

# Corporate profile

Corporate profile

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**Codelco is Chile's largest mining company and the driving force of its development.**

**We are an independent company, owned by all Chileans, the world's largest copper producer, and leader in metal reserves on the planet, the driving forces behind Chile's development.**

Our core business is exploring, developing and extracting and processing mineral resources that are then converted into refined copper and by-products, and subsequently marketed. These operations are carried out at seven divisions: Radomiro Tomic, Chuquicamata, Ministro Hales, Gabriela Mistral, Salvador, Andina, El Teniente and at the Ventanas smelter and refinery. The board coordinates and leads our corporate strategy from the Codelco Head Office in Santiago, Chile. The Codelco Board consists of nine members and the executive presidency.

Our products reach our customers worldwide. Since Codelco was founded in 1971 until 2015, our company has produced 20% of all Chilean exports; Asia is its most important market, followed by Europa and South America.

During the course of its 45-year history, Codelco has delivered US\$104 billion to the Chilean State. We have US\$ 33.444 billion in assets and our equity amounted to US\$ 9.733 billion in December 2015.

### Mission

Responsibly, and with excellence, deploy all our mining and related business capacity in Chile and in the rest of the world, in order to maximise our economic value and continue delivering to the State in future.

Codelco will accomplish its mission, placing emphasis on a high-performance organisation, on participation, creative innovation and on knowledge of people who are constantly developing skills.

### Shared values

The Codelco Statement of Values and Code of Business Conduct, implemented in 2011, provide the guidelines for all our decisions and actions. All our employees strive to meet our commitments and to be recognised for how we do things, based on these values:

- Respect for human life and dignity
- Responsibility and commitment
- Personal skills
- Teamwork
- Excellence at work
- Innovation
- Sustainable development

### Business pillars

Transparency and innovation are the strategic imperatives of our current management team. At Codelco we understand that mining in the 21st century must be competitive in all areas, add value to extraction activities and contribute to the sustainable development of our country, disclosure of all publicly available information and innovation, are an inherent need to the mining business.

Sustainable development is also a strategic goal and priority, which includes occupational health and safety, the environment, community management, efficient use of natural resources and market defence and development.

Now as Codelco drives a period of historic reconversion, with a US\$20 billion investment plan for the period 2015-2019, our aim is to cut expenses and increase our productivity, so as to be in the first quartile of the industry cost curve.

### Leading presence

Our Company is the world's largest copper producer. In 2015, our total production was 1,891,000 tonnes of refined copper; this includes our stake in El Abra and Anglo American Sur. This sum is equivalent to 10% of the world's copper mine production and 33% of Chile's production. We are also the world's second largest molybdenum producer; 27,683,000 tonnes of refined molybdenum were produced in 2015.

### Products

- Grade A copper cathodes
- Copper concentrate
- Copper calcine
- Molybdenum
- Silver
- Anode slime
- Sulphuric Acid
- Wire rods (semi-finished product)

### Financial strength

We have built long-term relationships with a stable and geographically diverse customer base, including some of the world's top manufacturing companies.

Our Company has continued access to the banking system and capital markets to raise funds for its investments. It has a long and respected history in local and foreign markets; this has allowed us to develop an

extensive, geographically diverse and high-quality banking and investor base. We access North American, Asian and European financial markets by issuing bonds and bilateral and syndicated loan facilities.

In September 2015, we issued a record US\$1 billion in bonds, these resources will be used to partially raise funds for investments and refinance liabilities.

### Technology and innovation

At Codelco we believe that innovation is a structural and critical business need. In order to successfully overcome current and future challenges – implement complex structural projects, simultaneously and in a short period of time, reach a consensus on sustainable development with local communities, be competitive, increase productivity, reduce costs and ensure safe working conditions – we not only need to improve what we do today, but we must also find disruptive solutions in our main production processes, one of the keys to developing virtuous, inclusive and sustainable mining.



**Our Company is the world's largest copper producer.**



Codelco's extensive resources support our future growth.

### Exploration

Codelco, in its more long-term approach, is constantly carrying out exploration activities both nationally and internationally in order to support and expand its mineral base. The experience and professional quality of our employees allow us to apply the highest standards while exploring for new ore bodies, and to respect the communities where we have operations, complying with local legislations and applying our business values and principles.

### Future

A major challenge our Company faces is the implementation of our record investment plan, this includes structural projects that aim to extend the mine life of its operations and improve our environmental standards and productivity. These engineering developments will support our leadership position in the future and ensure Codelco's sustainability.

These structural projects require major changes and investments. Codelco is the company that invests the most in Chile. Its investment portfolio was **US\$3.343 billion** in 2015, a similar amount in nominal terms to the prior year.

### Formation and legal framework

Codelco is owned by the Chilean State and is dedicated to mining, trading and industrial activities. Decree Law No. 1,350 (1976) created the Corporación Nacional del Cobre de Chile, Codelco Chile, which began managing the large-scale mines nationalised in 1971.

The Company reports to the Government through the Ministry of Mining and is governed by ordinary legislation, unless otherwise provided in the aforementioned Decree Law.

Through Law No. 20,392, published in the Official Gazette on 14 November 2009, the Codelco Chile Organic Law (D.L. 1,350, 1976)

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was amended and the regulations on the disposal of assets that are not part of the mines currently in operation (Law No. 19,137).

### Corporate governance

A modern, professional, transparent and auditable management is critical to the current Board. At Codelco, in 2015 we approved regulations of transparency, probity and good corporate governance. These regulations are based on high international standards for different business activities, such as trade relations, institutional connections, conflicts of interest and lobbying, as well as people management.

These changes have been possible thanks to Codelco's corporate governance model, in place since March 2010, and they have also helped to professionalise the board and define the relationship with the owner, i.e., All Chileans, represented by the Ministers of Finance and Mining, overseers and key stakeholders. This organisational model supports an improved management that is more in line with the Company's

nature and objectives, because it reinforces transparency, oversight and internal controls; and also communication and intervention of each entity within its powers.

Our corporate organisation also tends to strengthen the idea that we are a state-owned entity but that is not owned by the administration in office, therefore our management is not influenced by the political cycles.

The amendments to Codelco's organic law, based on the OECD Guidelines for Corporate Governance of State Enterprises, were set out in Law No. 20,392, published in November 2009 and entered into force on 1 March 2010.

Since then, Codelco's corporate governance includes a Board consisting of nine members who have extensive powers. The current chairman is Óscar Landerretche Moreno and the Codelco Chief Executive Officer is Nelson Pizarro Contador.



Transparency, probity and best practices are the strategic imperatives of our management principles.

### Board of directors

Codelco's senior management and administration is exercised by a Board, consisting of the following:

- Three directors appointed by the President of the Republic.
- Two Codelco employee representatives, elected by the President of the Republic from a shortlist drawn from candidates proposed for each position by the Copper Workers' Federation and jointly by the National Association of Copper Supervisors and the Copper Supervisor's Federation.
- Four members designated by the directors appointed by the President of the Republic, from a shortlist drawn from candidates proposed for each position by the Senior Public Management Council, with a favourable vote of four fifths of its members.

The President of the Republic elects the Board Chairman from among these nine members. In turn, the Board appoints the CEO, who is responsible for implementing the Board's agreements and overseeing the Company's production, administrative and financial activities. The Board delegates authority to the CEO and he continues in his role while the Board has confidence in his performance.

### Budget and oversight

Codelco's annual budget is approved by the Ministries of Mining and Finance. The Company is regulated by the Superintendence of Securities and Insurance (SVS), the Chilean Copper Commission and indirectly, through this Commission, by the Office of the Comptroller General of the Republic,.

The Company is registered with the SVS, Securities Register No. 785. It is subject to the provisions of the Securities Market Law, and is required to file public information to the SVS, the same information required for public limited companies.

### Trade name

Corporación Nacional del Copper de Chile  
RUT: 61.704.000 - K

### Our strategic pillars

- Be one of the most competitive miners.
- Focus on transparency, probity and best practices.
- Innovate for our business.
- Aspire for mining to be respectful of the environment and sensitive to the community
- Incorporate female talent, views and skills into the mining sector.