Caldera

<sup>2</sup> Two levels under the chief executive officer, working directly in the operations of the company.



**98.6%**

of CSH's own staffing is local.  
**100%** of operating plant executives are local.  
 CSH has been a major pole of attraction for workers since it was installed in Talcahuano. As a result, it enjoys broad social support..

**88%**

of CSH contractors are local.

**35%**

of CSH suppliers are local.  
 CSH seeks to prioritize the hiring of local companies, especially SMEs and has implemented local supplier development programs over time.



**63.4%**

of CINTAC's own staffing is local.  
**97%** of operating plant executives are local.

**100%**

of TASA's own staffing is local.

**In 2020**

**Strengthening the recruitment of residents of Lurín (Peru)**

- Through the municipal initiative Empleos Lurín (Lurín Employment)

**77%**

of CINTAC's contractors are local.

**72%**

of CINTAC's suppliers are local.

**100%**

of TASA's contractors and suppliers are local.

**In 2020**

**CINTAC's " Puente Social" (Social Bridge) Program Design**

- For training in trades.



**46.7%**

of Aguas CAP's own staffing is local.  
**63%** of operating plant executives are local.

**95%**

of Las Losas Port's own staffing is local.  
**75%** of operating plant executives are local.

**69.8%**

of Aguas CAP's contractor staffing is local.

**35.4%**

of Aguas CAP's suppliers are local.

**In 2020**

**Las Losas Port Automation Project**

- All services related to specialties and construction were provided by companies from the northern regions of the country.

**56.5%**

of Las Losas Port's contractor staffing is local.

**75%**

of Las Losas Port's suppliers are local.

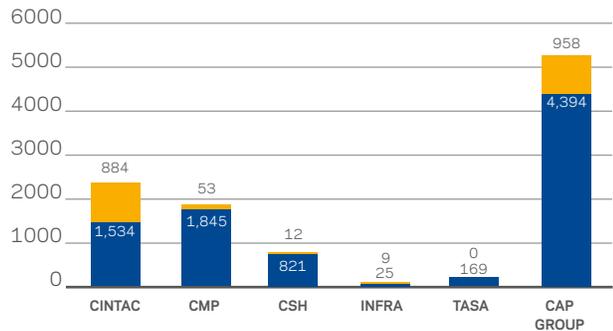


# COMMUNITY RELATIONS AND SOCIAL INVESTMENT

CAP's interest in promoting the development of the communities with which it interacts is part of the shared value pillar of our Sustainability Model. Also, in 2020, the new Donations, Sponsorships, and Memberships Policy was formalized, which establishes the general guidelines for the Group's companies to make their contributions to the environment in compliance with the law and internal regulations.

In this context, the company's social investment is a proactive, voluntary, and conscious action that is materialized in initiatives that may arise internally or externally, which opens the possibility of joining efforts through partnerships, always in communication with the benefited communities.

## LOCAL WORKERS



■ Do not declare residence in the same region where they work  
■ Declare residence in the same region where they work





## Means of contact in 2020

### CMP

The use of social networks and permanent telephone contact were strengthened to provide faster responses.

### CSH

The dialogue continued by way of:

- Tripartite roundtable (communities, companies, and authorities)
- Business roundtable (development of projects in partnership with the private sector)
- Direct work with social organizations.

## Progress in 2020

- The signing of collaboration agreements with the Chipasse Ta Tatara Diaguita community.
- Establishment of a dialogue table with Caldera fishermen.
- Start of the works of the Guayacán Master Plan, which improves the southern access to the area.

- Neighborhood Support Coordination during the Pandemic
- Access to digital knowledge for communities
- Beginning of dialogue with new groups and social leaders that emerged during the sanitary crisis.

## Dialogue with indigenous communities

The indigenous peoples are part of the stakeholders with whom CMP and Aguas CAP relate in the north of Chile and have a relevant position in their community management plans. Both companies seek to understand their culture and empathize with their needs. To maintain fluent communication, a dialogue table was established in 2020 with the participation of representatives of all the indigenous communities present in the Caldera area and in the Totoralillo port, to jointly develop a working plan. Also, in the Huasco Valley, CMP started conversations with the Ta Caluba and Llanos de Lagarto Diaguita communities. A dialogue table is being established with the first, and with the second, concerns related to the EIS for the Los Colorados mine were discussed in detail.



*Successful coordination with different communities and municipalities to agree on the authorization for the use of quarries in the road maintenance work carried out by the subsidiary Sehover in Peru.*





## 2020 SOCIAL INVESTMENT PROGRAMS

### Promoting production

#### Caldera Impulsa (Caldera Drives)

Together with the municipality and Desafío Levantemos Chile (Let's Raise Chile Challenge), CMP and Aguas CAP opened a contest to support small entrepreneurs in Caldera with capital, 90% of which received between 200 thousand and one million pesos that will allow them to carry out their projects.

#### CMP Contigo (CMP With You)

The mining company made a free digital platform available to merchants and transportation companies in Huasco, Freirina, and Vallenar to offer their services to those who need to buy from a distance, an application that until then did not exist in the area.

#### Acción Emprende Huasco (Huasco Entrepreneurship Action)

This virtual platform developed by CMP to support the productive ideas of organizations and residents of Huasco focused on executing the Fondo Emprendedores (Entrepreneurs Fund) and the Terraza del Emprendimiento Online (Online Entrepreneurship Terrace), aimed at positioning local production through social networks.

### Promoting tourism

Aguas CAP supported the municipality of Caldera by delivering advertising material to promote the activities offered by the town during the summer.

### Socioeconomic Investment Fund

This program to finance projects that improve the quality of life of the coastal communities of Caldera is now in its 12th year and has helped to materialize important progress, such as installing power generation systems with photovoltaic panels in many coves. In 2020 the company financed a refrigerated cart for the fishermen to store their production and helped them develop a [website](#) to promote their business.

### 2018-2022 Working program for the artisanal fishing sector

As part of this collaboration agreement between the fishermen of Caldera, Aguas CAP, and CMP a new hyperbaric chamber was set up in 2020, which already has sanitary authorization. The plan consists of two action lines. The individual line includes a health fund, death allowances, and scholarships for higher education for fishermen's children. The organizational support line includes training programs, the development of nodes, and a technical unit for artisanal fishing.

### Plan Puente Social (Social Bridge Plan)

CINTAC is preparing a training program in construction skills and the use of materials manufactured by the Group aimed at neighbors from vulnerable sectors. The initiative aims to increase the employability of the participants and promote the development of micro-enterprises. Its implementation is planned for March 2021.



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## Educational development

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### Alfadeca TV

With the support of CAP S.A., the Fundación Sara Raier de Rassmuss (Sara Raier de Rassmuss Foundation) broadcasted its literacy program Alfadeca on Educa Chile's free-to-air television. All 33 chapters, animated by PunkRobot Studio (Oscar winners for "Bear Story"), are available on Youtube.

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### Promoting education

CMP awarded more than 24 Jaime Charles scholarships to support young people from Caldera, Huasco, Freirina, Guayacán, Chungungo, and Romeral in their higher education. It also provided in person and online training in gastronomy and sewing for the inhabitants of Chungungo, Guayacán, and Incahuasi.

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### Proyecto Conciencia LabCaldera (Lab)Caldera Awareness Project

CMP and Aguas CAP supported this program implemented by the Chrysalis incubator with public co-financing. 15 teachers from the Manuel Blanco Encalada school were trained for three months in "Team management in innovation and school entrepreneurship" by scholars from the Pontificia Universidad Católica de Valparaíso. Also, technological know-how in aquaculture, food processing, and tourism services was transferred to students and teachers. A food laboratory will soon be inaugurated for the school community, with the assistance of the Regional Center for Healthy Food Studies (CREAS, for its acronym in Spanish).

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### CAP Acero Buen Vecino (CAP Acero Good Neighbor)

This CSH program develops activities aimed at supporting neighboring communities in highly valued areas such as training, sports, recreation, and culture. In the first quarter of 2020, before the pandemic, summer internships were developed with the participation of 83 future professionals from more than ten institutions of higher education in the southern area of Santiago. Activities for children were also offered at the Club Deportivo Huachipato (Huachipato Sports Club), such as swimming lessons (90 participants) and "Soccer afternoons" (120 participants). In partnership with Huachipato Workers Union 2, school supplies were delivered to a children's home in the region.

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## Social well-being development

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### Guayacán improvement plan

The project started in 2020 by CMP includes the paving of streets in an area adjacent to the port (160 linear meters), a rough perimeter fence for the company's land (to avoid open areas that could become sources of risk for neighbors), and the construction of a public square whose planimetry was completed during the reporting period.

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### Beach monitoring

In response to a request from the Caldera Port Authority, Aguas CAP conducted studies of bacteriological parameters in water samples from the different beaches of the municipality so that the authorities could establish which are suitable for bathing.

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## Promoting culture and sports

### ChaoPescao 2020

Once again, Aguas CAP managed the sound system and amplification for this music and typical gastronomy festival organized by the Caldera fishing unions to bid farewell to the summer. The entire community is invited.

### Club Deportivo Huachipato and Corporación Cultural Artistas del Acero (Cultural Corporation of Steel Artists)

The club, which has 4,680 members, deployed different activities through digital platforms during the period of confinement such as Zumba classes, functional training, and full combat. In the second half of the year, it was able to resume in person classes and training. Meanwhile, Artistas del Acero offered a free online program that included 31 courses and workshops (232 participants), eight shows and virtual talks (22,000 spectators), and outreach activities. It also financed cultural projects that benefited 11,000 people.

### Cultural activities for residents of the Libertad and Gaete neighborhoods

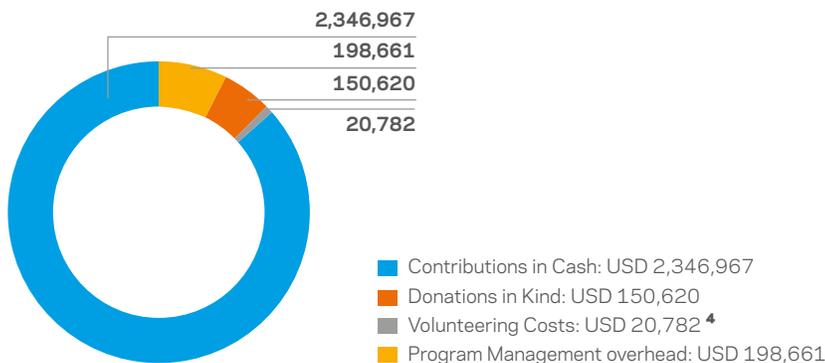
Together with Senda, CSH organized the Virtual Voice Festival, in which neighbors from both locations participated. It also held the literary contest Relatos de Cuarentena (Quarantine Stories) for students from fifth to eighth grade.

## Support to indigenous communities

### Project "Cultivos hidropónicos en comunidad colla Inti Wañuy" (Hydroponic crops in the Inti Wañuy colla community).

As part of this initiative, Aguas CAP supplies desalinated water to an indigenous community in Caldera. Due to the pandemic, only two deliveries were made in 2020, but it was possible to install the access structure to the storage tanks located at the community center.

### 2020 SOCIAL INVESTMENT (IN USD\$)<sup>3</sup>



<sup>3</sup> Value of the dollar as of December 31, 2020: \$ 710.5.

<sup>4</sup> Total cost of employee volunteering during paid working hours.



## Philanthropic contributions (in USD) <sup>5</sup>

Category	CAP S.A.	CMP	CSH	CINTAC	TASA	Infra	CAP Group
Donations to charity	63,335.68	0	0	0	0	0	63,336
Community investment	0	1,881,235	311,018.64 <sup>6</sup>	0	0	199,259	2,391,513
Business activities	0	91,378	0	0	0	0	91,378
<b>Total</b>	<b>63,335.68</b>	<b>1,972,613</b>	<b>311,018.64</b>	<b>0</b>	<b>0</b>	<b>199,259</b>	<b>2,546,227</b>

## SOCIAL IMPACTS

The Group's companies have become poles of economic growth in the areas where they are located, both in terms of the generation of local jobs and the magnitude of purchases of goods and services. Maintaining the operational continuity of CMP and CSH -which were declared essential industries- made it possible for local production chains to continue operating normally, demonstrating the central role played by the mining and steel industries in resilient value chains.

Also, the solutions provided by the Group's companies have proven to be critical in different areas:

<sup>5</sup> Value of the dollar as of December 31, 2020: \$ 710.5

<sup>6</sup> CAP Acero Buen Vecino Program, Sports Club and Artistas del Acero corporation.



### Claims, queries, and suggestions system

*CAP has many channels for members of a community or other stakeholders to express their concerns, queries, and complaints about actual actions carried out by the Group's companies or perceptions about them. In this way, they can be addressed promptly thanks to an efficient internal coordination process that ensures their proper treatment and timely response.*



### Sanitary and educational infrastructure



- In Peru, Calaminon built the new Tacna hospital in record time, a 12,000-square-meter project that made it possible to better address the pandemic in the southern part of the country.
- It also continued to build classrooms in extreme areas of Peru, using modular solutions that improve the quality of life of thousands of students each year.

### Road connectivity



- The Aguas CAP desalination plant makes it possible to comply with a series of voluntary environmental commitments in Caldera and Tierra Amarilla by supplying water to mining customers in the Atacama region

### Reduction of water stress



- The Aguas CAP desalination plant makes it possible to comply with a series of voluntary environmental commitments in Caldera and Tierra Amarilla by supplying water to mining customers in the Atacama region.

### Development of energy projects



- Las Losas Port provided services to external customers in important projects such as the construction of the Cabo Los Leones III wind farm, developed by Siemens Gamesa in the province of Huasco.

## Operations and community consultations

26

current production operations

1

needed community consultations

2

productive projects under development

1

with community consultation processes <sup>7</sup>

<sup>7</sup> Oxapampa Consortium (CINTAC Group): consultation with native communities of San Pedro de Pichanaz, Alto Chivis, and Puellas Yuncullmas for quarry use authorization



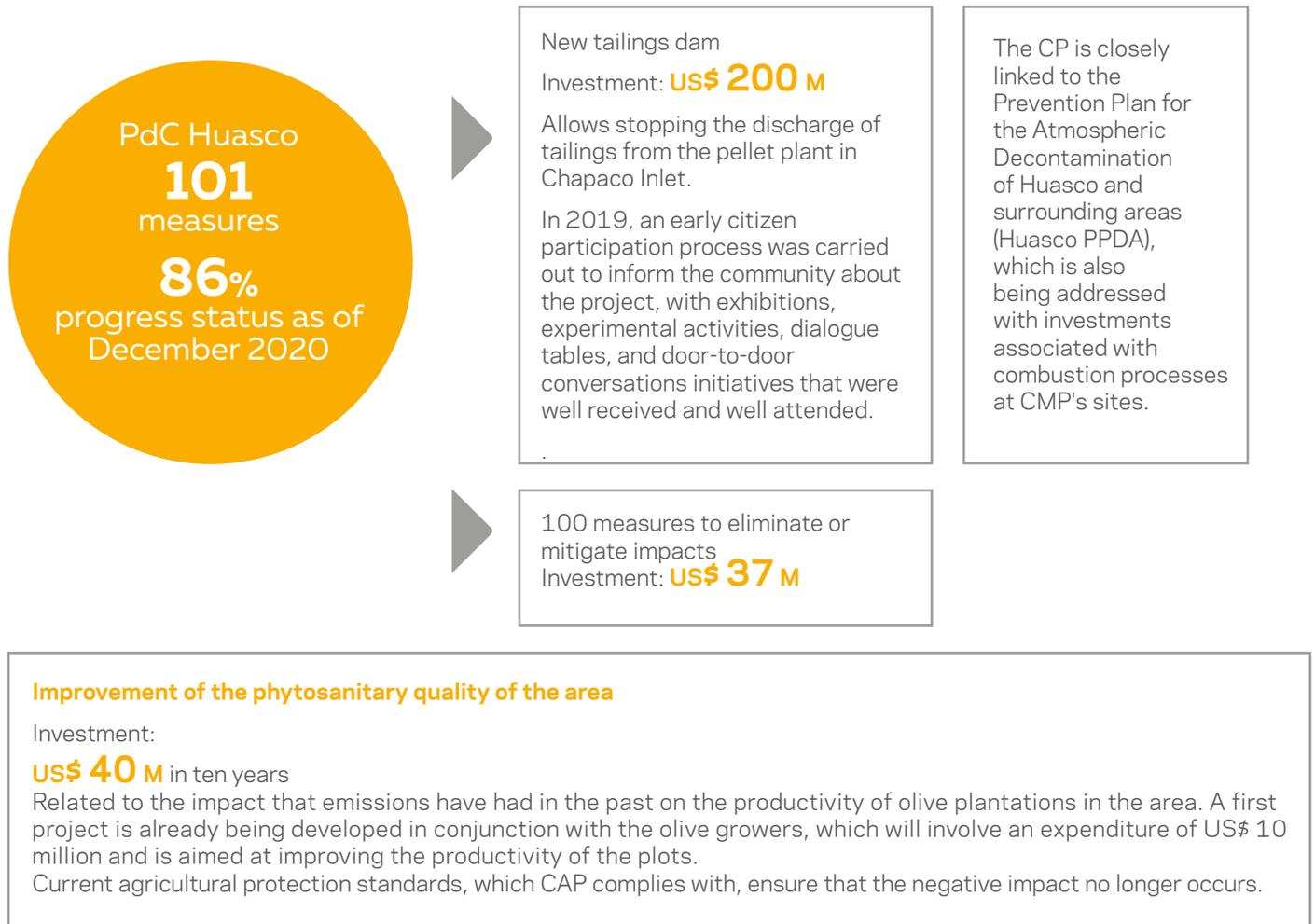


## Impact prevention and mitigation

The company strives to prevent its operations from having negative impacts on neighboring communities by strictly following up on compliance programs associated with audits of its sites and environmental qualification resolutions.

An area that in the past has been the scene of demonstrations by neighbors and organizations with socio-environmental demands is the province of Huasco, where the Los Colorados mine, the pellet plant, and CMP's Guacolda II port are located. There, the company is executing the Compliance Program (CP) for the Huasco Valley, approved by the Superintendence of the Environment in 2019, one of the most comprehensive that the company has addressed.

*Only one social incident was recorded in 2020. For two hours, members of the Tomás Urmeneta neighbors' council blocked the entrance to the Guayacán port in protest against the emission of black dust that affects neighboring houses. They demanded the total closure of the stockpiles and access to monitoring reports. The demonstration ended after the Operations Manager and the head of Communities of the port committed to the neighbors to establish a dialogue table.*



# 06.

IN HARMONY WITH  
THE ENVIRONMENT

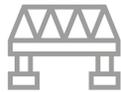




# ENVIRONMENTAL MANAGEMENT



We operate in harmony with our environment, in compliance with environmental regulations and the voluntary commitments we have signed up to. This guideline is explicit in:



## Our sustainable corporate strategy

It includes a series of investment initiatives to raise our sustainability levels.

One of its focuses is the development of complementary resources to the company's core business, which contribute to the decarbonization of our production processes, the use of desalinated water, the generation of solar energy, and eventually the production of green hydrogen.

## Our Sustainability Model

Addresses key ESG issues for CAP. At the environmental level, the issues included are:

- Energy and emissions
- Water
- Waste, materials, and transportation
- Adapting to climate change
- Biodiversity and natural heritage

Progress plans with short- and medium-term goals are being devised for each.

## Environmental Management Policy

### Commitments

- Maintain an auditable system of our environmental management
- Identify, evaluate, and control the environmental aspects of our activities, products, and services
- Reduce waste generation
- Maintaining open, clear and, timely communication with all stakeholders
- Use water and energy efficiently
- Promote a responsible attitude towards environmental issues
- Consider clean technologies and environmental protection criteria from the design stage of any new project.



On the other hand, our subsidiaries have their own policies, which complement corporate guidelines, as well as environmental management systems to implement them.

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## **CMP**

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In 2020, the mining company implemented a process risk management system that included environmental factors in the operational and process risks that must be addressed daily. All obligations undertaken in the environmental assessment processes are included in its risk management cycle and there is a support area responsible for developing a plan to close gaps.

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## **CSH**

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The steel company has an Integrated Management Policy<sup>2</sup>, where it expresses its commitment to minimize environmental impacts and make responsible use of energy. Its environmental management system is audited internally by the Studies and Management unit and assessed by DNV's external audit. The certification covers all operations and all personnel.

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## **CINTAC**

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Its processes are audited regularly to detect deviations and implement the necessary corrective measures. In Chile, its operations are certified under ISO 14001.

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## **TASA**

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100% of its employees work under an ISO 14001 management system.

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## **INFRASTRUCTURE**

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100% of Las Losas Port's operations are certified under the ISO 14,001 standard. Aguas CAP's management system was designed in accordance with this standard, although it is not certified.

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<sup>2</sup> Available at [https://www.capacero.cl/cap\\_acero/site/edic/base/port/documentos\\_corporativos.html](https://www.capacero.cl/cap_acero/site/edic/base/port/documentos_corporativos.html)



## WATER RESOURCES

303-1/ 303-2/ 303-3/ 303-5

We consider water management to be a critical business risk. Both CMP and CSH are implementing plans for further optimization and reuse of this resource. They currently reuse more than half. The next step is to have an adequate characterization of the water demand and supply of the entire Group to prepare a first water balance.

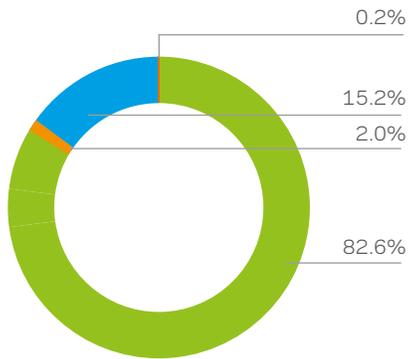
# 62,448,510 m<sup>3</sup>

Group water consumption in 2020  
+13.2% vs. 2019

# 9,502,000 m<sup>3</sup>

Seawater consumption  
+72,4% vs. 2019

### DISTRIBUTION OF WATER CONSUMPTION IN THE CAP GROUP BY TYPE OF SOURCE - 2020\*



- Municipal / third party: 0.2%
- Groundwater sources: 2.0%
- Surface water sources: 82.6%
- Sea: 15.2%

### Desalinated water contributions

The company not only seeks to reduce its consumption. It also supplies desalinated water in the most water-stressed area of the country. Apart from CMP, Aguas CAP supplies other mining customers in the area to allow them to meet their environmental commitments and also makes its own contributions to indigenous communities in the area. Thus, its production is used for:

- Home consumption in the community of Caldera
- Agricultural consumption in Tierra Amarilla and Copiapó
- Hydroponic vegetable irrigation in the Colla Inti Wañuy indigenous community of Caldera

Desalinated water production in 2020

# 8,025,944 m<sup>3</sup>

+2,9% vs. 2019

\* The consumption in this column does not include Aguas CAP consumption.

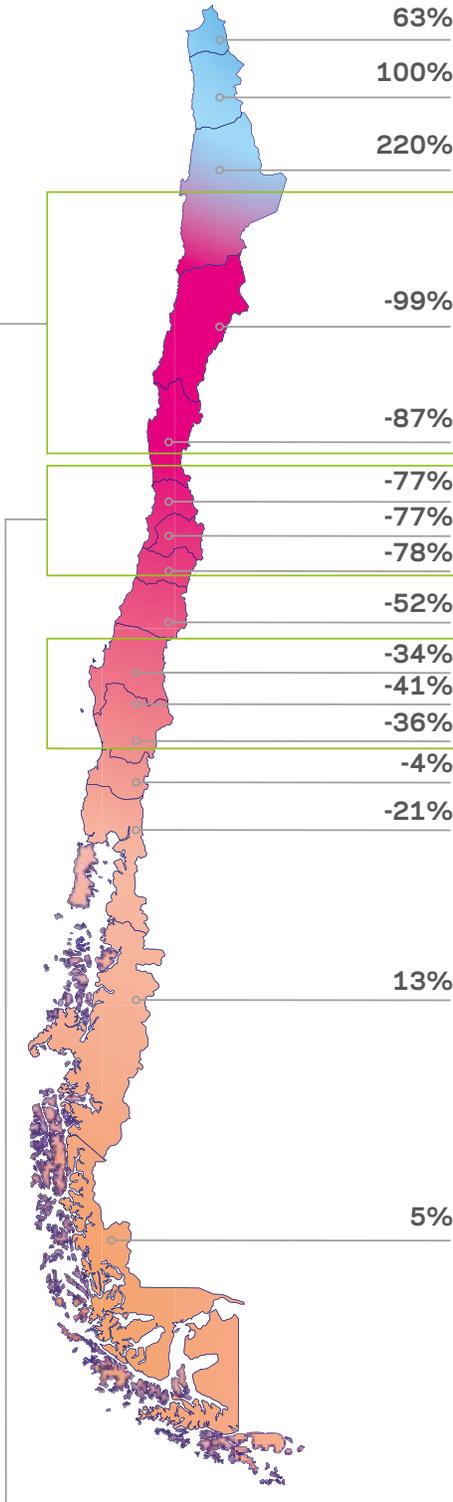




- **Sites:**  
10 (8 CMP, 1 Aguas CAP, 1 PLL)
- **In an area of water scarcity:**  
10
- **Water consumption in 2020:**  

Total	Freshwater
<b>27.1</b> million m <sup>3</sup>	<b>3.4</b> million m <sup>3</sup> (+32% vs. 2019)
- **% of Group total:**  
35%
- **Sources:**  
third party, groundwater, surface water, and sea

**3.4** million m<sup>3</sup> of surface water and groundwater is withdrawn from areas of water stress (12.5% of total).



- **Sites:**  
1 (CSH)
- **In an area of water scarcity:**  
0
- **Water consumption in 2020:**  
**49** million m<sup>3</sup>  
(+5.5% vs. 2019)
- **% of Group total:**  
64,0%
- **Sources:**  
last stretch of the Biobío river.

- **Sites:**  
9 (CINTAC)
- **Water consumption in 2020:**  
0.483 million m<sup>3</sup>  
(+48% vs. 2019)
- **% of Group total:**  
1%
- **Sources:**  
industrial and drinking water.

Legend  
Deficit / Surplus  
**as of August 2020 in %**

- -70% to 100%
- -1% to -69%
- 0% (Normal Year)
- 1% to 69%
- 70% to 100%
- 101% to 200%

**Compared to historical average 1980-2010**  
**Source: DGA**



## RESPONSIBLE WASTE MANAGEMENT

### 306-2

We promote clean production, the reduction of waste generated, and recycling, goals that we seek to achieve through our "Zero Waste" initiative. In Chile, waste management is governed by national regulations.



Industrial waste that is not reused is disposed of in places authorized by law, with the appropriate certification.

All plants have clean points and areas for the collection and segregation of industrial waste.

#### Mining waste

In 2020 CMP produced

**35.3 million Tm**

of waste rock (+1% vs. 2019)

**4.4 million m<sup>3</sup>**

of tailings (+14 vs. 2019)

**4.9 million Tm**

of environmental liabilities reused (-11.6% vs. 2019)

- Waste rock is deposited in the sites authorized in the EQRs.
- Tailings generated in magnetic plants are deposited in authorized sites:
  - Cerro Norte Grande:** on land with thickened tailings technology
  - Pellet Plant:** dumping at sea (starting in 2023, land disposal with thickened tailings technology)
  - Magnetite Plant:** at the tailings dam of Minera Candelaria.

## CAP Group Waste Management (Metric Tons)

	2017	2018	2019	2020
Waste Generated	405,385	378,484	346,393	427,008
Waste Used, Recycled or Sold	388,581	364,739	324,484	402,408
Waste to Landfill	14,738	12,398	21,909	24,600

### Reuse

- Conversion of CSH steel waste into agglomerated pellets for blast furnaces in the first extrusion plant in Latin America
- Reconditioning of used industrial oils for use in coal density adjustment.

### Marketing of industrial waste

- Sale of ferrous scrap from CMP to Huachipato steel plant for recycling
- Sale of slag from CSH blast furnaces to Cementos Bío Bío and to a company that recovers the metallic content to produce steel aggregate (road stabilizer)
- Sale of limestone and lime fines, coke, and scale.
- Sale of EPS pellets produced from Calaminon's polystyrene crusts for the manufacture of headlights and adhesives.
- In Chile, CINTAC's scale sludge is used as fuel in the kilns of a cement plant.

The Magnetite plant in the Copiapó Valley is one of the most important tailings recycling plants in the world. It uses technologies to separate iron particles and make energy consumption more efficient.

**18,8 millones Tm**

of tailings from Minera Candelaria processed by 2020.

The corporate building has a clean point for the collection of domestic waste, which is then classified and compacted for subsequent sale to a recycling company.

**4,018 kg**

of waste generated  
-64% vs. 2019

**52.7%**

recovered  
-2.7 pp vs. 2019

**172 kg**

of electronic and hazardous waste recovered



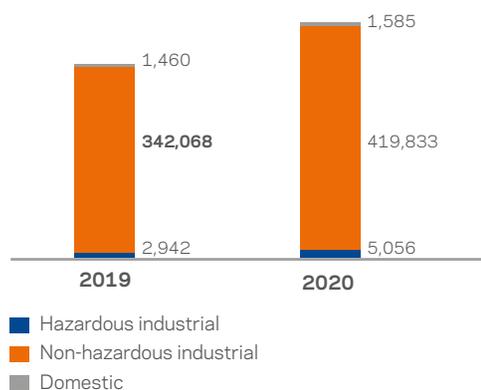
## New filtered tailings dam

The grinding processes carried out at the Pellet Plant to separate the iron ore from the rock produce a slurry composed of water, silicates, and stable geological species not captured by magnetic extraction. Ecotoxicity studies indicate that they are harmless to health, so CMP is authorized to dump them at sea. However, the company has committed to deposit them in a dam on land starting in 2023. Before that, the tailings will be filtered so that they occupy less volume, are more stable, and the extracted water (20%) will be reused in the pellet plant.

The environmental impact assessment for the project was filed in January 2020. The design considers a storage capacity of 7.6 million cubic meters of tailings and is calculated to withstand earthquakes and rainfall. Also, the company will implement a series of measures to minimize the environmental impact, such as a flora conservation plan and actions to avoid the emission of particulate matter.

*The Pellet Plant in Huasco, Minas El Romeral in Elqui, and CINTAC's facilities in Chile adhere to the Clean Production Agreements (CPA), which include aspects of waste management.*

## WASTE GENERATED BY TYPE (MT)



## ATMOSPHERIC EMISSIONS OF SO<sub>x</sub>, NO<sub>x</sub>, AND PM 305-7

### Compliance with the prevention plan in Huasco

In 2017, the Air Pollution Prevention Plan for the town of Huasco and surrounding areas, which includes the Pellet Plant and, to a lesser extent, the Los Colorados mine, came into effect. It considers the control of particulate matter emissions from combustion and non-combustion activities. As part of its Compliance Plan (CP), CMP presented a series of reduction proposals that were approved by the authority in 2019:



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### Particulate matter reduction in non-combustion activities

- Improved railroad cleanliness
- Washing of train cars and installation of caps over domes
- Washing of the wheels of trucks transporting coal and limestone
- Asphaltting and vacuuming of roads
- Construction of a car blowing system at Los Colorados mine
- Modification of rail car unloading infrastructure at Pellet Plant.

### Particulate matter reduction in combustion activities

- Optimization of the PM and gas emission control system of the 2B stack of the pellet plant
  - Incorporation of a NOx abatement system in the two stacks of the plant
  - Implementation of a continuous emissions monitoring system for stacks 2 A and 2 B, with online public access
  - Installation of a desulfurizing precipitator to reduce emissions.
- 

### In 2020:

- ✓ Railway-related initiatives were completed.
- ✓ The new Low NOx burner was received, which will reduce nitrogen oxide emissions.
- ✓ Hydraulic works and contour channels were built at the waste rock dump at the Los Colorados mine.

The installation of the precipitator was delayed for three months because the pandemic made it difficult to import it from China. It should be completed in September 2021. In any case, CMP has been complying with the new sulfur dioxide (SO<sub>2</sub>) and nitrogen oxide (NOx) emissions standards since they came into force in 2020, as well as the new regulation on particulate matter (PM) emissions, effective January 1, 2021.

## Second electrostatic precipitator in the pellet plant

This US\$40 million investment will make it possible for 100% of the emissions associated with combustion processes at CMP's Huasco sites to have an abatement system. Includes:

- A five-field electrostatic precipitator to abate particulate matter.
- A wet desulfurizer to reduce SO<sub>2</sub> emissions and a selective non-catalytic reduction system to capture NOx gases generated in the rotary kiln.
- A treatment plant to process the waste generated in the desulfurization equipment of the two stacks and the chemical laboratory's LIW. This plant will recover water for the process, separating it from the solid parts, which will be sent to a safe final disposal.



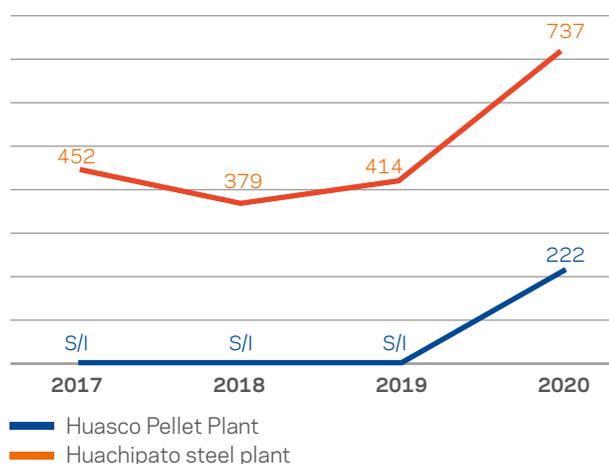
## Compliance with the decontamination plan for Concepción and Talcahuano

In the last decade, the concentration of PM 2.5 -highly harmful to health- has been increasing in the south of the country, mainly due to the use of firewood for heating. In 2019, the Plan for Prevention and Decontamination of Concepción Metropolitano was published, which establishes measures to improve air quality in the pollutants MP 10 and MP 2.5. Among others, it requires industries in the area to reduce their authorized emissions of particulate matter by 30%, within a maximum period of five years from December 2019.

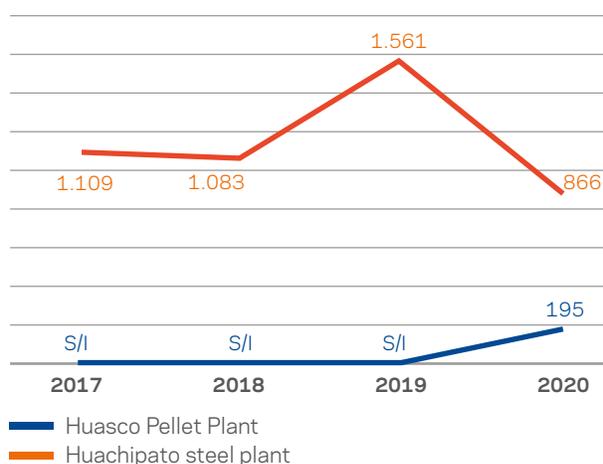
In 2020 CSH complied with the delivery of information required by the plan. Maintained expeditious communication with authorities and adequate planning to manage critical air quality episodes dictated for the Concepción Metropolitano area. Only one pre-emergency episode occurred, during which the regulated emission source was stopped. There were no problems because the entire organization made prior adjustments to dispense with the steam produced by that source. On the other hand, engineering work began on the projects that will make it possible to meet the plan's goals.

In 2020, CSH production was higher than in 2019, which increased emissions. However, coarse particulate matter control was maintained by cleaning paved roads throughout the year (previously this was done only in summer) and the use of an anti-dust agent for unpaved roads, as well as regular wetting.

**DIRECT NO<sub>x</sub> EMISSIONS (MT)**



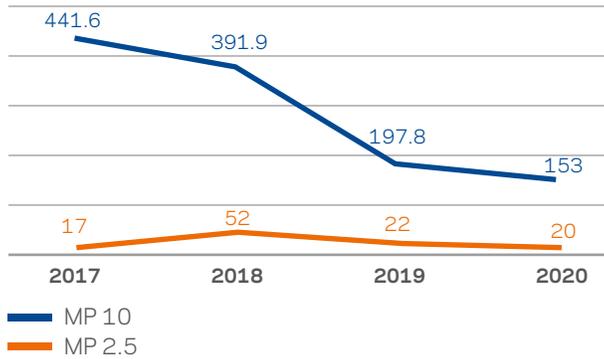
**DIRECT SO<sub>x</sub> EMISSIONS (MT)**



From 2020, the Pellet Plant reports its NO<sub>x</sub> and SO<sub>x</sub> emissions per year, whereas previously it reported per day.



### DIRECT EMISSIONS OF PM10 AND PM2.5 CAP GROUP ( $\mu\text{g}/\text{m}^3$ ) \*



\* This graph does not include data from CMP since this company changed its measurement methodology, and in 2020 it registered 134 metric tons.

### INCIDENTS WITH ENVIRONMENTAL IMPACT 306-2

CAP companies have emergency plans that guide their actions in these cases, which include promptly notifying the authorities, activating containment measures, and then correcting the risk management cycle so that the incident does not happen again. In 2020, there were no incidents with environmental impact in the Group, nor was it necessary to pay fines for non-compliance with environmental regulations over US\$ 10 thousand.

In 2019, there was an accidental spill of 40 cubic meters of diesel in the bay of Guarello Island (Magallanes region), where CSH extracts limestone. The response was immediate and 95% of the spilled diesel was recovered. In 2020, the third and fourth post-spill environmental monitoring campaigns requested by the maritime authority were carried out, thus maintaining year-round surveillance to detect the presence of diesel in the sea.

At the same time, measures were taken to prevent other spills: new diesel storage tanks were installed and maintenance was performed on the pier and the terminal buoy. The associated expenditure amounted to US\$ 1.2 million.





# CLIMATE CHANGE

## Climate strategy

One of the priorities of the corporate strategy is the development of renewable energy sources. Also, within the framework of the new Sustainability Model, goals related to the reduction of the carbon footprint will be established. The goal is that by 2021 all subsidiaries that do not yet do so will begin to measure their footprint, to set a target for reducing emissions intensity for the entire Group, with 2025 as the target year. For the time being, some operating companies have already made progress:

CMP	CSH	CINTAC
<ul style="list-style-type: none"> <li>▪ <b>Strategy to reduce operational impacts that negatively affect climate change.</b> Includes a plan to begin measuring the carbon footprint starting in 2021.</li> <li>▪ <b>Establishment of a climate change committee</b> It meets every two weeks to integrate and assess climate risks and their controls from each management area.</li> <li>▪ <b>Study underway to gasify the Pellet Plant.</b> It currently consumes about 27 thousand tons of coal per year. The project is led by the plant's operations area.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Greenhouse gas (GHG) emissions report to the World Steel Association.</b> Its footprint is mainly associated with the energy consumed in its production processes, which is why it has implemented energy efficiency programs.</li> <li>▪ <b>Green energy supply contract</b> On January 1, 2021, the contract that Huachipato signed in 2020 with Engie came into force: <b>420 GWh</b> of certified renewable energy for 15 years. <b>-10%</b> in total CO<sub>2</sub> emissions</li> <li>▪ <b>Development of a decarbonization agenda.</b> The Austrian consulting firm Prime Metals has provided advisory services for this purpose. Defined lines of action. <ul style="list-style-type: none"> <li>▪ Coke gas injection into the blast furnace.</li> <li>▪ Use of expert systems that increase energy efficiency.</li> <li>▪ Increase in the percentage of scrap used in the steel plant (currently 25%).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Carbon footprint measurement of operations for scopes 1, 2, and 3.</b> In line with the methodology of Huella Chile (Chile Footprint) of the Ministry of the Environment.</li> <li>▪ <b>35%</b> of the energy required to manufacture Cintac SAIC's products comes from solar panels installed on the roofs of its plants.</li> <li>▪ <b>Study on efficient alternatives for the maintenance of solar power plants.</b> To increase their efficiency in electricity generation.</li> </ul>



## Direct greenhouse gas emissions (metric tons of CO eq.)

	Scope 1 (direct)		Scope 2 (indirect)		Scope 3 (supply chain)
	2019	2020	2019	2020	2020
CSH	1,429,846	1,499,094	184,899	186,779	6,483
CINTAC	2,061	2,253	2,518	3,466	434,896

## Management and employee incentives

In line with the CAP Group's strategy, incentives related to climate change have been established in some of its companies. To define them, CAP S.A. executives worked with expert advisors to identify the most important points to be addressed, such as decarbonization, water resources, the greenhouse effect, and non-conventional renewable energies.

	Destinatario	Tipo	KPI
CAP S.A.	Corporate team (executives and workers)	Bonus	Define the ESG model with goals and pillars to guide the Group's actions, including issues such as energy and water efficiency.
		Bonus	Design a roadmap and begin implementation to measure and reduce the Group's carbon footprint.
		Bonus	Promote the study of fuel alternatives to reduce emissions at CSH and Pellet Plant.
CSH	Engineering Manager	The bonus year 2020	Indicator associated with the implementation of energy efficiency projects.



## Energy and greenhouse gas emissions

All of CAP's operating companies have energy efficiency programs. Probably the most advanced is CSH, which established its energy management system in 2016 and certified it two years later under ISO 50001:2011. Having energy performance indicators allowed it to make significant progress. In 2019, the Ministry of Energy awarded it the Gold Seal for energy efficiency for having reduced the steam consumption by 50% since 2014 (from 60 ton/h of steam in 2014 to 30 ton/h in 2019) and for reducing power consumption in the metallurgical adjustment station thanks to operational optimizations. Progress continued in 2020.

### Reductions achieved by CSH in 2020

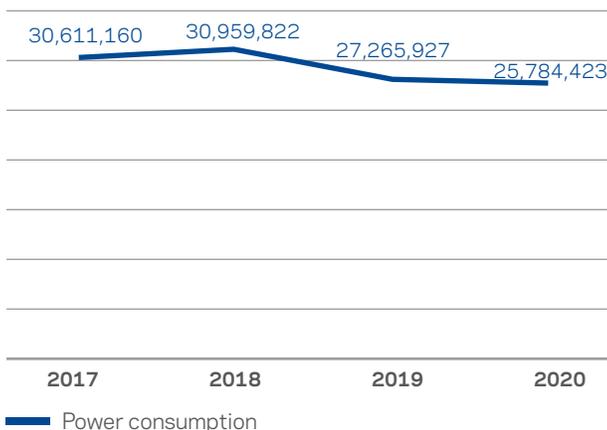
	2019	2020
Steam production and consumption	30 t/day	↓ 28 t/day
Efficient use of energy metallurgical station	Maintenance of levels → new drop in overall spending	
Energy efficiency index	6.35 Gcal/t of liquid steel	↓ 5,91 Gcal/t

The goal is to continue increasing efficiency and reducing the carbon footprint, for which purpose the use of more energy-efficient ships for trips to the north of the country is being considered for 2021.

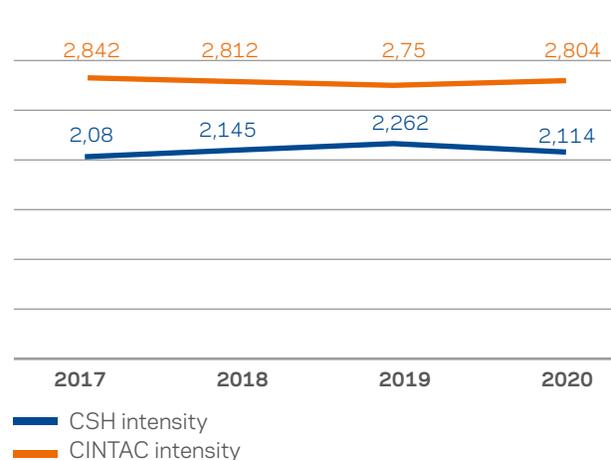
The steel transformation business also shows progress. At CINTAC there is an energy efficiency committee that reviews and assesses processes, improving them and making them more efficient.

As a result, CINTAC Chile replaced equipment with low efficiency and installed consumption control and monitoring systems for the different machinery, establishing the basis for future improvements. Meanwhile, 75% of the energy consumed by TASA comes from natural gas, a fuel considered a transition fuel because it is more environmentally friendly.

### POWER CONSUMPTION. CAP GROUP (Giga Joules)



### INTENSITY OF CO<sub>2</sub> EMISSIONS - CSH (MT of CO<sub>2</sub> eq./t of steel produced)



### CSH wins the Energy Management Insight Award

*Ministerial Clean Energy, an international organization that promotes the use of clean energy, decided to grant this award to the steel company for the implementation of its Energy Management System. Clean Energy projects that this initiative will generate energy savings in the order of 1.05 exajoules by 2030, as well as avoiding the emission of 6.5 billion metric tons of CO<sub>2</sub>.*



## Adapting to climate change and management of associated risks

The CAP Group's risk analysis includes climate as part of the risk of "non-compliance with regulations and permits and/or environmental damage that impacts the operation". It has also been specifically identified as an emerging risk that may impact the Group's costs and investment plans<sup>3</sup>. Its effects could show up in two ways over the next five years:

### Regulatory changes risks

As we transition to a low-carbon economy, it is expected that there will be more restrictions on the use of coal, water and greenhouse gas emissions, factors that could increase our costs. In this sense, the regulations for the application of the green taxes included in the last tax reform are currently being developed and it is very relevant how the emissions associated with the consumption of coal, an irreplaceable raw material in the steel plant, will be considered.

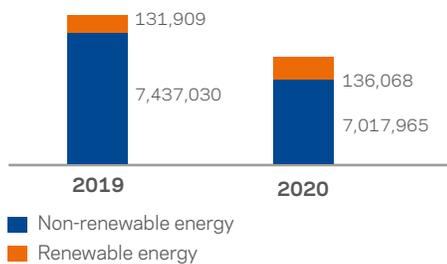
### Physical risks

The megadrought in the north and center of the country is one of the many physical manifestations of the climate change we are already experiencing. So far our operations have managed to weather them, but in the coming years, it is projected that their magnitude and frequency will intensify, which could harm the operational continuity of our companies.

For example, mining operations may be interrupted by flooding. The availability of our ports has already decreased from 99% to 95% in the last decade due to increased storm surges, which could also affect the desalination process.

<sup>3</sup> More information on emerging risks can be found in chapter 2 of this report.

### CAP GROUP POWER CONSUMPTION BY TYPE OF ENERGY (MWH)





The main risk identified during 2020 in CMP is the future physical and legal availability of freshwater sources, which the company currently has.

The financial implications of these risks have not yet been calculated, but measures are already being taken <sup>4</sup>.

### Financial opportunities of climate change

Given the importance of this phenomenon, all productive sectors seek to control their own greenhouse gas emissions and are therefore constantly monitoring the raw materials and inputs they use. CAP Group companies offer products and solutions that allow them to reduce their carbon footprint.

#### CMP: High-grade iron

- CMP produces concentrates and pellets that are less polluting than traditional ones

According to the "Fugas de Carbono" (Carbon Leakage) study, developed by Implementa Sur, grinding media produced with CAP" steel have a 20% smaller footprint than those imported from China. This is in response to the fact that shipping adds emissions and coal-fired power generation is the main source of electricity in the Asian country. Thanks to the agreement with Engie, CAP's balls will have a 31% lower footprint than imported balls.

#### CSH: Green and resistant steel

Stronger steels make it possible to build infrastructure with less steel consumption.

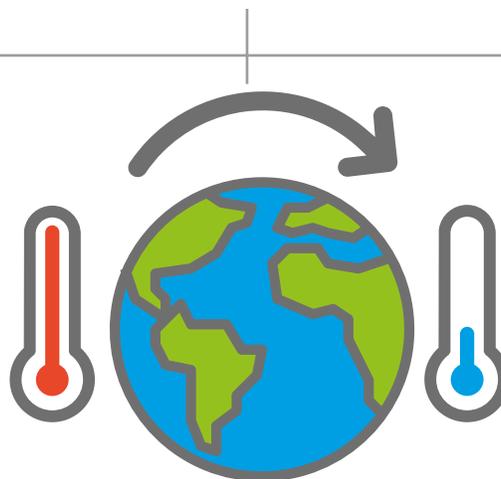
- Reinforcing bars for construction with life cycle analysis and environmental declaration (EPD) for sustainable projects.
- Mining grinding media with a lower carbon footprint

#### CINTAC: More efficient steel solutions

- Industrialized building solutions that reduce energy consumption
- Manufacturing of cold rooms for food chains based on energy efficiency

#### 14,000 m<sup>2</sup> of solar power plants installed

- Three products with certified Life Cycle Assessment (LCA): Metalcon, steel vineyard stake, and collaborating plate



<sup>4</sup> More information in chapter 2 of this report.



# CARE FOR BIODIVERSITY AND NATURAL HERITAGE

304-1, 304-3

The CAP Group's Environmental Management policy explicitly commits us to care for biodiversity. Five of our 17 operating sites are located within or in the vicinity of areas of high biodiversity value, some of them protected. These areas total 4,600 hectares.

**171.72 ha** → with biodiversity management plans

**240.74 ha** → protected by the company.

This figure will increase by 400 hectares once the authorities approve the application for the declaration of Cruz Grande as a private protected area.

*Biodiversity and natural heritage are among the key ESG issues incorporated into the company's new Sustainability Model, based on which specific goals and plans to achieve them will be defined.*

## Quebrada de León (Leon Creek)

An Aguas CAP pipeline crosses this priority site for biodiversity conservation located 10 km from Caldera. Thanks to the fog that penetrates from the coast into the valley, there is a high concentration of flora species, some of which are endemic, such as Tillandsia geissei, Cruckshanksia pumila, Copiapo calderana, and Stachys eremicola.

Protected area: 0.007 ha

Atacama Region

**Measures:**

- Training is provided for workers on respect and care for the flora, fauna, and archeological heritage, and on the handling of waste and hazardous substances.

## Punta Totoralillo

Aguas CAP has the mandate to preserve the ecosystems linked to its desalination plant at Punta Totoralillo, an area abundant in native flora.

Protected area: **5.31 ha**

Reforested area: **7.5 ha**

Atacama Region

**Measures:**

- Environmental monitoring plans determined by the authority in the project evaluation process.
- Reforestation with native Cacho de Cabra (Skytanthus acutus) and cacti.

**75%** establishment of replanted specimens in 2015 thanks to:

- Quarterly monitoring
- Regular watering
- Improvements in fencing to prevent the entry of predators



### Cruz Grande private protected area

In 2020, as part of the commitments established in its EQR for the Cruz Grande port project, CMP submitted a request for approval of a private protected area of 400 hectares rich in biodiversity. This is currently being processed by the Ministry of the Environment.

Protected area: **400 ha**

Coquimbo Region

**Measures:**

- Safeguarding conservation objects such as the Lucumillo (*Myrcianthes coquimbensis*), an endemic shrub species classified as endangered, and cacti such as *Eulychnia acida*, *Copiapoa coquimbana*, and *Echinopsis coquimbana*.
- Studies to expand scientific knowledge of the area's flora and fauna conservation objects
- Safeguarding of the cultural heritage of the area
- Environmental education

### CSH Wetlands

Within CSH's industrial site there are two wetlands that the company voluntarily committed to protecting during the environmental assessment process for the "ZOMARE Conditioning" project. Although they are not considered as a RAMSAR site, they are home to approximately 20 species of birds, amphibians, and mammals. The Species Protection Agreement with Codeff and Universidad San Sebastián remains in force.

Protected area: **40 ha**

Biobío Region

**Measures:**

- Control of water quality, sediments, biodiversity, and avifauna through the application of the Wetlands Monitoring and Management Program. In 2020, eutrophication of one of the lagoons was observed, so in December 2020 a special monitoring was activated to identify the causes and determine action steps.
- Restricted access: visits are controlled and guided. The privilege is given to neighbors and students of degrees related to environmental sciences

## Marine biodiversity monitoring

### Program for monitoring the impact on the marine environment in CAP-operated ports

This monitoring mandated by the authority includes chemical, physical, and marine life analyses complemented by population studies of the fauna and monitoring with cameras of subtidal communities on rocky bottoms. Frequent censuses of marine mammals are also being carried out in the area where the future Cruz Grande port will be located, following the commitments acquired by the project.

### Punta Totalillo monitoring plan

Along with the environmental monitoring measures determined by the authority for Punta Totalillo, Aguas CAP independently monitors the marine ecosystem surrounding the effluent discharge area, to keep a record of the behavior of the fauna.

### San Vicente Bay monitoring program

CSH monitors water quality and marine biodiversity in the dock area and in the areas where effluents are discharged.



**In no case have any changes been detected that would indicate that the environment has been affected.**

# 07.

ANNEXES



# ADDITIONAL INFORMATION

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This section presents additional information and indicators in the following areas:

- Corporate Governance and Integrity
- People
- Economic Value
- Social Development
- Environment



# CORPORATE GOVERNANCE AND INTEGRITY

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## BOARD OF DIRECTORS COMMITTEES IN 2020

### Directors' Committee

Regulated by Article 50 bis of Law 18,046. Its mission is to comply with the legal mandate required of certain open corporations under Law 18,046, including: (i) reviewing external auditors' reports, balance sheet, and financial statements; (ii) propose names for external auditors and private risk classifiers; (iii) review background information on transactions between related parties; (iv) review the remuneration systems and compensation plans for managers, senior executives and employees of the companies; (v) the drafting of an annual management report; (vi) to inform the Board of Directors as to whether or not to hire the external auditing firm for the provision of services that are not part of this work, in circumstances where the provision of such services could affect the independence of the auditors referred to.

### Risk Management Committee

It meets quarterly or at the request of the Chief Executive Officer. Its main objective is to analyze at a high level the risk assessment in the parent company and its subsidiaries, perform benchmarking activities to compare the risks of the CAP Group with those of other mining and industrial companies, prepare critical risk sheets for the corporate and subsidiaries, propose the risk structure for the entire group, design risk matrices and key controls, and develop the corporate risk policy and framework.

### Strategy Committee

It meets quarterly or at the request of the corporate Chief Executive Officer. This committee defines the main strategic focuses of the CAP Group and its operating companies, as well as following up on their implementation and the investments defined by the parent company, including the analysis of the main projects of each operating company, from their feasibility assessment to their execution phases, to ensure their consistency with the corporate strategy. To this end, the chief executive officers of the operating companies present the main progress made in this area to the committee's member directors.

### Donation Committee

It meets quarterly and its function is to review requests for contributions received by CAP (whether donations, sponsorships or memberships) and decide on their approval or rejection, in accordance with the provisions of the company's Donations, Sponsorships, and Memberships Policy.

Board of Directors' background as of December 31, 2020 (does not consider new members of 2021)

Gender\*

DJSI

Men	7
Women	0

\* The Board of Directors appointed in April 2021 consists of 4 men and 3 women.

With executive positions in the CAP Group

DJSI

With executive positions	0
Without executive positions	7

Directors meeting the CSA's definition of Independence for DJSI application

DJSI

Non-Independent	0
Independent	7

Terms in other Board of Directors

DJSI

Names of directors who have 4 or fewer terms on other boards of directors of corporations	Tadashi Omatoi Roberto de Andraca Marcelo Awad
---	--

Directors' nationality

DJSI

Number of foreign directors	1
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Age of the Board members

DJSI

0-50 years old	0
51-60 years old	3
61-70 years old	2
Over 70 years old	2

Seniority on the Board of Directors (members as of December 31, 2020)

DJSI

Director's name	Year of appointment to the Board of Directors	Seniority as of Year 2020 (number of years)
Rodolfo Krause	2009	11
Juan Enrique Rasmuss	2018	2
Roberto de Andraca	2017	3
Gerardo Jofré	2019	1
Tadashi Omatoi	2016	4
Marcelo Awad	2019	1
Jorge Salvatierra	2018	2
<b>AVERAGE TENURE</b>		<b>3.42</b>

Experience of the members of the Board of Directors (members as of December 31, 2020)  
 DJSI

Director's name	Relevant experience in the Materials industry
<b>Rodolfo Krause</b>	Mr. Krause is a civil chemical engineer from the Universidad de Concepción and has extensive experience in the materials industry, having served as a member of the Energy Committee of Antofagasta Minerals, Director of ENAP, Director of Cementos Polpaico, Chairman of the Board of Directors of Air Liquide, Senior Vice-Chairman of Methanex Corporation, Director and Chairman of Asiquim S.A., and in different positions at Dow Chemical Co.
<b>Juan Enrique Rassmuss</b>	Mr. Rassmuss is an engineer from the P. Universidad Católica de Chile, having chaired the companies of the Rassmuss Group since 2016, which develop their activities in the mining, industrial, and energy areas
<b>Roberto de Andraca A.</b>	Mr. de Andraca holds a degree in business administration from the Universidad de Santiago and an MBA from the Universidad Adolfo Ibañez. Mr. de Andraca has experience in the materials industry, having served as Chief Executive Officer of ECOCAP, as Business Development Manager at CAP S.A., and as Director of CAP S.A., Cintac S.A., Invercap S.A., and EPA S.A. since 2017, positions he has held to date.
<b>Gerardo Jofré</b>	Mr. Jofré has a degree in business administration and has extensive experience in the Materials industry, particularly in mining, having served as Vice-Chairman of the Board of Directors of SQM S.A., Director of Codelco, and Chairman of the Board of Directors of Codelco Chile. Also, he has a recognized career in the banking and financial sector, retail and insurance, having served in top executive positions in different business units of Banco Santander and as Chief Executive Officer of Seguros Santander and ISE Compañía de Seguros Generales and ISE Compañía de Seguros de Vida.
<b>Tadashi Omatoi</b>	Mr. Omatoi is a metallurgical engineer from the University of Tokyo, having spent his entire professional career at Mitsubishi Corporation, which has been focused on the area of metals. In his professional career, he has held responsibilities in the business area of iron ore in different countries such as Venezuela, Chile, and South Africa; as Manager of the Metals Department. Subsequently, he held the position of Chief Executive Officer of the Stainless Steel Raw Materials and Iron Ore Departments in Japan..
<b>Marcelo Awad</b>	Director Marcelo Awad is an industrial civil engineer and has extensive experience in the Materials industry, having served in executive roles at Codelco Chile and Codelco London for almost 20 years. He was appointed Director of the Metals Exchange. For more than fifteen years, he worked as VP, Executive President, and Director in different companies of Antofagasta Minerals. In terms of directorships, Mr. Awad serves as a Director of Finning International in Canada, Constructora Echeverría Izquierdo, AC Perforaciones, Pares y Álvarez Ingeniería, and Partners in Performance Consulting in Australia. He also serves as Executive Director of Wealth Mineral Resources in Canada.
<b>Jorge Salvatierra</b>	Mr. Salvatierra is a civil industrial engineer with a major in chemistry from the Universidad Católica de Chile and holds an MBA from the Saint Louis University. He has experience in the materials industry, having worked as a planning engineer at CAP S.A. and as Director at Aceros Otero. Also, he has extensive experience in the telecommunications sector, having served as Chief Executive Officer of VTR and Quintec, and is currently a Director of Entel.

## INTEGRITY AND COMPLIANCE

Most frequent reasons for complaints in 2020

	Type	Measures taken by the company
<b>CAP S.A.</b>	Fraud (1)	After verifying the facts, the employee was terminated.
	Improper use of assets (2)	In one case, no action was taken due to lack of merit. For the other, an action plan was implemented and is being monitored to ensure compliance.
<b>CMP</b>	Workplace harassment (4)	There was no evidence of conduct constituting workplace harassment, but there were violations of the Internal Regulations, for which disciplinary sanctions were applied.
	Discrimination/ Lack of opportunities (3)	There was no evidence of conduct constituting discrimination or lack of opportunity.
	Occupational health and safety	Deficiencies were corrected.
<b>CSH</b>	Labor (4)	Two were dismissed for lack of merit. In the other cases, training was provided and corrective actions were taken
	Criminal offense (1)	It was dismissed for lack of merit.
	Safety (1)	Disciplinary measures were taken.
<b>CINTAC</b>	Workplace harassment (1)	Supervisory leadership and senior management commitment were strengthened, with performance monitoring.
	Discrimination (1)	The recruitment and selection procedure was improved and supervisors were trained.
<b>Infraestructure</b>	Discrimination (1)	It was dismissed for lack of merit.
	Irregularity in Bidding Process (1)	Although it was verified that the process was carried out in accordance with internal procedures, improvement measures were recommended for these procedures.

Ethics and compliance training in 2020

Company	Activities	N° of people who received information
<b>CAP S.A.</b>		
Senior management <sup>1</sup>	<ul style="list-style-type: none"> <li>Training on the Crime Prevention Model and complaint channel, due diligence, conflicts of interest, relations with public officials, and handling of information of interest to the market.</li> <li>Sending of mailings and videos on these matters and others associated with the Integrity Program, such as the record system and free competition.</li> </ul>	Toda la organización
Other collaborators		Toda la organización
<b>CMP</b>		
Other collaborators	<ul style="list-style-type: none"> <li>Due diligence and supplier relations workshop</li> </ul>	Contracts, Procurement and Logistics Unit.
	<ul style="list-style-type: none"> <li>Capsules "Introduction to Law 20.393", "Compliance within GRP", "Compliance: Practical Cases", "Compliance System in CMP" for the entire staffing</li> <li>"Declaration of Conflicts of Interest" RIT</li> </ul>	The entire organization
<b>CSH</b>		
Senior management	<ul style="list-style-type: none"> <li>Remote training on Crime Prevention Model</li> <li>Remote lecture "How to maintain a healthy relationship with the authorities", by Alberto Precht, executive director of Chile Transparente.</li> </ul>	Senior management
Other collaborators	<ul style="list-style-type: none"> <li>In person training on community engagement</li> </ul>	Environment, Property and Communities Area
	<ul style="list-style-type: none"> <li>Remote lecture on investigation procedure</li> </ul>	Heads of unit
	<ul style="list-style-type: none"> <li>Remote workshop on free competition</li> </ul>	Business Management, Logistics and Procurement
	<ul style="list-style-type: none"> <li>Video presentations on the Integrity Program, bribery cases, and donations.</li> </ul>	Not detailed
	<ul style="list-style-type: none"> <li>In person due diligence training (Contracts and Procurement areas)</li> </ul>	Contracts and Procurement Areas
Suppliers and contractors	<ul style="list-style-type: none"> <li>In person due diligence training</li> </ul>	Business partners
<b>CINTAC</b>		
Senior management	<ul style="list-style-type: none"> <li>Introduction to the Crime Prevention Manual</li> <li>Training on due diligence, use of forms and records, and free competition.</li> </ul>	Not detailed
Other collaborators		
<b>Infrastructure</b>		
Senior management	<ul style="list-style-type: none"> <li>Training on the Crime Prevention Model and complaint channel, due diligence, conflicts of interest, and relations with public officials.</li> <li>Mailings and videos on topics associated with the Compliance Program.</li> </ul>	The entire organization (Aguas CAP y Las Losas Port)
Other collaborators		The entire organization (Aguas CAP y Las Losas Port)

<sup>1</sup> Board of Directors, chief executive officer, and managers who report directly to the CEO.

# PEOPLE

## Staffing by seniority DJSI

Own Workers (excluding contractors)	New hires *	
	2019	2020
Less than 3 years	1292	2381
Between 3 and 5 years	433	574
Between 6 and 9 years old	929	904
Between 10 and 12 years old	391	267
More than 12 years old	1378	1413
<b>Total</b>	<b>4423</b>	<b>5539</b>

## Detail of New Hires DJSI

Internal Workers	New hires *	
	2019	2020
Men	3271	2775
Women	336	511
Under 30 years old	905	714
Between 30 and 40 years old	1277	1182
Between 41 and 50 years old	783	870
Between 51 and 60 years old	506	443
More than 60 years old	136	77

## Detail on Exits DJSI

Turnover: total number (persons) of exits and voluntary exits by category from 1/Jan-31/Dec				
Own Workers (excluding contractors)	Total Exits*		Voluntary Exits	
	2019	2020	2019	2020
General N°	2631	4077	551	516
Men	2390	3675	467	457
Women	241	402	70	59
Under 30 years old	588	854	113	114
Between 30 and 40 years old	938	23	176	137
Between 41 and 50 years old	621	25	120	85
Between 51 and 60 years old	317	31	52	46
More than 60 years old	167	128	66	121

\* The high number of new hires, as well as the total exits, is explained by the project-based contracting modality used in the steel solutions sector.

### Contractor Training

Only contractors	Total hours of training per contractor (M/H)	
	2019	2020
Total for Men	21,015	21,460
Total for Women	1,387	941

### Performance Evaluation DJSI

		2019	2020
How many people in the organization receive performance evaluations of the following types?	Objective-based evaluation/ development plans agreed with heads	523	608
	Multi-dimensional (i.e. 360°) evaluations incorporating peer and/or subordinate perspectives	45	51
	Evaluations where a comparative ranking is made between workers of the same function or unit, through ranking systems based on their performance.	2455	2408

### Accident Severity Rate DJSI

Severity Rate	Workers	Contractors
Days lost per million hours worked. Includes charges for serious accidents and fatalities	439	302



# ECONOMIC VALUE

Detail of activities and taxes by segment.  
DJSI

The following is a detail of the CAP Group's activities by each of its four relevant segments, with a breakdown of the main financial and tax metrics. In all cases, the information of foreign subsidiaries, which represent less than 10% of the Group's operating income and profits, is consolidated and therefore their breakdown is not relevant.

Segment	Mining	Steel	Steel Processing	Infrastructure
<b>Group companies CAP</b>	Compañía Minera del Pacífico and subsidiaries <sup>2</sup>	Compañía Siderúrgica Huachipato S.A.	Intasa S.A. and subsidiaries, and Novacero S.A. and subsidiaries <sup>3</sup> .	Cleanairtech Sudamérica S.A., Tecnocap S.A. and Las Losas Port S.A.
<b>Main Activities</b>	Extraction of iron ore and its subsequent processing, internal and external sales.	Manufacture of finished steel from liquid steel production by reduction of iron ore in blast furnaces.	Creation of steel solutions mainly for the construction, industry, and infrastructure sectors both in Chile and abroad.	Production and transportation of desalinated water; power transmission; and administration, operation, development, and conservation of Las Losas Port.
<b>Own Workers</b>	2,019	833	2,580	34
<b>Operating income (MUS\$)</b>	1,815,917	488,169	444,535	96,065
<b>Profit (loss) before taxes (MUS\$)</b>	646,919	(76,717)	19,902	35,413
<b>Income tax expense (MUS\$)</b>	(198,598)	19,665	(3,245)	(9,078)

<sup>2</sup> Includes the foreign subsidiary CMP Services Asia Limited, based in Hong Kong.

<sup>3</sup> Includes the foreign subsidiaries Tubos Argentinos S.A. (based in Argentina), Steel House Do Brasil Comercio Ltda.(Brazil), Tupemesa S.A. (Peru), Estructuras Industriales EGA S.A. (Peru), Fricam (Peru), Corporación Sehover S.A.C. (Peru), Signo Vial S.A.C. (Peru), Attom Químicos S.A. (Peru), Agrow Peru S.A. (Peru), Promet Peru S.A.C. (Peru), Sociedad Promet Tupemesa S.A.C. (Peru), Cintac Peru S.A.C. (Peru), Inmobiliaria Cintac Peru S.A.C. (Peru), Fera Perú S.A.C. (Peru), Frío Panel S.A.C. (Peru).

## 2020 INVESTMENTS

### Major infrastructure investments in 2020

Project	CAPEX	Impact
<p><b>CNN concentrate pipeline replacement</b></p> <p>Replacement of the pipeline between the Cerro Negro Norte (CNN) site and the Punta Totalillo port due to premature deterioration. The project involves several safety layers, including an internal HDPE lining and mesh in the concentrate adduction.</p>	<p>2020: <b>US\$ 30 M</b></p> <p>Total: <b>US\$ 74 M</b></p>	<p>Ensures CNN's operational continuity by maintaining the flow of concentrate to the port for shipment.</p>
<p><b>CNN Aqueduct Replacement</b></p> <p>Like the concentrate pipeline, it suffered premature deterioration, so a third of its length is being replaced.</p>	<p>2020: <b>US\$ 7 M</b></p> <p>Total: <b>US\$ 30 M</b></p>	<p>Minimizes the risk of iron concentrate spills.</p> <p>Minimizes the risk of water leaks.</p>
<p><b>Electrostatic precipitator for the Pellet Plant</b></p> <p>Installation of an electrostatic precipitator to abate the gases generated in the pelletizing process.</p>	<p>2020: <b>US\$ 18 M</b></p> <p>Total: <b>US\$ 56 M</b></p>	<p>Improves air quality in the area.</p>
<p><b>Guacolda II Interim Solution</b></p> <p>Restoration of the Guacolda II port capacity after the failure of the shiploader in 2018. The interim solution started up in 2019 and optimization work was carried out in 2020 to ensure the correct operation of the shiploader. The definitive solution will be developed in the next phase of the Los Colorados mine.</p>	<p>2020: <b>US\$ 15 M</b></p> <p>Total: <b>US\$ 43 M</b></p>	<p>It allows resuming shipments at the port.</p> <p>Enables the operational continuity of the Los Colorados mine and the Pellet Plant.</p> <p>Improves safety.</p>
<p><b>2020 Pellet Plant Major Repairs</b></p> <p>Annual recurring plant maintenance.</p>	<p>2020: <b>US\$ 14 M</b></p> <p>Total: <b>US\$ 14 M</b></p>	<p>Guarantees the operational continuity of the site.</p>
<p><b>Phase V North</b></p> <p>Extension of the useful life of the Minas El Romeral operation, north of La Serena. Includes prestripping to expose the ore and major overhauls, both at the processing plant level and in the railway and port infrastructure.</p>	<p>2020: <b>US\$ 8 M</b></p> <p>Total: <b>US\$ 48 M</b></p>	<p>Extends the life of a pole of growth in the Coquimbo region.</p>
<p><b>Nitrogen oxide (NOx) reduction system via SNCR at the Pellet Plant.</b></p> <p>Mitigation of NOx emitted in normal plant operation through selective non-catalytic reduction.</p>	<p>2020: <b>US\$ 7 M</b></p> <p>Total: <b>US\$ 12 M</b></p>	<p>Decreases global pollutants emitted at the plant.</p>

<b>MLC structural reinforcement</b>	2020: <b>US\$ 3 M</b>	Improves safety.
Measures to guarantee the structural stability of the facilities at the Los Colorados mine.	Total: <b>UUS\$ 3 M</b>	
<b>Magnetite Plant Dewatering</b>	2020: <b>US\$ 2 M</b>	Reduces operating costs and water footprint.
Improvement of water management.	Total: <b>US\$ 9 M</b>	
<b>LD#1 converter replacement of CSH</b>	2020: <b>US\$ 2.2 M</b>	Minimizes the probability of operation interruption and reduces operational costs.
Replacement due to aging.	Total: <b>US\$ 4.7 M</b>	
<b>Infrastructure improvements to CSH facilities on Guarello Island</b>	Total: <b>US\$ 0.8 M</b>	Reduces the risk of future leaks and spills.
The most relevant are those related to the fuel storage infrastructure and the maintenance of the pier and the terminal buoy.		
<b>New Cintac plants in La Chutana Industrial complex (Chilca district, Peru)</b>	Calaminon: <b>US\$ 5 M</b>	It allows the integration of processes and the development of synergies.
Purchase of land and start of construction of new plants for Calaminon, Promet Perú, and Signovial (manufacture of paints and road safety products) all in the same complex.	Promet Perú: <b>US\$ 2.7 M</b>	It makes processes more efficient by rearranging the layout.
<b>Modification, reception, and storage of ore bulks at Las Losas Port</b>	Total: <b>US\$ 9 M</b>	Reduces particulate matter emissions by 100%.
Automation and mechanization of the iron ore loading and shipment processes at the port. It will no longer be necessary to transport the ore in trucks to the ships; all transportation will be done through encapsulated conveyors that will carry the material to a loader.		Increases loading rate.  Reinforces safety by preventing the circulation of vehicles on the dock and access bridge.



# SOCIAL DEVELOPMENT

## Local Employment by level DJSI

	Percentage of local workers CAP Group
Operational staffing (employees working directly in the company's operations).	80%
Executive positions in the company's operating plants (executives two levels below the chief executive officer who work directly in the company's operations).	95%

## Local Employment (Workers, Suppliers and Local Procurement) GRI 203-2

		2017	2018	2019	2020
Local workers	Annual average of workers who declare residence in the same region where they work.	3,993	3,992	4,696	4,394
	Percentage of workers that declare residence in the same region where they work compared to the total number of own workers.	82%	90%	97%	82%
Local suppliers	Number of suppliers (goods and services) with headquarters in the regions of operations, which had valued receipts during the period.	2,173	2,394	5,917	3,661
	Percentage compared to total suppliers.	48%	45%	69%	55%
Local purchases	Millions of US\$ of valued receipts. Amount of purchases from local suppliers (goods and services). Net values (excluding VAT).	358	332	418	354
	Percentage compared to total purchases.	34%	26%	27%	21%

## Social Impact on the Community MM6

	2017	2018	2019	2020
Social Incidents	0	4	1	1

# CAP S.A. SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (SDGs) are the roadmap for safeguarding the sustainability of the planet and its inhabitants. At CAP, we adhere to the SDGs, as they provide us with a strategic guide to orient our contribution to the sustainable development of the territories and societies in which our operations are located.

Although our company seeks to support the fulfillment of each of these goals in a transversal manner, the main SDGs to which we are contributing are the following:



We are committed to promoting female participation in the labor market. Thus, we have developed policies and actions that have allowed the incorporation of more women on company boards of directors, in management positions, and at all levels throughout the organization. This contributes to the full and effective participation of women and equal leadership opportunities at all levels.



Through our Desalination Plant at Aguas CAP, as well as the continuous efforts in our operations to generate a sustainable supply and use of water, we are contributing to the efficient use of water resources, aiming to ensure the sustainability of the withdrawal and supply of freshwater to address water scarcity and thus reduce the number of people suffering from water scarcity.



We have implemented programs to promote artisanal fishing and olive growing, along with permanent ties with local suppliers in our operations in different regions. In this way we promote development, supporting productive activities, the creation of decent jobs, entrepreneurship, creativity and, innovation.



Our investment plan allows us to incorporate state-of-the-art technology and industry best practices to increase operational productivity, reduce production costs, and maintain an unrestricted commitment to safety and sustainability. The adoption of advances in tailings management, CO2 emission containment filters, automation, and others means developing reliable, sustainable, resilient, and quality infrastructure.



We are minimizing the environmental impact of operations, and in 2020, 94.4% of waste was reused or recycled. We are also moving towards a low-carbon economy by signing a renewable energy supply contract for the Huachipato steel plant. In this way, we are contributing to sustainable production.



Through our regulatory framework and compliance protocols, which reflect the ethical guidelines outlined in this report, we are linked to this Sustainable Development Goal, especially with the goals of reducing corruption and bribery in all its forms, and creating effective, transparent, and accountable institutions at all levels.

As previously mentioned, although the SDGs highlighted above are the areas where CAP S. A. Group has directed its greatest efforts, the company considers the rest of the Sustainable Development Goals to be equally relevant as guidelines to guide actions that contribute to the well-being of our stakeholders and our planet.

# ENVIRONMENT

## Environmental Fines DJSI

	CAP Group			
	2017	2018	2019	2020
Number of significant fines or penalties (more than USD 10,000) related to environment or ecosystems	0	0	0	0
Amount of the aforementioned fines (USD)	0	0	0	0
Amounts of expected future fines, at year-end (USD)	0	0	0	0

## Incidents with environmental impact <sup>4</sup> GRI 306-3

	2017	2018	2019	2020
Number of Incidents	0	2	5	0

## Responsible Mine Closure <sup>5</sup> MM10

	2017	2018	2019	2020
Percentage of mining operations with closure plans	100%	100%	100%	100%

## Greenhouse gas emissions GRI 305-1/2/3

		CAP Group <sup>6</sup>			
	Unit	2017	2018	2019	2020
Scope 1, direct emissions	Tons of CO <sub>2</sub> eq.	1,430,841	1,467,346	1,431,907	1,501,347
Scope 2, indirect emissions	Tons of CO <sub>2</sub> eq.	194,392	202,865	187,417	190,246
Scope 3, indirect emissions in supply chain	Tons of CO <sub>2</sub> eq.	524,378	554,550	556,860	441,379

<sup>4</sup> Does not include Aguas CAP.

<sup>5</sup> Only applies to CMP.

<sup>6</sup> Includes data only for CINTAC Group and CSH.

Energy consumption  
DJSI

CAP Group					
	Unit	2017	2018	2019	2020
Non-renewable fuels (coal, oil, natural gas) purchased and consumed	MWh	7,331,275	7,441,327	6,604,689	6,055,911
Purchased non-renewable energy	MWh	790,594	757,681	832,341	962,054
Steam / heat / cooling and other purchased (non-renewable) energy	MWh	0	0	0	0
Total renewable energy (wind, solar, biomass, hydroelectric, geothermal) purchased or generated	MWh	0	2,388	131,909	136,068
Total non-renewable energy sold	MWh	0	0	0	0

Energy consumption  
GRI 302-1

CAP Group					
	Unit	2017	2018	2019	2020
Total consumption	Giga Joule	30,611,160	30,959,822	27,265,927	25,784,423
Electric power	Giga Joule	4,212,396	4,153,577	3,477,456	3,959,387
Diesel	Giga Joule	3,398,288	3,187,549	2,527,547	2,550,334
Coal	Giga Joule	17,569,940	20,296,563	17,078,504	16,201,791
Gasoline	Giga Joule	0	2	2	1
Natural Gas	Giga Joule	5,045,101	2,879,699	3,879,064	2,536,144
Bulk Gas	Giga Joule	1,918	1,434	1,237	13,462
Renewable Sources	Giga Joule	0	8,597	7,168	7,754
Oil	Giga Joule	356,517	432,402	294,951	515,550

Energy consumption per operation  
GRI 302-1

	Unidad	2017	2018	2019	2020
CMP	Giga Joule	6,942,414	6,904,865	4,050,854	5,006,390
CSH	Giga Joule	17,009,967	20,043,838	17,986,684	17,036,601
CINTAC	Giga Joule	87,229	84,516	67,371	73,493
TASA	Giga Joule	6,568,493	3,923,399	4,855,092	3,361,004
INFRAESTRUCTURE	Giga Joule	263,967	287,938	302,617	304,805
CORPORATE BUILDING	Giga Joule	3,057	3,204	3,309	2,131

Climate Strategy Impacts  
DJSI

Description of emission reduction activities		CSH signed a renewable energy contract that will reduce its annual GHG emissions by 10%	
Estimated annual CO <sub>2</sub> reductions (metric tons of CO <sub>2</sub> eq.)	Total annual investment required	Anticipated annual cost reductions	Average investment redemption period
180	0	0	There was no associated investment

Freshwater Consumption  
DJSI

		CAP Group <sup>7</sup>			
	Unit	2017	2018	2019	2020
Total amount of freshwater withdrawn from municipal sources	Millions of Cubic Meters	0.077	0.077	0.070	0.070
Total amount of freshwater withdrawn from surface water sources (rivers, lakes)	Millions of Cubic Meters	46.31	44.32	48.00	51.56
Total amount of freshwater withdrawn from groundwater sources	Millions of Cubic Meters	3,611	1,990	0.544	1,248
Amount of water returned to the source of withdrawal in better or equal quality than water withdrawn	Millions of Cubic Meters	0	0	0	0

<sup>7</sup> Does not include CAP Water consumption



Water consumption by source  
GRI 303-3

		CAP Group <sup>a</sup>			
Water Source	Unit	2017	2018	2019	2020
Total water consumed	Thousands of cubic meters	56,683	56,964	55,161	62,449
Seawater	Thousands of cubic meters	7,090	9,906	5,512	9,502
Surface Water	Thousands of cubic meters	45,179	44,011	48,213	51,556
Groundwater	Thousands of cubic meters	3,229	2,733	1,020	1,253
Water supplied by third parties	Thousands of cubic meters	1,184	314	412	137,98
Seawater consumed	Percentage compared to total water consumption	13%	17%	10%	15.2%

Water Consumption by Company  
GRI 303-5

Operating Company	Unit	2017	2018	2019	2020
CMP	Thousands of cubic meters	14,771	15,503	8,361	12,937
CSH	Thousands of cubic meters	41,782	41,360	46,434	49,000
CINTAC	Thousands of cubic meters	83	86	326	483
TASA	Thousands of cubic meters	47	15	15	16
INFRAESTRUCTURE	Thousands of cubic meters	-	-	21	8.6
CORPORATE BUILDING	Thousands of cubic meters	-	-	4.3	4.5

Desalinated Water (Aguas CAP)

	Unit	2017	2018	2019	2020
Desalinated water generated	Thousands of cubic meters	6,953	7,447	7,800	8,026
Processed Seawater	Cubic Meters	17,395	19,091	20,478	21,543

Water Extraction in Water-stressed areas  
GRI 303-1

		2019	2020
CMP	Percentage of groundwater or surface water withdrawn in water-stressed areas, compared to total water consumed.	30%	17%
CSH	Percentage of groundwater or surface water withdrawn in water-stressed areas, compared to total water consumed.	0%	0%
CINTAC	Percentage of groundwater or surface water withdrawn in water-stressed areas, compared to total water consumed.	Not available	88%
TASA	Percentage of groundwater or surface water withdrawn in water-stressed areas, compared to total water consumed.	0%	0%
INFRAESTRUCTURE	Percentage of groundwater or surface water withdrawn in water-stressed areas, compared to total water consumed.	100%	0%

<sup>a</sup> Does not include Aguas CAP consumption

### Liquid waste generated

	Unit	2017	2018	2019	2020
Effluents <sup>9</sup>	Thousands of cubic meters	55,938	62,117	75,290	67,488

### Waste GRI- 306-2

CAP Group					
	Unit	2017	2018	2019	2020
Hazardous industrial waste	Metric tons	3,466	3,279	2,942	5,056
Non-hazardous industrial waste	Metric tons	400,489	374,058	342,068	419,833
Domestic waste	Metric tons	1,152	895	1,460	1,585

### Tratamiento de Residuos GRI 306-2

	Unit	2017	2018	2019	2020
Recycling/reuse	Tons	388,581	364,739	324,484	402,408
Recycling Rate	Percentage	95%	96%	94%	94%

### Massive Mining Waste <sup>10</sup> MM3

	Unit	2017	2018	2019	2020
Waste rock	Metric tons	43,982,789	57,789,036	34,866,507	35,331,950
Tailings	Thousands of cubic meters	4,064	4,157	3,824	4,632
Volume of environmental liabilities reused	Metric tons	5,635,191	5,456,638	5,544,965	4,892,151

### NOx emissions GRI 305-7

CAP Group <sup>11</sup>					
	Unit	2017	2018	2019	2020
Direct NOx emissions	Metric tons	452	379	414	959

### SOx emissions GRI 305-7

CAP Group <sup>12</sup>					
	Unit	2017	2018	2019	2020
Direct SOx emissions	Metric tons	1109	1083	1561	1061

<sup>9</sup> Includes data from CSH, CMP, and Aguas CAP.

<sup>10</sup> Includes data from CMP only.

<sup>11</sup> Only includes CSH and CMP data.

<sup>12</sup> Only includes data from CSH and CMP.

## Dust Emissions

		CAP Group <sup>13</sup>			
	Unit	2017	2018	2019	2020
Direct dust emissions	Metric tons	1607	1189	1169	1349

## Biodiversity - sites DJSI

		CAP Group <sup>14</sup>	
		Number of sites	Hectares
Sites that are used for production and/or extraction, and their surface area		14	8,054
Sites that have been analyzed and mapped for biodiversity, and their surface area, in the last 5 years.		7	6,414
Of the sites analyzed: number of sites that contain or are adjacent to globally or nationally significant biodiversity and their surface area.		5	4,640
Of sites that contain or are adjacent to globally or nationally significant biodiversity: number of sites that have biodiversity management plans, and their surface area.		4	171,72

## Biodiversity - surface area GRI 304-3

	Unit	2017	2018	2019	2020
Surface area of protected areas	Hectares	269	269	294	241

<sup>13</sup> Includes only CSH and CMP data.

<sup>14</sup> Includes data only from CMP, CSH, Aguas CAP, and TASA.



# ASSURANCE STATEMENT



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## INDEPENDENT REVIEW REPORT OF THE 2020 SUSTAINABILITY REPORT OF THE CAP GROUP

Mr.  
Stefan Franken  
Chief Legal Counsel CAP S.A.

From our consideration:  
We have conducted a review of the following aspects of CAP Group's 2020  
SUSTAINABILITY REPORT:

### Scope

Limited assurance review of the adaptation of the contents and indicators of the 2020 SUSTAINABILITY REPORT, with the provisions of the Global Reporting Initiative (GRI) Standards regarding the profile of the organization and material indicators arising from the materiality process conducted by the company around the criteria established by said standard, related to the Economic, Social and Environmental areas.

### Standards and assurance processes

We have performed our work in accordance with the International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accounts (IFAC). Our review work consisted of asking questions to different CAP Group units and management involved in the process of preparing this report, as well as applying the analytical procedures and review tests described below:

- Meeting with the team that led the 2020 SUSTAINABILITY REPORT development process.
- Request for requirements and review of evidence with the areas participating in the development of the 2020 Report.
- Analysis of the adaptation of the contents of the 2020 SUSTAINABILITY REPORT to those recommended by the GRI Standard in its Essential conformity option, and assurance that the verified indicators included in this Report correspond to the protocols established by this guide and that the non-applicable or non-material indicators are justified.
- Verification through review tests of the quantitative and qualitative information corresponding to the indicators of the GRI Standard included in the 2020 SUSTAINABILITY REPORT, and its adequate compilation based on the data provided by the CAP Group's information sources.

## Conclusions

- The assurance process was carried out based on the indicators declared from the materiality process carried out by the company. Once identified, prioritized, and validated the indicators were included in the report. The indicators reported and verified, which are part of the GRI Standard, are shown in the following table::

102-1	102-2	102-3	102-4	102-5	102-6	102-7
102-8	102-9	102-10	102-11	102-12	102-13	102-14
102-16	102-18	102-40	102-41	102-42	102-43	102-44
102-45	102-46	102-47	102-48	102-49	102-50	102-51
102-52	102-53	102-54	102-55	102-56	103-1	103-2
103-3	201-1	201-2	202-2	203-2	204-1	205-1
205-2	205-3	206-1	302-1	303-1	303-2	303-3
303-4	303-5	304-1	304-3	305-1	305-2	305-3
305-4	306-2	306-3	307-1	401-1	403-1	403-2
403-3	403-4	403-5	403-6	403-7	403-8	403-9
403-10	404-1	404-2	404-3	405-1	405-2	415-1
419-1						

- With respect to the indicators assessed, we can affirm that no aspect has come to light that leads us to believe that the CAP Group's 2020 SUSTAINABILITY REPORT has not been prepared in accordance with the GRI Standard in the aspects indicated in the scope.

## Responsibilities of CAP Group's and Deloitte's management

- The development of the 2020 SUSTAINABILITY REPORT, as well as its content, is the responsibility of the CAP Group, which is also responsible for defining, adapting, and maintaining the management and internal control systems from which the information is obtained.
- Our responsibility is to issue an independent report based on the procedures applied in our review.
- We have carried out our work in accordance with the standards of independence required by the IFAC Code of Ethics.
- The assurance conclusions made by Deloitte are valid for the latest version of the Report in our possession, received on 06/18/2021.
- The scope of a limited assurance review is substantially less than that of a reasonable assurance audit or review; therefore, we do not provide an audit opinion on CAP Group's 2020 SUSTAINABILITY REPORT.



**Fernando Gaziano**  
Partner  
June 18, 2021

# GRI INDEX: ESSENTIAL COMPLIANCE

GRI Standard	Content	Page number or URL	Answer, Explanation or Omission	Assurance
<b>General Content</b>				
GRI 102: General Content	<b>Organizational profile</b>			
	102-1 Name of the organization	Cover page		Yes
	102-2 Activities, brands, products, and services	10-11, 14, 23-25		Yes
	102-3 Location of headquarters	The corporate offices are located in Santiago, Chile		Yes
	102-4 Location of operations	22		Yes
	102-5 Ownership and legal form	14		Yes
	102-6 Markets served	10-11, 14, 23-25		Yes
	102-7 Scale of the organization	65-66, 125		Yes
	102-8 Information on employees and other workers	65-66, 125		Yes
	102-9 Supply chain	81-82		Yes
	102-10 Significant changes to the organization and its supply chain	81-82		Yes
	102-11 Precautionary Principle or approach	The new Code of Integrity contemplates the precautionary principle		Yes
	102-12 External initiatives	41		Yes
	102-13 Membership of associations	41		Yes
	102-14 Statement from senior decision-maker	4-6		Yes
	102-16 Values, Principles, standards, and norms of behavior	15, 37		Yes
102-18 Governance structure	27-35		Yes	
102-40 List of stakeholder groups	20, 49, 58, 94	Each Operating Company relates to different stakeholders, depending on its context and operations. At the CAP Group level, employees, contractors, suppliers, customers, and communities are defined company-wide.	Yes	

GRI 102: General Content	102-41 Collective bargaining agreements	11, 70		Yes
	102-42 Identifying and selecting stakeholders	20, 49, 58, 94	Each Operating Company has identified and selected those stakeholders relevant to its operations. For example, indigenous peoples are part of the stakeholders with whom CMP and Aguas CAP relate in northern Chile.	Yes
	102-43 Approach to stakeholder engagement	20, 37, 48, 49, 58, 94, 98	The Operating Companies have different mechanisms for listening to and dialoguing with their respective stakeholders to ensure a responsible relationship with them. The SSIndex methodology is applied throughout the CAP Group to promote a company-wide ESG culture.	Yes
	102-44 Key topics and concerns raised	20		Yes
	102-45 Entities included in the consolidated financial statements	The 2020 Sustainability Report covers the operating companies: CMP, CSH, Cintac Group, TASA, Infrastructure. It does not address ""Other operating activities"" included in the 2020 Annual Report		Yes
	102-46 Defining report content and topic boundaries	3		Yes
	102-47 List of material issues	20		Yes

GRI 102: General Content	102-48 Restatements of information	The effect of any restatement of information related to previous reports and the reasons for such restatement are specified as footnotes to the respective indicators in which this has occurred.	Yes
	102-49 Changes in reporting	Significant changes with respect to subject matter coverage are specified as footnotes when such information is presented.	Yes
	102-50 Reporting period	January 1 to December 31, 2020. References to subsequent events, duly identified as such, are included.	Yes
	102-51 Date of most recent report	2019 Sustainability Report, published in July 2020.	Yes
	102-52 Reporting cycle	Annual	Yes
	102-53 Contact point for questions regarding the report	147	Yes
	102-54 Claims of reporting in accordance with the GRI standards	3	Yes
	102-55 GRI content index	140	Yes
	102-56 External assurance	138	Yes

## Material Issues

### Governance and Integrity

GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	27-30	Yes
	103-2 The management approach and its components	27-30	Yes
	103-3 Evaluation	31	Yes
GRI 205: Anti-corruption	405-1 Diversity of governance bodies and employees	67-69, 121, 125	Yes

### Risk management and compliance

GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	42-47	Yes
	103-2 The management approach and its components	42-47	Yes
	103-3 Evaluation	48-49	Yes
GRI 205: Anti-corruption	205-3: Confirmed incidents of corruption and actions taken	11, 39-40	Yes
GRI 206: Anti-competitive behavior	206-1: Legal actions for anti-competitive behavior	39	Yes

<b>Cybersecurity and information security</b>				
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	49		Yes
	103-2 The management approach and its components	49		Yes
	103-3 Evaluation	49		Yes
<b>Energy and Emissions</b>				
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	44, 115		
	103-2 The management approach and its components	102, 111-115		Yes
	103-3 Evaluation of the management approach	112, 114, 133		Yes
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	112, 131	They are presented for the CSH and Cintac Group operations.	Yes
	305-2 Energy indirect (Scope 2) GHG emissions	112, 131	They are presented for the CSH and Cintac Group operations	Yes
	305-3 Other indirect (Scope 3) GHG emissions	112, 131	They are presented for the CSH and Cintac Group operations	Yes
	305-4 emissions intensity	113	They are presented for the CSH and Cintac Group operations	Yes
GRI 302: Energy	302-1 Energy consumption within the organization	113, 132		Yes
<b>Water</b>				
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	17, 104		Yes
	103-2 The management approach and its components	104, 133, 134		Yes
	103-3 Evaluation of the management approach	105, 133, 134		Yes
GRI 303: Water and effluents	303-1 Interactions with water as a shared resource	134		Yes
	303-2 Management of water discharge-related impacts	104, 107, 135		Yes
GRI 303: Water and effluents	303-3 Water withdrawal	104, 133, 134	No wastewater from other organizations is used, nor is the rainwater collected naturally in the ponds and other water storage areas quantified	Yes
	303-4 Water discharge	135		Yes
	303-5 Water consumption	134	Consumption is presented in thousands of cubic meters.	Yes

<b>Waste, materials, and transportation</b>				
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	106		Yes
	103-2 The management approach and its components	102, 106, 107, 110, 131		Yes
	103-3 Evaluation of the management approach	11, 106		Yes
GRI 306: Effluents and Residues	306-2 Waste by type and disposal method	106, 107, 135	CAP Group presents the waste treatment method in grouped form for hazardous, non-hazardous, and domestic waste (which are also non-hazardous).	Yes
	306-3 Significant spills	110, 131		Yes
	MM3 Total amount of overburden, rock, tailings, and slurries and their associated risks	100, 135		Yes
	307-1 Number of environmental fines	110, 131		Yes
	307-1 Amount of environmental fines	110, 131		Yes
	MM10 Number and percentage of operations with closure plans	131		Yes
<b>Biodiversity and heritage</b>				
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	116		Yes
	103-2 The management approach and its components	11, 102		Yes
	103-3 Evaluation of the management approach	116-117		Yes
GRI 304: Biodiversity	304-1 Operational sites in or adjacent to, protected areas and areas of high biodiversity value	116, 136		Yes
	304-3 Habitats protected or restored	11, 116-117, 136		Yes
<b>Adaptation to Climate Change</b>				
GRI 103: Management Approach	103-1 103-1 Explanation of the material topic and its boundary	114		Yes
	103-2 The management approach and its components	114		Yes
	103-3 Evaluation of the management approach	114		Yes
	Financial Opportunities of Climate Change	115		Yes

<b>Contribution to well-being and economic and social progress</b>			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	72-75	Yes
	103-2 The management approach and its components	72-75	Yes
	103-3 Evaluation	75	Yes
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	72, 75	Yes
GRI 203: Indirect Economic Impacts	203-2 Significant indirect economic impacts	91, 130	Yes
<b>Health and safety</b>			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	61	Yes
	103-2 The management approach and its components	61-62	Yes
	103-3 Evaluation	61, 63-64	Yes
GRI 403-1	Occupational health and safety management system	62	Yes
GRI 403-2	Hazard identification, risk assessment, and incident investigation	63	Yes
GRI 403-3	Occupational health services	59-61	Yes
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	63-64	Yes
GRI 403-5	Worker training on occupational health and safety	63-64	Yes
GRI 403-6	Promotion of worker health	63-64	Yes
GRI 403-7	Prevention and mitigation of occupational health and safety Impacts directly linked by business relationships	63-64	Yes
GRI 403-8	Workers covered by an occupational health and safety management system	62	Yes
GRI 403-9	Work-related injuries	11, 64, 126	Yes
GRI 403-10	Work-related ill health	63	Yes

<b>Human capital development and commitment</b>			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	54	Yes
	103-2 The management approach and its components	54	Yes
	103-3 Evaluation	57	Yes
GRI 404: Training and education	404-1 Average hours of training per year per employee	11, 54, 57	Yes
	404-2 Programs for upgrading employee skills and transition assistance programs	54-56	Yes
	404-3 Percentage of employees receiving regular performance and career development reviews	52-53, 126	Yes
<b>Labor rights and equity</b>			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	70	Yes
	103-2 The management approach and its components	70	Yes
	103-3 Evaluation	70	Yes
GRI 405: Diversity and equal opportunity	405-2 Ratio of basic salary and remuneration of women to men	70	Yes
GRI 202: Market Presence	202-1 Proportion of senior management hired from the local community	67, 91	Yes
	MM4: Number of strikes and lockouts exceeding one week's duration	11, 70	Yes

The cover graphic features a large, semi-circular shape composed of several overlapping segments. The top segment is a vibrant green and contains the year '2020' in white, bold, sans-serif font. Below this, the segments transition through various shades of green and blue, with some segments containing a photograph of a field of young plants, likely a vineyard, with metal stakes supporting the plants. The overall design is modern and clean, with a focus on nature and sustainability.

2020

### Contact

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#### **2020 Sustainability Report**

**General management:** CAP Group

**Content development:** Corporate Citizenship

**Design:** Oxígeno Group

June 2021