

06

ORGANIZATIONAL MANAGEMENT FOR SUSTAINABILITY

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6.1. CMP AND ITS APPROACH TO SUSTAINABILITY

(GRI 2.22)

CMP has a firm corporate commitment to sustainability, reflected in its vision in **environmental, social, and governance (ESG) matters** that align with the Grupo CAP strategy. All the group's operating companies share this approach to sustainable development and growth.



PURPOSE

A foundational element that conveys the purpose of the organization. It motivates and invites us to be part of a shared dream.

We create a different mining model at the heart of our processes, aiming for the region's and its people's sustainable development.



BUSINESS OBJECTIVES

The objectives are the business results the organization commits to, to align with the purpose.

To sustainably maximize the value of the business.

To lead the market for high-quality products.

To maximize the value of the region in which we operate.

STRATEGIC PRIORITIES

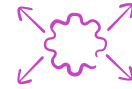
These are priorities that the organization must achieve and overcome to consolidate itself over time.



Ensuring operational continuity



Stabilizing the operation



Optimizing the operation



Looking for growth opportunities

SUSTAINABILITY FOCUS

Strategic issues that create value for the organization and that must be developed by the strategy.



Ensuring operational continuity

Challenge: Forge a proactive and collaborative relationship with stakeholders.

Challenge: Comply with current regulations, commitments, and operational performance standards.



Stabilizing the operation

Challenge: Incorporate sustainability into all permitted processes to reduce their impact.



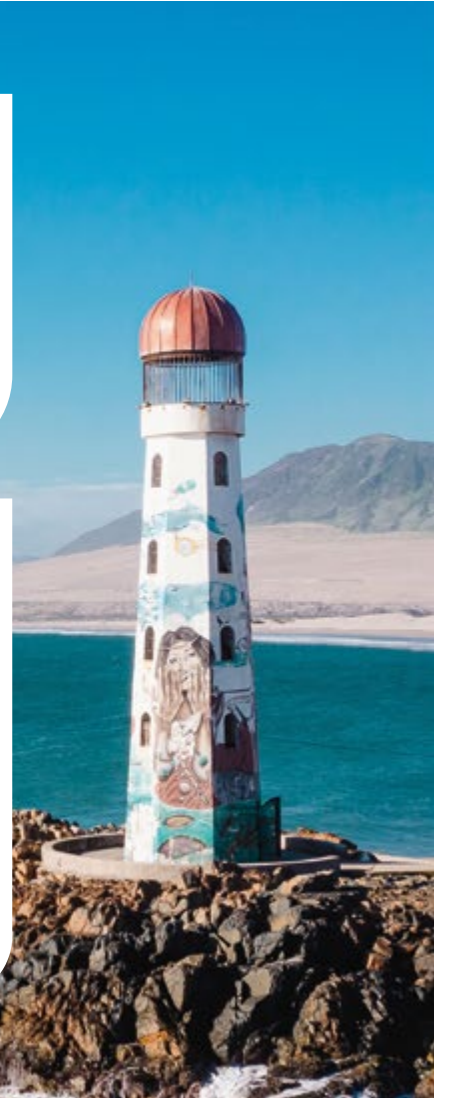
Optimizing the operation

Challenge: Ensure that the processes are sustainable autonomously.



Looking for growth opportunities

Challenge: Concretely achieve the concept of shared growth.



Commitment to the SDGs

(GRI 2.23) (GRI 2.24)

The United Nations Sustainable Development Goals (SDGs) are a guide to making our planet and our relationships more sustainable. To comply with these goals, we have prioritized the fulfillment of seven of them.



We have a long tradition of education programs in the regions where we operate.

- Specific programs such as Alfadeca, Dual Education, and support for municipal high schools.
- Internship programs from different universities and technical training centers.



- 47% of the water we use is desalinated.
- Thanks to recirculation and loss control, water consumption is 33% lower than the industrial average.
- The goals are to reduce water consumption by 15% by 2024 and 20% by 2028. Reduce continental water use by 30% by 2024 and reach 0% by 2035.



We are aware of the value women deliver for our company and the industry, and that is why we have a sound gender equity strategy that seeks to increase women’s participation in the sector and promote their leadership.

- 60% of the members of the Executive Committee are women.



We are committed to developing the regions through creating quality job options, and joint alliances with local suppliers and links with institutions.

- 98% of the people who work at CMP reside in the same commune where they work.
- 40% of the resources we use in our operations come from purchases from local suppliers in nearby communities, totaling approximately 441 million dollars.
- One line of action in territorial management is the productive development of the communities.



We have established a Territorial Management Plan focusing strategically on information, participation, and growth.

- We have professional teams on the ground to implement the Territorial Management Plan and communication mechanisms with the communities in the three valleys in which we operate.
- We participate in local and mining sector associations.
- The Indigenous Peoples policy establishes a continuous collaboration with 45 certified Indigenous communities



We apply a circular economy in waste reuse and recycling processes.

- At the Tierra Amarilla Magnetite Plant, iron is recovered from mining tailings.



We have a sustainable growth strategy:

- Our goal for 2030 is to reduce our CO₂ emissions by 40%.



We work taking care of biodiversity and underwater fauna in the areas where we have operations.

- We installed two hydroacoustic buoys in the commune of La Higuera to monitor and map underwater noise and thus safeguard ocean fauna.



Grupo CAP has policies, structures, and programs that promote and extend to all the people in its companies the responsibility of ensuring respect for the rules and principles.

- We have the Manual of Best Corporate Governance Practices.

Governance and sustainability

(GRI 2.12) (GRI 2.14) (GRI 2.16)

Commitment to sustainability is a priority in CMP's management. The Board supervises, controls, approves the strategy, and ensures its compliance through regular management reports.



Key activities and mechanisms related to sustainability

Participation of the executive committee

- The Executive Committee actively participates in the weekly meetings of the Sustainability Committee.
- These meetings address issues related to the fulfillment of environmental commitments.
- Those responsible for these commitments present the actions carried out in these matters.
- Participants: Superintendents, area heads, and other relevant positions.
- The Board of Directors entrusts the executive committee with the preparation of the Sustainability Report and then approves it in regular sessions.

Integration into the Strategic Plan

- Sustainability is one of the four strategic focuses defined in the company's plan.

- Action plans are developed to achieve the sustainability objectives.
- These plans are presented in quarterly strategic planning exercises.
- Participants: Senior management executives, superintendents, area heads, and other relevant positions.

Performance Incentives

- In the performance management system, expected behaviors related to sustainability are evaluated.
- These behaviors include the integration of the sustainability strategy into the processes of each executive.
- The assurance of the comprehensive risk assessment (people, environment, assets, and production) is also assessed.
- This approach strengthens the implementation of sustainability in the company.

6.2. CORPORATE GOVERNANCE

As part of Grupo CAP, CMP adheres to the Manual of Best Corporate Governance Practices, which establishes and compiles the fundamental guidelines in this area. This manual aims to serve as a guide on governance not only for directors and executives but also for shareholders, investors, collaborators, and other stakeholders. In addition, it complies with the regulatory provisions related to best corporate governance practices.

Governance structure

(GRI 2.10) (GRI 2.12)

CMP's main Corporate Governance body is its Board of Directors, which comprises seven full members and their respective alternates. The members are elected at the Ordinary Shareholders' Meeting for a three-year term with the option of re-election.

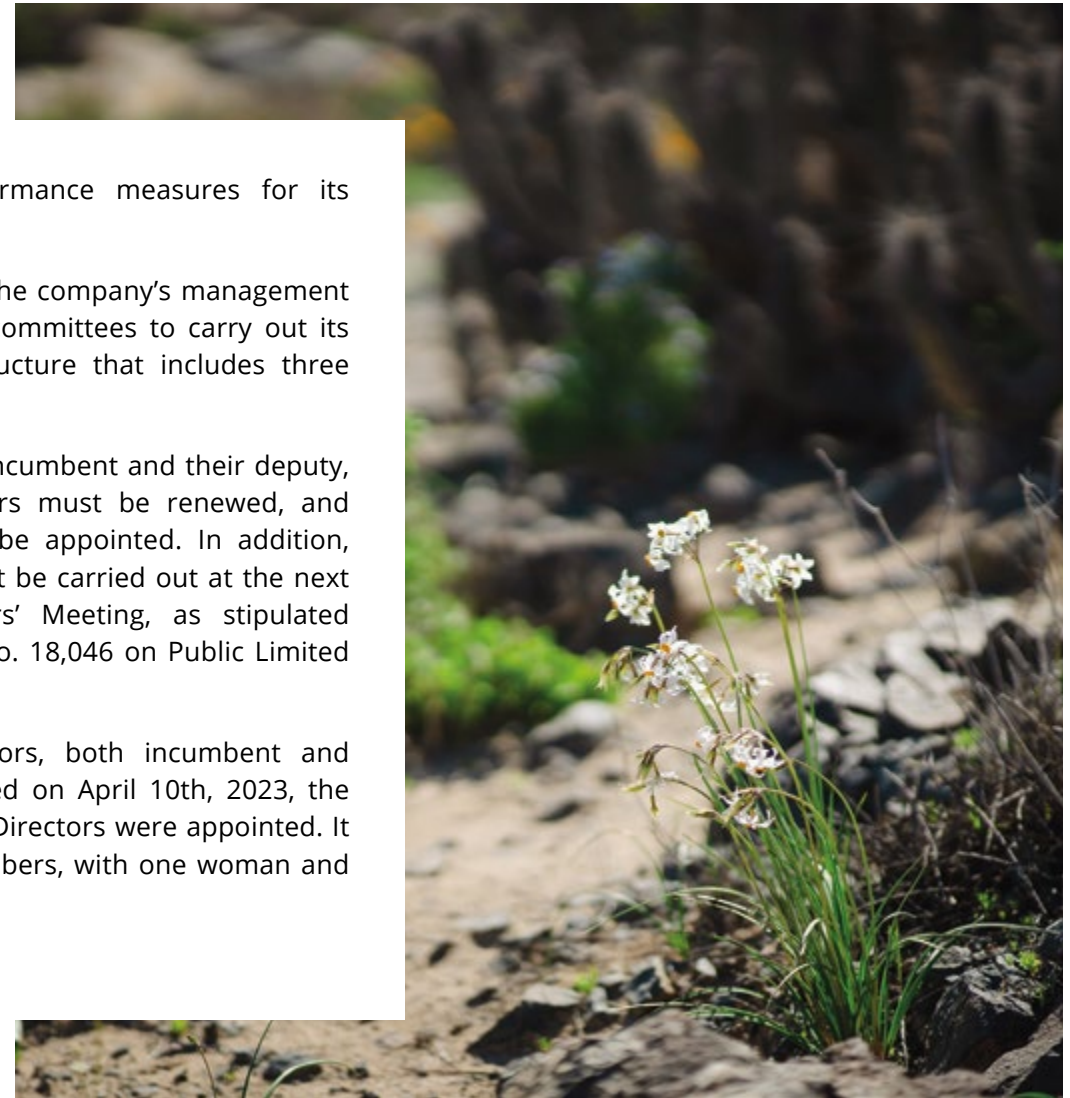
The Board of Directors' role is to supervise and control the Company's running and establish

incentives and performance measures for its management.

The Board delegates the company's management to the CEO and has committees to carry out its roles, following a structure that includes three Directors Committees.

In the vacancy of an incumbent and their deputy, the Board of Directors must be renewed, and a replacement must be appointed. In addition, the total renewal must be carried out at the next Ordinary Shareholders' Meeting, as stipulated in Article 32 of Law No. 18,046 on Public Limited Companies.

The Board of Directors, both incumbent and alternate, was renewed on April 10th, 2023, the date on which all the Directors were appointed. It comprises seven members, with one woman and six men.



Composition of the Board of Directors

(GRI 2.9) (GRI 2.11)



Vicente Irrazábal Llona

6.359.355-9

Chairman

Chilean Geologist



Juan Enrique Rassmuss

7.410.905-5

Director

Chilean Civil Industrial Eng.



Patricia Núñez Figueroa

9.761.676-0

Director

Chilean Lawyer



Hernán Menares Day

6.910.928-4

Director

Chilean Civil Mining Eng.



Tadashi Mizuno

27.453.031-6

Director

Japanese Economist



Takedi Doi

21.394.472-K

Director

Japanese Business Administrator



Nicolás Burr García de la Huerta

13.039.622-4

Director

Chilean Civil Industrial Eng.

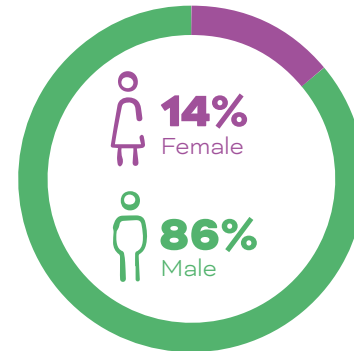
Note: Neither the Chair nor the directors perform executive roles in the company.

Tadashi Mizuno and Takeaki Doi are representatives of MCI.

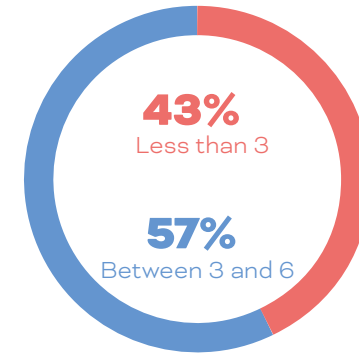
Alternate directors

- Roberto de Andraca Adriasola
- Álvaro Castellón Peña
- Stefan Franken Osorio
- Jorge Salvatierra Pacheco
- Patricia López Manieu
- Ryuichi Paaku
- Jaime Andrés González Wenzel

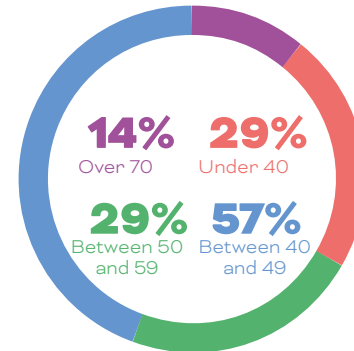
Diversity of the Board



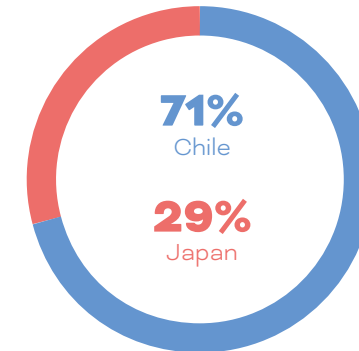
Board by gender



Directory by seniority (years)



Board by age group (years)



Board by nationality

Board of Directors Committees

STRATEGY, TALENT, AND CULTURE COMMITTEE



5 sessions



Its task is to evaluate growth options, oversee the strategic plan, establish budgetary criteria, and ensure the availability of talent and succession plans for executives.



Juan Enrique Rassmuss
Vicente Irarrázaval
Tadashi Mizuno

AUDIT AND RISK COMMITTEE



5 sessions



Its role is to ensure compliance with strategic objectives, supervise the audit plan, and analyze internal and external factors that may affect the core business.



Patricia Núñez
Nicolas Burr
Takeaki Doi

PROJECTS AND CONTRACTS COMMITTEE



6 sessions



Its role includes prioritizing the company's project portfolio over US\$3 million, reviewing investments in equipment and assets, and agreeing on the execution of relevant contracts.



Hernán Menares
Nicolas Burr
Takeaki Doi

Remuneration of the Board of Directors

(Miles de US\$)

(GRI 2-19) (GRI 2-20)

At the shareholders' meeting, an annual allowance equivalent to 0.5% of the distributable liquid profit for the year was set, capped at US\$200,000 each and with a fixed minimum of 110 UF per month. The chair was allotted twice that allowance.

In addition, Directors who chair a Directors' committee are entitled to a fixed additional daily allowance of 35 UF per month.

Board Member	2021	2022	2023
Victoria Vásquez	58,198	134,339	144,975
Jorge Salvatierra	-	29,444	158,909
Vicente Irarrázaval	52,101	211,715	380,729
Juan Rassmuss	146,820	244,461	144,987
Patricia Núñez	-	-	48,507
Hernán Menares	-	-	44,260
Takeaki Doi	-	34,040	191,657
Tadashi Mizuno	30,253	177,733	191,657

Board procedures that increase knowledge

(GRI 2.17)

CMP does not have specific procedures for the Board of Directors. However, it subscribes to Grupo CAP's Best Corporate Governance Practices Manual.

Induction of directors:

- According to the Best Corporate Governance Practices Manual, new directors are given an induction.
- It includes training on relevant topics about the Company, such as regulatory, financial, technological, and sustainability issues.

Training of the Board:

- The training is carried out through meetings, presentations, and courses proposed by the Chairperson of the Board.

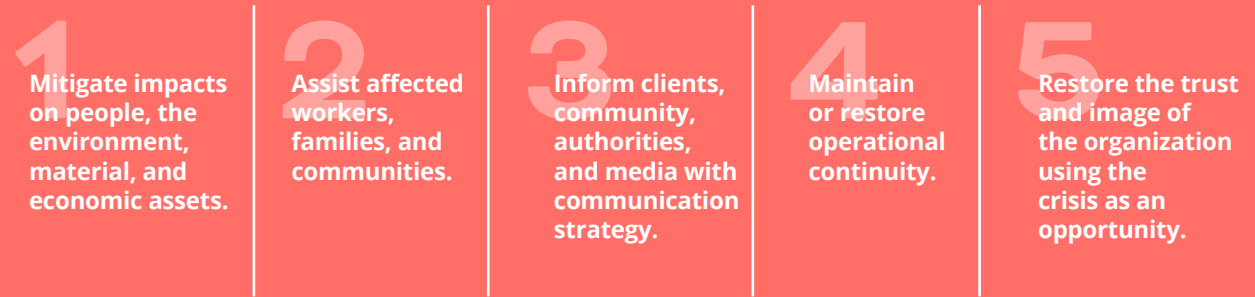
Advisory Services:

- Members of the Board may request advice in different areas.
- Experts can be hired in regulatory, financial, technological, strategic, and sustainability issues, among others.

Handling of critical situations

CMP has a Corporate Crisis Management Manual to deal with emergencies effectively.

- **Objective:** Provide tools and guidelines to respond to critical situations and mitigate their impacts effectively.
- **Scope:** This includes facilities operated by CMP, facilities external to CMP, and administrative, financial, legal, reputational, and environmental situations.
- **Key elements:**



- **Reportability:** The CEO informs the Board once the Crisis Committee has been activated.

Main executives

(GRI 2.18)



Francisco Carvajal Palacios
CEO



Paulina Andreoli Celis
Environment and Climate Change Manager



Carlos Gómez Vega
Projects Manager



Macarena Herrera Sandoval
Relationship and Shared Value Manager



Carolina Lomuscio Zamorano
People Manager



Jhon Patrick McNab
Legal



Claudia Monreal López
Planning and Development Manager



Makarina Orellana Farías
Operations Manager



Carlos Sepúlveda Vélez
CFO



Patricio Venegas Troncoso
Commercial Manager



Stephanie Wilhelm Nuñez
Occupational Health and Safety Manager

The Executive Committee offers a remuneration outline with fixed and variable compensations and an annual incentive that evaluates individual performance and the fulfillment of short-term goals. In addition, staff receive compensation for years of service that is greater than required by law.

Regulatory Framework

Rules of the Chilean legal system that affect CMP

- Mining law regulations
- Water regulations
- Railway regulations
- Maritime regulations
- Environmental regulations
- Labor and union regulations
- Tax regulations
- Compliance rules

Mining, water, rail, maritime, and environmental regulations have a significant impact due to the nature of CMP's operations, which include mining sites and ports and the transportation of minerals by rail.

Entities that have supervisory powers over CMP

- Sernageomin
- Labour Inspectorate
- Health Service
- Directorate-General for Water
- Labor Directorate
- Internal Revenue Service
- Ministry of Transport
- Maritime Authority
- Superintendency of the Environment

Compliance with these rules is essential to allow the operation of productive tasks.



The company seeks to guarantee and evaluate the proper operation of its corporate governance through internal and external audits and commitment monitoring tools such as Board minutes.

6.3. RISK MANAGEMENT

(GRI 2.13) (GRI 2.25)

CMP has implemented Process Risk Management (PRM) as its working model where all employees are committed to meeting high standards at individual and team levels. This approach promotes an active risk management culture, where the most relevant risks are regularly recorded, prioritized, aligned, and managed based on the company's strategic and operational objectives. This model is based on the ISO 31.000:2018 and COSO ERM standards.



Sustainability approach in risk management

CMP integrates a sustainable approach in its operations, considering environmental, social, and human rights criteria in its evaluation processes and strategic decisions. These aspects are integrated from the initial planning and align with the MPG (Mining Planning Guideline) framework.

We use the Bow-Tie tool to analyze strategic risks, identifying causes, consequences, and controls in collaboration with the corresponding areas. We then present the analyses to the Executive Committee and the Board of Directors to assess financial and non-financial risks.

We analyze the risk exposure annually according to the Comprehensive Risk Management Policy.



Internal audits

Annual internal audits are carried out to review processes related to strategic risks.

These seek to ensure the best practices and proper operation of the risk management process, providing recommendations and action plans. Although the causes and consequences of climate change are considered, the risks associated with human rights have not been specifically assessed.



The main identified risks

Social license



Loss of social license due to poor management of regional, reputational, environmental, and regulatory risks, which affects business operability and development, jeopardizing the positioning as an operation with high standards and sustainable development.

Governance



Maturation process that affects strategic decision-making.

Risk of inadequate control of investment costs.

PRM competences and positions



Risk associated with the lack of people's competencies and lack of clarification of PRM roles for an excellent performance.

Mining planning



Related to the risk of a disintegrated mining planning of the "mine to market" value chain, without focus on the end customer and product quality, not following the highest industry standards.

Accidents, incidents, or emergencies



Accidents, incidents, or emergencies of low probability and high impact that affect own workers, contractors, or with negative externalities.

Variability of processes



Risk of process variability that impacts the production and fulfillment of the company's results, with low asset reliability and timely and efficient investment to improve and maintain structures/equipment.

National context



Associated risks due to the inability to anticipate or apply regulatory changes or interpretation of the law at the time that threaten the continuity of the processes.

Process optimization



Impact on the optimization of processes and productivity due to delays in digital transformation processes and/or violation of computer systems.

Climate risks

In 2023, we diagnosed climate risks and established action plans to mitigate and adapt to possible impacts of climate change in all CMP operations.

The emergency and contingency plans were updated, incorporating the climate factor.

We participate in citizen consultations on national and regional climate change policies and sessions on environmental legislation and socio-ecological transition.

Anticipating impacts due to environmental risk

For 2024, it is planned to implement a geospatial information system to have climate risk information at a regional level and develop controls to ensure the operational continuity of current and future assets. This will be done using the ArcGIS platform, which the ARCLIM System complements for diagnosing physical risks required by the environmental authority.

Mining planning

CMP progressed in integrating a sustainability perspective into the processes, considering the incorporation of a strategic sustainability plan in mining planning, and defining KPIs, goals, and key objectives that allow meeting the highest standards.



6.4. ETHICS AND COMPLIANCE

(GRI 2.15) (GRI 2.25) (GRI 2.26)

CMP has a Code of Integrity that establishes the principles for relations with stakeholders, applicable to directors, employees, suppliers, contractors, and business partners, with clear guidelines.

CMP has a Crime Prevention Model designed to identify, evaluate, prevent, and mitigate the risks of crimes to which the company may be exposed. This model establishes the responsibilities of the Crime Prevention Officer and complies with the requirements of Law 20.393.

As for conflicts of interest, each employee annually makes a declaration, ensuring their non-participation in activities that may affect the company.

Training is given on the Code of Integrity, the Reporting Channel, and the Crime Prevention Model. In addition, we collaborate with the communications and technology area to promote the effective use of these instruments.

Assessment of risks related to corruption

Compliance Tracker (CT) assesses the risks related to corruption in areas such as staff recruitment, suppliers and contractors (SIC&C and GDP), and donations.

- Due diligence compliance for new suppliers authorized for procurement was 72.8%.
- Of the total, 98% of the procurement documents were awarded to suppliers verified in CT.
- This is 99.96% (KUSD 1,359.63) of the total procurement documents.
- Regarding clients, due diligence compliance was 53.8%.



Progress in ethics and compliance

In 2023, the Inspection Area was created to comply with the legal regulations on economic and environmental crimes. It comprises the Legal Service and Compliance superintendencies.

Integrity Channel

(GRI 2.26)

CMP has an Integrity Channel where inquiries and complaints can be made confidentially and anonymously. This channel is available on the

company's corporate website. The reports received are investigated, and their status is reported biannually to the

Reports 2023

Type of Request	Quantity
Consultations	5
Reports	41

Area	Quantity
Conflict of interest	9
Inappropriate treatment Contractors	4
Inappropriate treatment CMP	10
Occupational health and safety	6
Labor breach	2
Other matters	10

Status	Quantity
Completed reports	38
Reports under investigation	8

Reports

CMP has a Report Investigation System Procedure, which states that if there is a sanction, we must refer to the company's RIOHS, and the punishments contained in said regulation, individual employment contract, or the Labor Code may be applied. Namely, verbal reprimand, written reprimand, written reprimand with a copy to the worker's file, fine, or dismissal.

The Compliance Tracker (CT) evaluates the hiring of personnel, suppliers, contractors (SIC&C and GDP), and creditors: all are reviewed, as are all donations. The due diligence compliance for new suppliers authorized for procurement was 72.8% (based on CT searches using the Taxpayer N°). From this percentage, 98% of the procurement documents were awarded to suppliers checked in CT, 99.96% (KUSD 1,359.63) of the total documents. For clients, the due diligence compliance was 53.8%.

According to the following details, 46 requests have been received in the reporting or integrity channel: 5 inquiries and 41 reports. Of the latter, 9 were for conflict of interest, 4 for inadequate treatment of contractors, 10 for inadequate treatment of CMP workers, 6 for occupational health and safety, 2 for labor breach, and 10 on other matters, highlighting non-payment to suppliers, non-payment of rental, among others. Of all the reports, 38 have been completed promptly, and only 8 are under investigation.

In 2023, training was held on using the reporting channel through the connected platform, and a brochure informing workers about its proper use was prepared to be disseminated before the start of their shift.

1. The Environmental Contingency and Emergency Prevention Plans are modified for the risk of operational shutdowns due to storm surges.
2. The pure risk assessment regarding the Boarding process and the port's operational continuity is checked since an increase in the probability of storm surges affecting the process has been seen. Lines of action are defined to evaluate controls against increased storm surges and increased downtime in ports.
3. In 2023, different certifications associated with Climate Change were applied for using data from 2022, applying for the HuellaChile Quantification Seal, HuellaChile Reduction Seal, and Blue Certificate Level 1 - Water Footprint, from the Ministry of Environment's Sustainability and Climate Change Agency