

Message from our CEO

Sustainability-related  
commitments

**Materiality process**

Context and relevant facts

Our company

Corporate governance

Work performance

Environment

Community relations

Verification letter

ICMM

GRI Index

# Materiality process

## definition of contents in the sustainability report

### G4-29 G4-30 G4-32

Permanently since 1999, the National Copper Corporation of Chile has issued annual reports disclosing information about the management and impacts associated to sustainability. Additionally, as members of the International Council for Mining and Metals (ICMM), this report is elaborated pursuant to the GRI Guide to Sustainability Reporting. In this case, the 4<sup>th</sup>-generation, the “comprehensive” option has been chosen, known as G4. This alternative discloses indicators that can be compared at national and international level.

This methodology defines a process through which report contents can be determined, where all aspects that can be material or relevant for the company and its stakeholders must be included. This process, externally verified, helps involve even the highest governance bodies in its contents and consider the positive and negative aspects that are primary concerns for society. All GRI-compliant contents and indicators have been clearly specified in the contents, with acronyms such “G4-29”, “G4-EN22” etc. whose meaning is included under the “GRI indicators” section.

### G4-28

Thus, performance in social, environmental, and economic matters between January the 1<sup>st</sup> and December 31<sup>st</sup> 2015 is described in our Sustainability Report posted on the website [www.codelco.com](http://www.codelco.com), 2015 Results and Report, where further information on the strategy used to address relevant matters for stakeholders and our operations is provided.

### G4-23 G4-32 G4-33

Contents included in this report cover all 2015 Codelco activities and operations and show no changes in information scope or coverage as compared to 2014 Sustainability Report. Additionally, the above contents were verified by KPMG, whose external verification letter is enclosed under the Sustainability Report verification section.

### G4-31

Our company cares about the opinion that readers may have about this Sustainability Report or any other issue of their importance. Please, send your feedback to [reporte@codelco.cl](mailto:reporte@codelco.cl)

## Materiality process, Stage I: Identification of priority stakeholders

### G4-24 G4-25 G4-26 G4-37

Knowing the opinion of stakeholders can facilitate the development of a more frequent, transparent, and closer dialogue. Thus, identifying the main players involved in or impacted by our operations can be a key aspect for management purposes. Stakeholders are construed as those groups of people or private citizens significantly affected by our activities, products, and/or services or whose actions can impair our capacity to successfully develop the strategies and achieve our goals.

Codelco seeks to connect with people and become familiar with all stakeholders’ opinions. To that purpose, the company has created a website where your concerns, grievances, and suggestions can be expressed. Additionally, Codelco offers a number of relationship means through which your expectations and worries can be channeled.

Message from our CEO

Sustainability-related commitments

**Materiality process**

Context and relevant facts

Our company

Corporate governance

Work performance

Environment

Community relations

Verification letter

ICMM

GRI Index

## Engagement and collaboration with stakeholders

G4-37

Stakeholder	Engagement and/or collaboration opportunity	Frequency
Direct workers	Paritary committees.	Monthly
	Individual development programs. Internal opinion survey.	Annual
Contractor companies	Labor and social security control.	Monthly
	Electronic business relationship platforms (Qmarket, Quadrem, Regic).	Permanent
	Supplier portal.	
	Benefits for contractor companies (housing fund, education scholarships, accidental death & permanent disability insurance).	Annual
Workers' families	Training programs.	Monthly
	Family life programs.	Annual
Trade Union	Scholarships for workers' children.	
	2 representatives participate in the Corporation Board. One representative from the FCT and one representative from the Monthly National Association of Copper Supervisors (ANSCO) and the Copper Supervisors Federation (FESUC).	Monthly
	Meetings between Senior Management and FTC National Governance Board and FESUC Executive Committee.	At least 6 times/year
	Meetings: Human Capital Board, Gender Policy Board, Competitiveness Board, and Sustainability Board.	At least 6 times/year
National community	Divisional technical convergence groups (management in structural projects) and administration groups - FESUC.	Monthly
	Press releases, website, social networks (Twitter & Facebook), publications and general communications.	Daily
	Sustainability Report.	Annual
National authorities	Permanent communication.	Daily
	Response to specific requests and enforcements.	
	Work groups, seminars and meetings.	
	Strategic presentations of key elements for Codelco.	Quarterly
	Involvement in the formulation of new regulations.	
Media	Release of economic-financial results.	Quarterly
	Release of economic-financial results.	Annual
Media	Financial report.	Annual
	Press releases, interviews, corporate and divisional publications, social networks and press conferences, Flickr channel (pictures), YouTube channel (videos).	Daily

... Engagement and collaboration with stakeholders

Message from our CEO

Sustainability-related commitments

**Materiality process**

Context and relevant facts

Our company

Corporate governance

Work performance

Environment

Community relations

Verification letter

ICMM

GRI Index

Neighboring communities	Environmental grievance and suggestion system.	Continuous
	Application process for FIS projects and SENCE training.	At least, once/year
	Information (open houses, door-to-door, visits to division.)	Weekly
	Work groups.	Periodic meetings
	Perception study.	At least, once/year
Non-governmental organizations	Social-economic impact study.	Once every 10 years
	Memberships the Corporation belongs to or develops community investment projects with.	At least, 2 or 3 meetings/year
Academia	Framework agreements with universities and technical training centers to provide workers with continuous training and incorporate students to Codelco.	Semiannually
	Participation in roundtables with university student organizations.	
	Scholarships to complete graduation theses.	
Neighboring social organizations	Participation in work groups and periodic meetings both at local at central level.	At least, every 2 months.
Local and regional authorities	Permanent communication, work groups and meetings.	Permanent
	Joint regulatory committee with Mining Council and Sonami	Monthly meetings
Mining sector	Participation in ICA committee.	In-person meeting once a year
	Participation in IMOA committee.	Semiannual in-person meeting
	Participation in ICMM committee.	
	Participation in Mining Council.	Monthly
	Participation in REACH Consortia for copper and molybdenum products.	Semiannually
Customers	Business and technical visits through agents located in the different subsidiaries.	A lo menos dos veces en el año.
Financers or investors	Permanent contact with capital market analysts.	Permanent
	Permanent contact with risk rating companies.	
	Press conferences for financial statements.	
	Annual polls.	
Goods and services suppliers	Electronic business relationship platforms (Qmarket, Quadrem, Regic).	Permanente
	Supplier portal, Codelco procurement portal (service bidding and contracting).	
	Cluster program: World-class suppliers.	Program with periodic, weekly, and/or fortnightly meetings

Message from our CEO

Sustainability-related commitments

**Materiality process**

Context and relevant facts

Our company

Corporate governance

Work performance

Environment

Community relations

Verification letter

ICMM

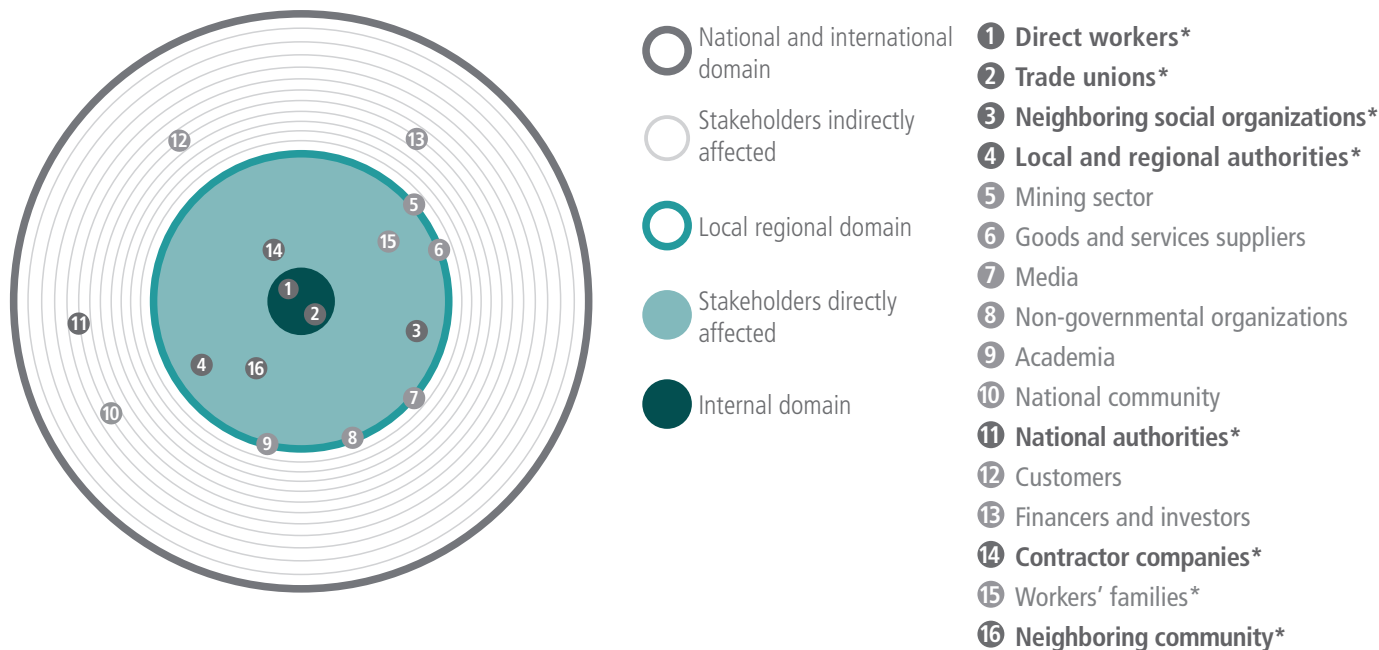
GRI Index

As a result of external consultancies conducted in 2011, our environment was mapped to identify and prioritize the stakeholders and the interaction channels available. Since then, this map is revised, validated, and updated on an annual basis to reflect the relationship development existing with each group. No changes were observed in 2015, with respect to 2014, in stakeholders or in the communication mechanisms maintained with them.

Priority stakeholders were defined after assessing their influence and impact level in the decision-making process. Afterwards, their concerns and interests were surveyed to finally identify the material aspects and issues that must be included in this report.

## Codelco stakeholders

G4-24



\* Priority stakeholders

Message from our CEO

Sustainability-related commitments

**Materiality process**

Context and relevant facts

Our company

Corporate governance

Work performance

Environment

Community relations

Verification letter

ICMM

GRI Index

**G4-27**

The Strategic Agreement between workers (FTC) and Codelco Administration as well as the Sulfide Stage II indigenous consultation process are considered the two major achievements attained as a result of the stakeholder engagement processes.

The Strategic Agreement signed on November 2015 between Codelco workers and Codelco Administration, seeks to ensure the Corporation’s continuity, development and future projection, where both the Administration and the FTC undertake a number of commitments to be delivered in the 2015-2019 quinquennium, in critical areas, such as occupational health and safety, comprehensive people development, environment, communities, business plan fulfillment, and cost and productivity improvement with a view to overcoming the company’s challenges.

Building this agreement was a task started in 2014 with the creation of different work groups. At the end of the process, 110 FTC base leaders approved this agreement which, later on, was ratified by all Codelco divisions.

The Radomiro Tomic (RT Sulfide Stage II) expansion, a key project in Codelco structural investment portfolio, was granted environmental permit after an indigenous consultation process, as part of its environmental impact assessment.

**Materiality process, Stage II:  
 Determination of relevant issues to be disclosed**

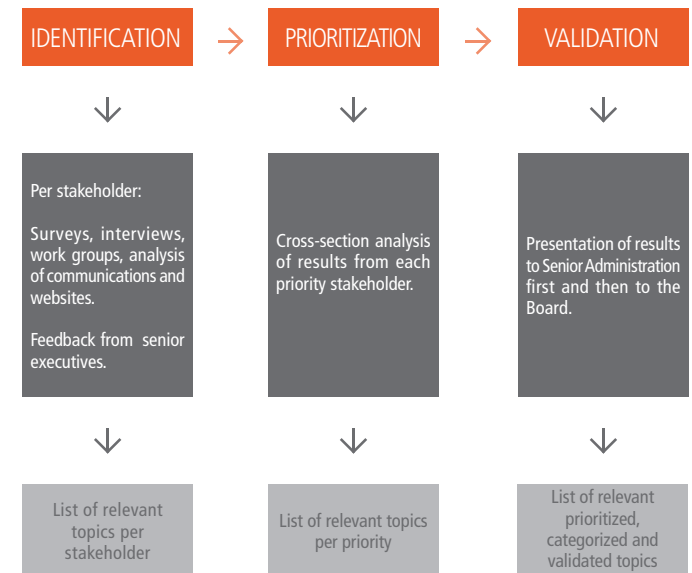
The materiality process is intended to identify the relevant topics in our internal sustainable development strategy, the stakeholder concerns with specific interests within the company, the far-reaching social

expectations, and the influence exerted by the company on producer or consumer entities for our stakeholders.

**Reporting process preparation**

**G4-18 - G4-48**

To identify the material topics (most relevant) to be included in this report, the GRI G4 guidelines were followed. The stages considered were:



Information sources used in this process did not change with respect to the previous report where a review of primary and secondary sources was included. First, data was collected from participatory methodologies including a survey conducted among nearby communities and social organizations.

Message from our CEO

Sustainability-related commitments

**Materiality process**

Context and relevant facts

Our company

Corporate governance

Work performance

Environment

Community relations

Verification letter

ICMM

GRI Index



At the same time, results from surveys normally run by Codelco were also included. Among these are Codelco Opina (feedback from workers about the strategic development of the company and its workers' development), communal work groups, perception studies, agendas of meetings with contractor companies, etc.).

Likewise, secondary information publicly available in means, such as public agency websites, polls, press analysis, among others, was also analyzed. 2015 relevant information was gathered through the analysis of perception studies, Codelco Opina survey, Mineró Barómetro survey, and the RSE Corporate Social Responsibility Monitor (MORI).

For every priority stakeholder, adequate tools were identified to collect up-to-date information regarding issues deemed material and, as such, key to the company's priority analysis.

#### G4-19

Finally, and pursuant to GRI methodology, the information was analyzed and a matrix built to define, for each environmental, social or economic aspect contained in the GRI G4 guide, the topics and opinions relevant to the different stakeholders. Thus, material, cross-

cutting issues are identified and, as a next step, the subjects to be included under the 2015 Sustainability Report were determined.

Once a long list was completed, the topics that are most relevant and best represented Codelco management in 2015 were defined. This is how the list of material topics contained in this report was completed.

To this effect, a qualitative analysis of the importance attached to each topic and of the frequency with which these subjects were mentioned in their speeches was performed. At the same time, the impact of each issue on Codelco's economic, operational, labor, social, and reputational spheres was defined.

#### G4-48

These results translated into the identification of a total number of material topics which were developed and reviewed by the Vice Presidency of Corporate Affairs and Sustainability where the representativeness of all themes deemed to be material is evaluated prior to their inclusion in the report.



CONTENTS  
**2015**  
**SUSTAINABILITY**  
**REPORT**



Message from our CEO

Sustainability-related commitments

**Materiality process**

Context and relevant facts

Our company

Corporate governance

Work performance

Environment

Community relations

Verification letter

ICMM

GRI Index

Economic	Environmental	Social		
		Work practices and decent job, Human Rights, and society	Human Rights	Society
<ul style="list-style-type: none"> <li>• Economic performance, productivity, cost reduction and efficient management.</li> <li>• Indirect economic consequences.</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental management in general.</li> <li>• Water use and management.</li> <li>• Emissions.</li> <li>• Effluents and waste.</li> <li>• Energy and climate change.</li> <li>• Compliance of environmental regulations.</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational health and safety.</li> <li>• Job creation.</li> <li>• Relationships between workers and Management.</li> <li>• Gender diversity.</li> <li>• Freedom of association.</li> <li>• Workers development.</li> </ul>	<ul style="list-style-type: none"> <li>• No discrimination.</li> <li>• Equality between men and women.</li> </ul>	<ul style="list-style-type: none"> <li>• Impacts and relationships with local communities and/or territory.</li> <li>• Grievance mechanisms.</li> </ul>



Message from our CEO

Sustainability-related commitments

**Materiality process**

Context and relevant facts

Our company

Corporate governance

Work performance

Environment

Community relations

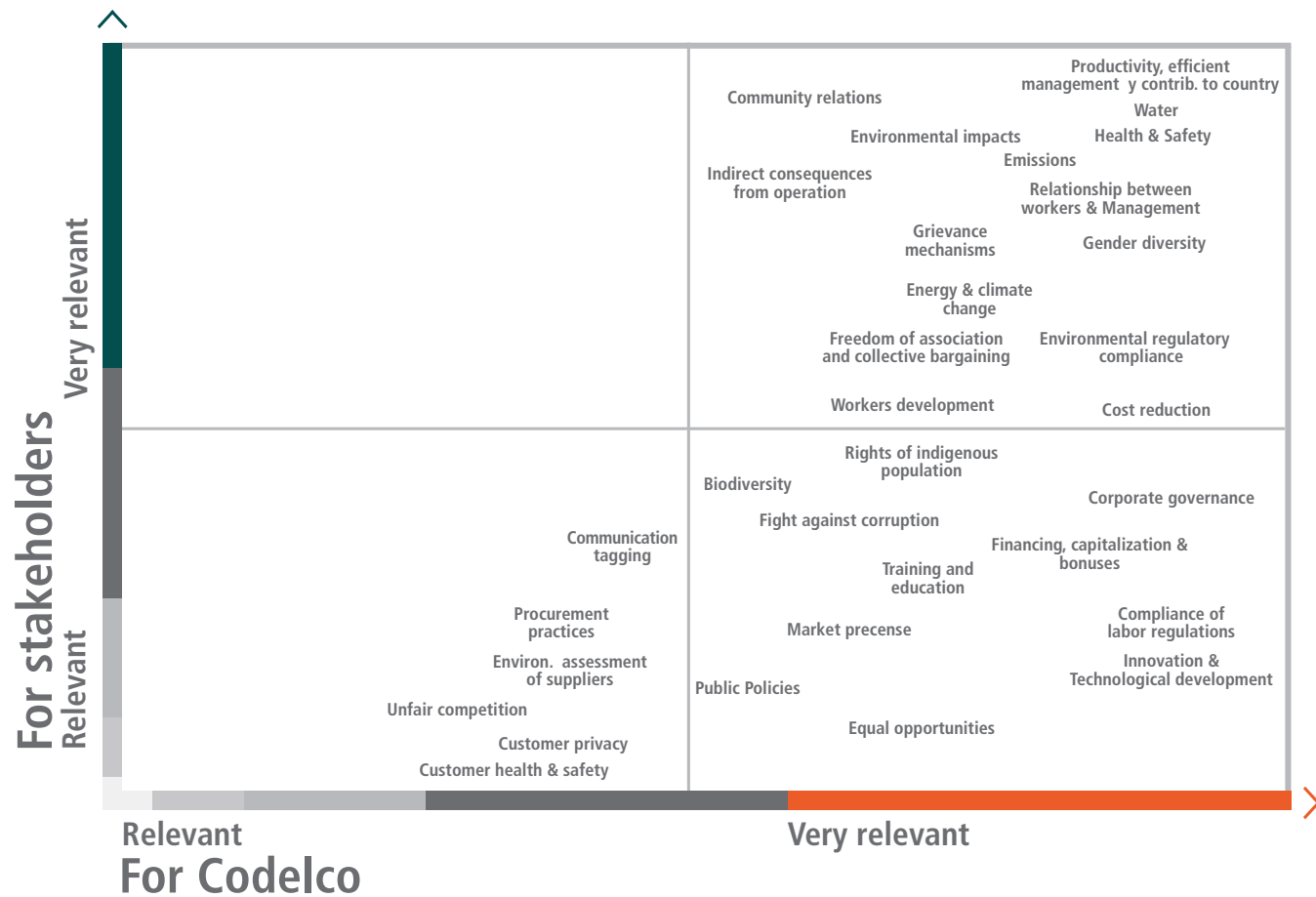
Verification letter

ICMM

GRI Index

Below is the matrix containing the topics identified on the basis of two dimensions or axes: their importance for stakeholders (main interests and issues associated to sustainable performance, indicators suggested by the groups, and the influence exerted by these on the evaluation and decisions made in relation to the Corporation) and the importance for Codelco (impacts, risks, or opportunities associated to sustainability). Those contained in the top right quadrant were rated as material topics.

## Combined materiality





Message from our CEO

Sustainability-related commitments

Materiality process

Context and relevant facts

Our company

Corporate governance

Work performance

Environment

Community relations

Verification letter

ICMM

GRI Index

The Table below shows the material topics and their boundary; that is, where the impact occurs (\*). "Inside Codelco" means all the entities comprising the organization while "Outside Codelco" refers to the external entities we engage with. It must be noted that the impacts that allow a subject to become relevant can occur simultaneously inside and outside the Corporation.

## Material subjects and boundary

G4-20 - G4-21

Category	Material topic	Boundary*
Economic	Economic performance.	Inside (operations & finances) and outside Codelco (SII authorities and areas of direct influence)
	Productivity, cost reduction, and efficient management.	
	Indirect economic consequences.	Outside Codelco (SII authorities and areas of direct influence)
Environment	Environmental management in general. Water use and management. Emissions, effluents, and waste. Energy and climate change.	Inside (operations & finances) and outside Codelco (areas of direct influence, and national community)
	Compliance of environmental regulations	Inside (operations & finances) and outside Codelco (regulators, areas of direct influence, and national community)
Work practices and decent job	Occupational health & safety	Inside (Human Resources, operations, and SSO) and outside Codelco (FTC, Trade Unions, regulators, contractor companies, suppliers, areas of direct influence, and national community)
	Job creation	Inside (operations & finances) and outside Codelco (areas of direct influence & national community)
	Relationships between workers and Management	Inside (Human Resources and operations) and outside Codelco (FTC, Trade Unions, regulators, and national community)
	Gender diversity	
	Freedom of association	
Workers development.		
Human Rights	No discrimination.	Inside (Human Resources and operations) and outside Codelco (FTC, Trade Unions, regulators, and national community)
	Equality between men and women.	
Society	Impacts and relationship with local communities and/or the territory.	Inside (corporate affairs and communal development areas) and outside Codelco (community of direct influence areas, national community, authorities)
	Grievance mechanisms in social-environmental matters.	Inside (corporate affairs) and outside Codelco (areas of direct influence & national community)

(\*) "Inside Codelco" refers to all entities comprising the organization. "Outside Codelco" means external entities we are related to.

### G4-31

In case of doubts regarding the contents of this Sustainability Report, please contact Mr. Patricio Chávez Inostroza, Vice President Corporate Affairs and Sustainability at [reporte@codelco.cl](mailto:reporte@codelco.cl) or headquarters offices, Huérfanos 1270, Santiago de Chile. Phone: (56) 2 2690 30 00.