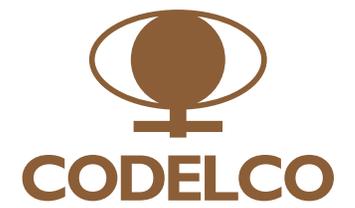




# CODELCO

2015  
SUSTAINABILITY  
REPORT



V2



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# Letter from our CEO



“2015 was a period of immense challenges for Codelco, in a context of significant management adjustments and changing international markets driven by downward trending commodity prices. However, this complex scenario did not prevent us from addressing, just as energetically, the sustainable development of our company, in search of higher performance, while aware of its importance as strategic axis in our business”

Nelson Pizarro Contador

In spite of the challenges faced in recent months, I can state that 2015 was an exceptional year in management terms. We achieved progress in every aspect of our strategic plan, mainly in our historical investment portfolio, without jeopardizing key construction projects; we implemented a rigorous cost control system –from the third quartile, the company succeeded in moving to the second quartile- and we reached a record copper production. Likewise, we enhanced work safety thus achieving historical milestones; we upgraded equipment and introduced best practices. One of our major breakthroughs has been the hard work carried out with male and female workers to reach a Strategic Agreement signed on the basis of trust and open dialogue.

## Copper market

Just as in 2014, during this ending year the international copper market maintained a downward price tendency together with lower

prices of all by-products. In line with the hard global panorama, 2015 posed high demands on our company.

Sales revenues amounted to US\$ 11.694 million, including revenues for own-copper sales, by-products, and copper processing services, which represents a US\$ 3,058 million drop, as compared to 2014. These figures were offset by both the hard work performed by the entire organization intended to increase productivity and lower costs as well as by dollar appreciation.

## Higher production and lower costs

In 2015, Codelco produced 1,891 thousand MT of fine copper, coming from Codelco-operated deposits plus the contribution from Minera El Abra and Anglo American Sur. That is, 2.8% higher than 2014 production, considered an extraordinary figure given the complex period experienced.

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The cost containment plan produced effective results. Direct costs (C1) for the year reached 138.7c/lb, 8% lower than 2014 (150,4c/lb).

We were focused on saving US\$ 1,000 million, with the emphasis set on two main axes: achieve higher efficiency and productivity in consumption indicators, maintenance management, and reduce the number of consultancies, studies, investments, and others; and seize the opportunities created by the price drop of critical consumables, particularly oil. By the end of the year, we had fulfilled the goal in 120%, reflected in US\$ 1,203 million in savings, which allowed Codelco to generate a US\$1,075 million surplus.

When a business is impaired, as was the case in the copper mining industry due to a fall in commodity prices, the assets of mining companies lose value. This is why in 2015 Codelco, and all other mining companies worldwide, revised their asset values and reflected the results on their financial statements as a loss of book value of US\$ 2,431 million of their assets and investments. After the impairment, Codelco's before-tax surplus reported an accounting loss of US\$ 1,357 million which does not compromise cash flows or the resources contributed by the company to the State.

### Suppliers

Codelco has taken actions to promote ethics and transparency among suppliers by conducting public bidding processes and refining the quality of the information released to the market. Likewise, the procurement portal was upgraded to allow massive access while an area of new suppliers coming mainly from China was developed. These new members had the chance to participate in over 100 bidding processes in our company, and business transactions for more than US\$ 4 million were secured.

During 2015, we made business with 3,718 suppliers, 3,483 nationals and 235 from overseas. Business deals totaled US\$ 6.94 million, including long-term contracts for both power and fuel supply. Goods and services consumption dropped 15%, as compared to 2014, in response to the dual challenge of increasing productivity and reducing operation costs.

By the end of 2015, Codelco's portfolio held 35 cluster projects with different progress levels, thus helping fulfill the goal established by the National Mining Program, in terms of developing a minimum of 250 world-class suppliers and achieving US\$10 billion in mining-related exports by 2035.

### No fatal accidents

Guaranteeing work safety for all male and female employees constitutes a core pillar at the base of our management. And this is why, for the first time in a calendar year, we pride ourselves in declaring that no fatalities occurred in this period, an achievement we should strive to repeat again.

With respect to the global accident frequency rate among our workforce and contractors, in 2015 this reached 0.91 per million worked hours, 31% lower than 2014 (1.32).

During the year, we made good progress in defining and implementing the management system for health and safety in the workplace, and operational risks and we put in place new policies in these areas, with the purpose of protecting people's lives and integrity, the continuity of their processes, and the safeguard of the resources entrusted to their care.

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### Structural projects

Our portfolio of six structural projects is part of the transformation required to ensure the company's future. These projects present different constructions levels:

- **Underground Chuquicamata:** Execution underway, 25% progress, according to plans.
- **Radomiro Tomic Sulfides:** Detail engineering in progress. Indigenous consultation being developed under the environmental assessment process framework.
- **Inca pit:** Prefeasibility underway and extended to collect further geo-mining-metallurgical data and to complement mine-plant alternative capacity for final recommendation.
- **New Andina transfer system:** Under execution. This project is aimed to maintain current mineral processing levels by replacing the present primary ore crushing and transport system that will be affected as the pit moves forward.
- **Future Andina development:** We are exploring new development alternatives capable of offsetting the need to use higher volumes of available ore with a lower investment business, lower construction times, and

flexible enough to adapt to current environmental and industrial scenarios.

- **El Teniente new mine level:** Execution underway with a slowdown in work progress to better respond to rock mass conditions and adjust some issues associated to project engineering.

Additionally, during 2015 the entire pre-investment project and study portfolio accounted for a total cost of US\$ 3.343 million, similar to 2014 figures in nominal terms.

### Innovation and technology

In 2015, Codelco invested around US\$ 60 million in innovation and technology, mainly focused on priority areas such as the automation of mining process, operational big data management, search of technological breakthroughs in metallurgical processes, and technologies that satisfy community and environmental sustainability demands from the mining industry.

Likewise, we successfully carried out our digital Codelco strategy that integrates technologies such as mining equipment teleoperation, production process automation, and robotic systems; the latter

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applied in high risk or strenuous physical activities. This tool leads to safer mining, highly efficient and productive, and committed to the environment.

**Gender diversity and conciliation**

Gender diversity represents a strategic aspect for Codelco. This is why, in 2015, we created a Department directly dependent from the Human Resources Vice Presidency, in an attempt to install the issue all across the company culture and recognize it as a key aspect of our competitiveness.

Thus, diversity, inclusion, and equality were included in the Equal Performance Agreement, as core and overarching imperatives, consistent with our guiding principles. The strategy is intended to embed not only the issue into the organization, through the gender policy, but also a Gender Diversity Master Plan by 2020. This plan will help us both generate gap-closing actions as well as continue to work towards becoming certified by the Chilean Standard 3262, after Gabriela Mistral division was the first mine to ever be awarded such distinction. In 2015, the Ventanas division and our Headquarters went through a preparation process to achieve such certification during 2016.

As to female participation in our organization, this reached 8.9%, which is higher than the index for the industry (7.7%), but still insufficient; therefore, policies will be put in place to increase these indicators.

**People management**

As to collective bargaining, in 2015 we addressed and successfully concluded six processes in four divisions, despite the deteriorated copper price. During this period, we were able to install a new

approach to collective bargaining, in line with the new scenario and circumstances faced by the company and the mining industry, where we tried to associate benefits to productivity. However, some labor conflicts occurred whose consequences, positively enough, had zero impact on the company's production.

We also established the succession management model and system intended to help us identify the right people to cover vacant critical positions within the organization and assess and develop the leadership competencies required to undertake those challenges. 55% of critical positions vacant in 2015 were covered by such male and female successors.

**Strategic agreement**

One of the greatest achievements in 2015 was the joint work carried out by the Management and the Copper Workers Federation (FTC) with the purpose of subscribing and implementing the Strategic Governance Agreement with a view to provide sustainability and competitiveness to the company. This document was officially submitted to President Michelle Bachelet on November 4th, 2015.

On the second half of 2015 we created the proper conditions to successfully put in place the agreements and commitments designed to enhance management, as contained in the agreement. Thus, we installed a corporate-level relationship structure, based on a High Board, a Coordination Committee, and four Corporate Boards. The Coordination Committee, in turn, developed and disseminated guidelines to apply and implement the strategic agreement among the divisions. This is meant to become a core tool in labor relations management at corporate and divisional level in 2016.

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**Conduct, transparency and lobby**

The Code of Conduct applied in the company for years in order to install best practices in the business offers a whistleblower line to allow any person to report in a safe, anonymous, and confidential way, potential violations in their workplace. In 2015, the line received 222 reports; 142 of them were fully investigated and 80 are still in the process of investigation. 19 of these reports ended up in sanctions.

Additionally, in 2015, the Board passed some transparency, ethics, and good corporate governance norms, based on rigorous international standards applicable to different spheres of activity within a company, such as business relations, institutional links, and people management processes. It must be noted that, with respect to lobby regulations, we self-imposed a standard more severe than required by law.

**Community and environmental management**

In 2015, Codelco continued to develop and install a new approach regarding occupational health and safety, environment, and community development to fulfill the following objectives: safeguard the lives of all people working at the company with a view to eliminating fatal accidents and occupational diseases; environmental protection by closing all social-environmental gaps in mine sites and projects; and the development of communities around the mining operations by applying a new community relationship model.

In 2015, Codelco invested US\$ 479 million in sustainability projects, much higher than the US\$ 364 million allocated in 2014. From this amount, US\$184 million were assigned to occupational health and safety initiatives while US\$ 295 million were destined to environmental investments.

In environmental matters, our short-term challenges, on which management was focused in 2015, are:

- 95% emission capture in all divisions (2018-2019), triggered by regulatory changes.
- Close gaps or eliminate risks threatening the main social-environmental vulnerabilities identified in the environmental risk management system.
- Update internal regulatory instruments.
- Prevent the occurrence of severe or very severe environmental incidents.
- Consolidate the implementation of the new environmental risk management system by strengthening continuous improvement in our environmental performance.

In this respect, while Codelco was free from severe or very severe environmental incidents, in September 2015 Salvador division experienced an incident qualified as severe by the NCC 38 norm. This severe incident occurred in addition to other minor and serious events which will again led us to reconsider our procedures

to fulfill our own goals concerning these matters. In 2016 we will continue to further the initiatives required to improve our environmental standards.

As to community relations, in 2015 Codelco devoted important efforts to set the basis for a new perspective on its relations with communities moving from the license to operate towards a sustainable, virtuous, and inclusive mining. In this regard, our main initiatives were focused on setting up work groups, implementing investment projects,

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and releasing information to the community. In 2015 community investment projects were centered on three investments axes: social-environmental impacts on the area of influence, human capital, and indigenous peoples. Total funds required by these measures were \$ 5,671 million pesos.

Chile's economic growth cannot be conceived without the mining industry while the latter cannot be imagined without Codelco's support. In addition to being an extremely demanding year in management terms, 2015 became a great opportunity for Codelco, nowadays a stronger and better prepared company. Years of difficulties and expectation adjustments lie ahead of us that, at the same time, will prove to be times of deep transformation.

I am completely certain that, with the collaboration of the male and female workers who are fully aware of the challenges to be faced on the way to establishing the basis of Codelco's future, we will be able

to render Codelco into a renewed company and a new benchmark for sustainable, efficient, diverse, transparent, and innovative mining.

**Sustainability report**

On this occasion, I have the pleasure of submitting to you the 17th Sustainability Report which provides a detailed account of management results, in compliance with the high standards defined by the Global Reporting Initiative (GRI), for a thorough report, a requirement verified by an external and independent party.

**Nelson Pizarro Contador**  
CEO

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# Commitments related to sustainability



## Commitment results for 2015

Community development		
Local labor: Generate programs per division intended to encourage the hiring of local labor or provide local employability.	SP	The use of current training instruments was encouraged to level up AI capabilities and facilitate access to mining jobs or projects associated to mining operations.
ICMM Indigenous Peoples and mining good practice guide: gaps survey and implementation plan.	C	In 2015, the provisions contained in Codeco standard implementation guide for indigenous peoples continued to be applied. The following are some of the practices to be complied with: <ul style="list-style-type: none"> <li>• Update of influence areas.</li> <li>• Survey of potential social-environmental conflicts and action plan.</li> <li>• Setting up of 10 work groups with indigenous communities.</li> <li>• Periodic visits to communities.</li> <li>• Preparation of work and development plans for participatory and associative community projects and tracking of commitments undertaken in our SECO* community platform.</li> <li>• Development of indigenous consultation processes within the project processing framework.</li> </ul> *SECO: Commitment Tracking Platform
Community awareness campaign: conduct, at least, 1 information campaign in all priority sites per division. Information on social-environmental management, social-environmental grievance & suggestion system, and community relations must be included.	C	Dissemination initiatives were implemented with territorial coverage, by means of newsletters, lectures, meetings, door-to-door visits, open-houses, among others.

C: Compliant FC: Failure to comply SP: Significant progress

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...Commitment results for 2015

Occupational health and safety		
No fatal accidents in 2015.	C	During 2015, Codelco achieved a historical milestone by completing one year without fatalities.
Implement the occupational health and safety (SSO) management system (6 structural procedures).	C	The 6 structural procedures from the SIGO management system were developed. <ol style="list-style-type: none"> <li>1 RESSO Special Occupational Health and Safety Regulation (contractor company management).</li> <li>2 Emergency preparedness and response.</li> <li>3 Incident management.</li> <li>4 Projects: design, construction and start-up.</li> <li>5 Record and document control.</li> <li>6 Risk management.</li> </ol>
Reduce dangerous behavior in 28%.	C	A final 34.5% reduction at corporate level is achieved.
Focus leadership activities on 4 on-site activities.	C	Focus on 4 leadership activities is achieved. For executives: management walk-throughs, SSO High Board, SOO monthly meetings, and incident analysis meetings with Management. For supervisors: conduct observation, critical control review according to IPER*, preventive communication/ recognition, and work condition inspections. *IPER: Danger Identification and Risk Assessment
Reduce Frequency Index (IF) and Severity Index (IG) in 17% with respect to 2014.	C	The frequency index was reduced in nearly 29.5% with respect to 2014. The severity index was reduced in nearly 39.1% with respect to 2014.
Environment		
Close gaps or eliminate risks on main social-environmental vulnerabilities.	C	10 vulnerabilities were closed and a 40% progress was made in the total closure of identified gaps.
Update internal regulatory instruments to incorporate the environmental variable at the early stages of the investment process.	SP	Different multidivisional teams worked in the survey of requirements and in the preparation of a draft version to be reviewed according to the internal regulatory development process.
Completely eliminate severe or very severe environmental incidents.	FC	The occurrence of a severe environmental incident on September in Salvador division was regretted.
Consolidate the implementation of the new environmental risk management system.	SP	Consolidation of platforms associated to environmental risk management system continued to be done.

C: Compliant FC: Failure to comply SP: Significant progress

# Commitments for 2016

## Occupational health and safety

### Frequency and severity indexes (corporate)

- For 2016, a 9% reduction goal has been defined for the frequency index with respect to 2015 maximum acceptable.
- For 2016, a 9% reduction goal has been defined for the severity index with respect to 2015 maximum acceptable.

### Exposure reduction

- 10% reduction of exposure to risk agents (physical, chemical and/or ergonomic factors) with respect to the number of exposed workers (based on commitments per division/VP).
- \* Exposed: exposure will occur when an agent or factor exceeds the levels indicated by the relevant national standard.

### Compliance of SIGO corporate management system plan

- Availability of a single corporate program with a performance over 80%.

## Community development

### Community relations plan

- Define relationship plans per division conducive to permanent, transparent, and transversal relations.
- Develop communication plans per division, focused on releasing timely information to the community (bases). The challenge lies in finding new communication tools to inform in an effective way.

### Environment

- Develop and start the implementation of a sustainability master plan to make the Corporate Business and Development Plan (PND) viable.
- Develop a risk diagnosis and analysis of pipelines and ditches conveying industrial fluids.

### Labor

- Certify Ventanas division and the Headquarters under the Chilean Norm 3262 "Management Systems - Gender Equality Management and Conciliation between Professional, Family and Personal Life".
- Assess the Corporation's alignment level with UN Guiding Principles on Business and Human Rights.

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# 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.

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## 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.	
Release of economic-financial results.	Annual	
Media	Financial report.	Annual
	Release of economic-financial results.	Quarterly
Media	Press releases, interviews, corporate and divisional publications, social networks and press conferences, Flickr channel (pictures), YouTube channel (videos).	Daily

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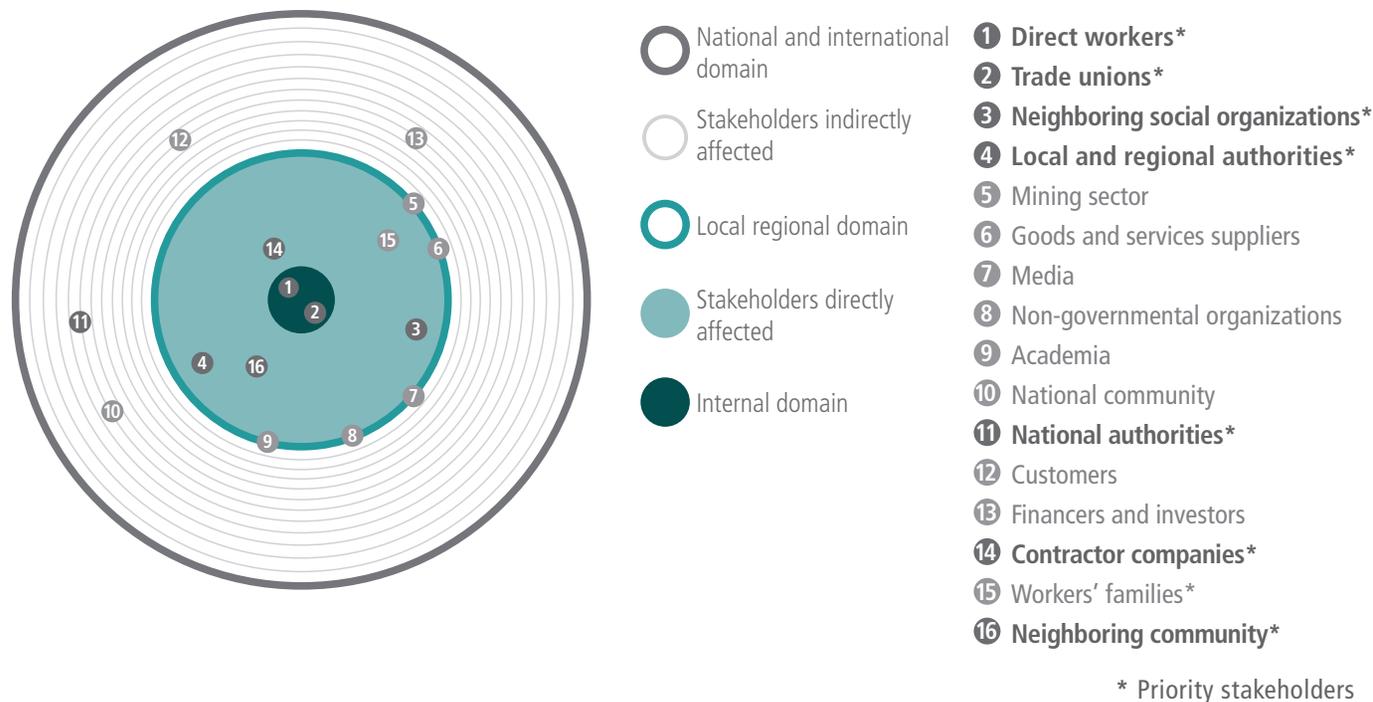
Neighboring communities	Environmental grievance and suggestion system.	Continuous
	Application process for FIS projects and SENCE training.	At least, once/year
	Information (open houses, door-to-door, visits to division.)	Weekly
	Work groups.	Periodic meetings
	Perception study.	At least, once/year
Non-governmental 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

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

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### 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

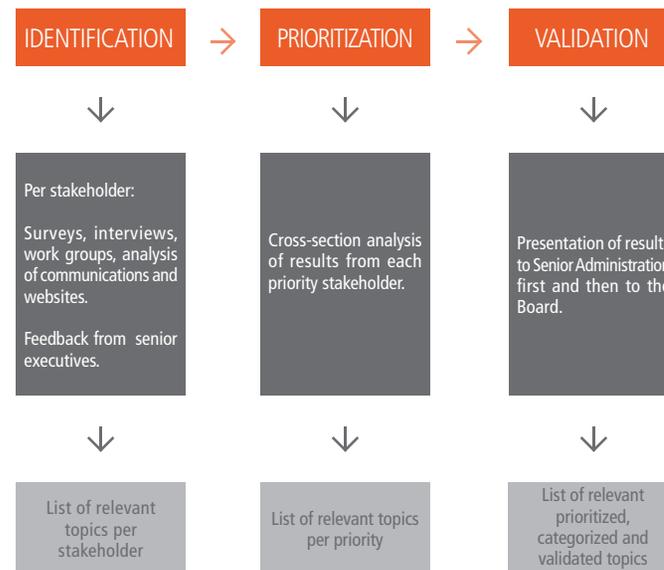
The materiality process is intended to identify the relevant topics in our internal sustainable development strategy, the stakeholder concerns with specific interests within the company, the far-reaching social

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.

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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, Minerero 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.

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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>



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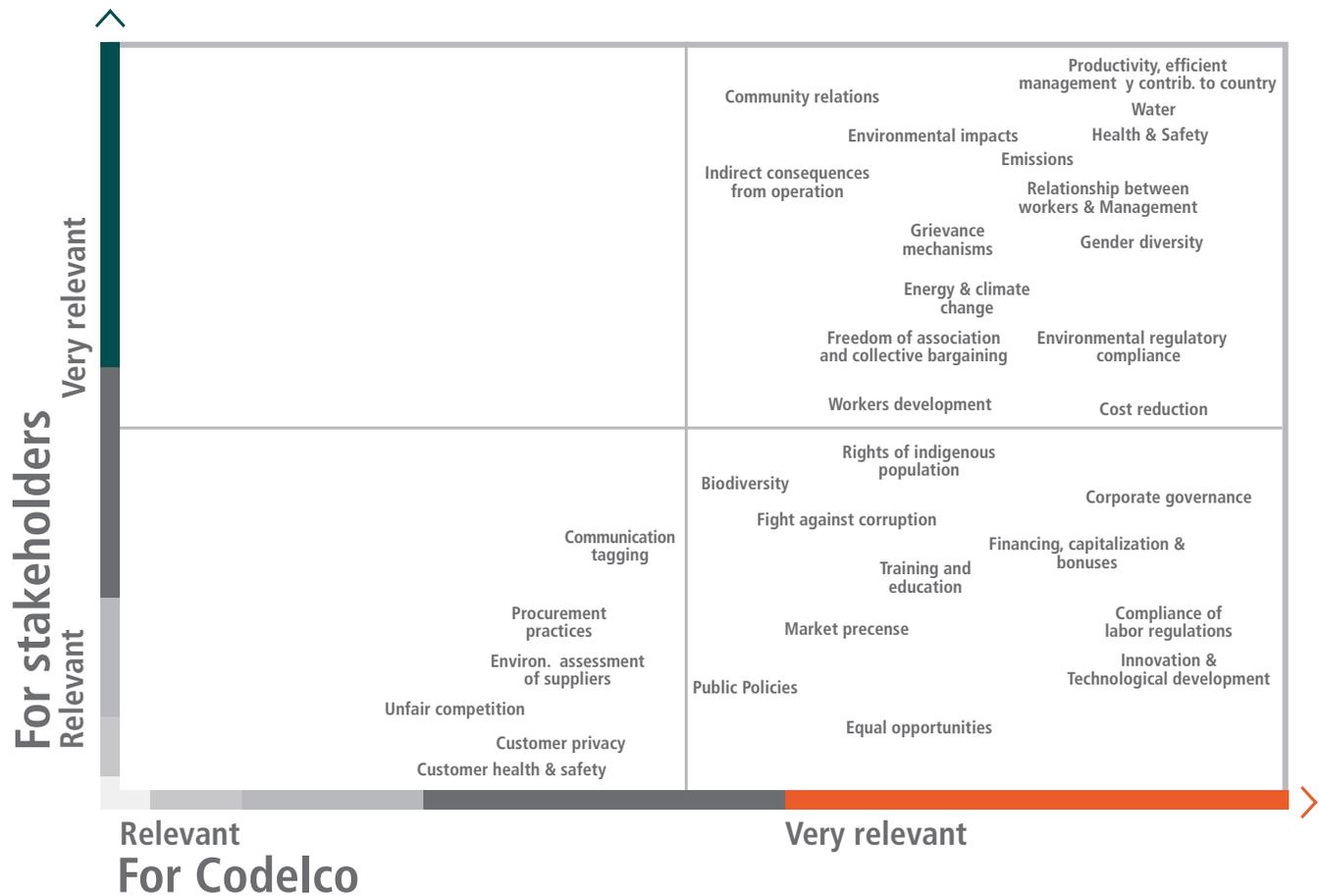
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Below is the matrix containing the topics identified on the basis of two dimensions or axes: their importance for stakeholders (main interests and issues associated to sustainable performance, indicators suggested by the groups, and the influence exerted 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



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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.

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## Context and relevant facts in the copper market



The copper industry worldwide faces a complex scenario known as 'the end of the high commodity-price supercycle'

### Global economic scenario

The copper industry worldwide is confronting a complex scenario known as 'the end of the high commodity-price supercycle' associated to lower economic growth in China, as main copper consumer, and an overstocked market as a result of new projects coming into operations. Consequently, important challenges lie ahead of us in trying to reduce costs and enhancing the efficiency in all processes while moving forward in matters of occupational health and safety, environment, and development of communities surrounding our operations.

Thus, in 2015, LME refined copper prices averaged 249 cents per pound of copper (c/lb); that is, 20% less than the previous year, when the average reference price was 311 c/lb.

However, the copper industry was affected also by other factors -such as the USA Federal Reserve announcing a rate increase from 0.25 to 0.5%, finally materialized in December, and the expectations of larger capital

flows coming into the USA from emerging economies- which had an adverse impact on the foreign currency of metal-producing countries like Chile, Peru, Brazil, and Australia. Also, the strengthening of the US dollar vis-à-vis the currency of other commodity-producing countries, helped deflate producer's cost curves, making room for raw material prices to plunge to lower copper prices.

In 2015, the hedge funds operating in commodity markets, mainly China, reported short net positions (sales higher than buys), in line with the gloomy mood prevailing among raw-material investors, with negative expectations regarding copper price.

On top of the above, the price of molybdenum, the main by-product commercialized by Codelco, dropped 42%. Thus, in 2015, and according to Metals Week, Mo was quoted at US\$ 14.7 per kilo. At the same time, gold and silver prices dropped 8% and 18%, respectively.

**Copper and molybdenum markets**

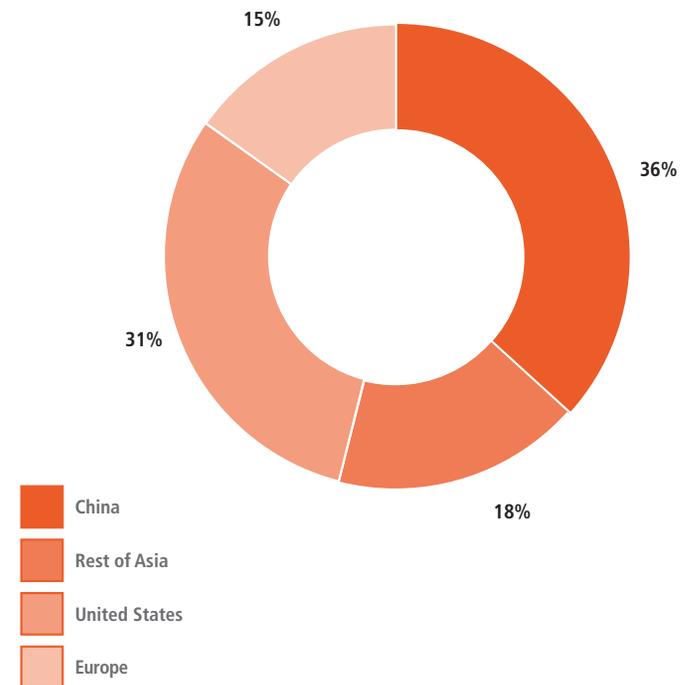
As to refined copper markets, at aggregate level, total copper inventories soared from 316 thousand MT by the end of 2014 to 489 thousand TM by December 31<sup>st</sup>, 2015. According to regional inventory distributions, 264 thousand MT were accumulated in Asia as of December 31<sup>st</sup>, 2015; that is, 54% from total volumes. The US was next with 150 thousand MT between COMEX and LME warehouses. Then was Europe with 74 thousand MT in LME warehouses.

With respect to the global offer of molybdenum, the Chilean Copper Commission predicted negative growth rates of 12.9% and 8.7%, for the period 2015-2016, as against 2014, due to productions cuts and shutdowns of large deposits, resulting from low molybdenum prices that have affected, basically, primary producers' profitability.

In the face of this scenario, Codelco has continued to lead the development and implementation of a number of initiatives where elements such as promotion, protection, and innovation are combined with the purpose of opening new markets for copper and molybdenum. In Chile, this strategy is applied through the subsidiaries Molyb, PRM, EcoSea, and Codelco Lab; at international level, this is achieved by actively participating in the International Copper Association and in the International Molybdenum Association.

**Copper inventories in official warehouses**

**(Regional distribution, % from the total)**



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# Our company



**We are the National Copper Corporation (CODELCO), a Chilean State-owned company.**

## G4-3 - G4-5 - G4-6

We are the National Copper Corporation (CODELCO), a Chilean State-owned company, specialized in the exploration, development, and exploitation of copper mining resources and its by-products, including their processing into refined copper and subsequent commercialization.

## G4-7

Created on April 1st, 1976 by way of Decree Law 1.350, the Corporation is registered with the Securities and Insurance Superintendence (SVS), as a public offering bond issuing entity. This means that Codelco must submit to the SVS and to the general public the same information, with equal frequency, publicity media, and form than mandated to open corporations. Also, our actions are supervised by the Comptroller General of the Republic and the Chilean Copper Commission (COCHILCO).

Headquartered in Santiago de Chile, our company consists of eight divisions: the North district includes Chuquicamata, Radomiro Tomic,

Ministro Hales, and Gabriela Mistral divisions. The Center South district consists of Salvador, Ventanas, Andina, and El Teniente divisions.

Codelco pursues national and international exploration activities aimed to maintain and expand its mining base. All exploration activities undertaken by Codelco are conducted pursuant to corporate standards and commitments and local legislations.

## G4-9

Codelco owns assets for US\$33,443 million, total liabilities for US\$23,711 million, while total owner's equity by 2015 year-end was US\$9,732 million. Our net revenues totaled US\$11,963 million.

In 2015, our production was 1 million 891 thousand MT of refined copper, considering the contributions from El Abra (49%) and Anglo American Sur (20%).

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**G4-4 – G4-8**

Our main products are copper cathodes and concentrates, roasted molybdenum concentrate, anode slimes, and gold, silver, and sulfuric acid as by-products. In 2015, copper sales reached 2,023 million tons, out of which 66% was refined copper. 64% of this volume was shipped to Asia, 15% to Europe, 11% to South America, 9% to North America, 1% to Africa, and 1% to Oceania.

**G4-10**

As of December 31st, Codelco had a total of 19,117 male and female workers (8.9% are women), most of them holding permanent contracts. Personnel from contractor companies are 46,348, most of them concentrated in El Teniente and Chuquicamata Project Vice Presidency.

In all, 65,465 people perform different duties within the Corporation.

**Own-workforce  
 distribution in 2015**



From total own-workers with permanent contract, 16,500 are men and 1,602 of them are women. As to workers holding temporary contracts, 911 are men and 104 are women.

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### Economy of adjustments

Just as during the previous year, the copper industry continued to be impacted by the international copper price drop (US\$249.2 c/lb, which is 20% lower than the 2014 average).

This called for a redoubling of efforts across the Corporation to reduce expenses, contain costs, fulfill our production goals, and generate the surplus required by the country.

Under this scenario, Codelco drove all management efforts into fulfilling the goal of saving US\$ 1,000 million through two types of initiatives:

- Enhance efficiency and productivity through the optimization of consumption indicators, contract rationalization, maintenance management, and reducing consultancy services, studies, investments, and others.
- Seize the opportunities created by the price drop of critical consumables, particularly oil. In this case, the offsetting effects of the current exchange rate are also included.

### Production, costs and surplus

Codelco is a worldwide copper producer leader, main exporter in Chile, and the largest contributor to national economy. In 2015, its plant production reached 1,891,376 MT of fine copper (FMT), coming from Codelco-operated deposits plus the contributions from Minera El Abra (49% share) and Anglo American Sur S.A. (20% share).

2015 production increased in 51 thousand FMT (2.8%) as opposed to 2014 (1,840,691 FMT), mainly due to Ministro Hales division

contribution, which achieved better results in the concentrator and roasting plants and the contribution from El Teniente division.

Division's manufacture -that is, excluding El Abra and Anglo American share- reached 1,731,688 FMT which is 3.6% higher than 2014 figures.

As far as costs is concerned, we are confronted against a complex panorama framed by some of our aging deposits whose minerals offer lower grades which, in turn, translates into highest production costs. Likewise, the increase of energy costs has influenced the final production costs.

By the end of 2015 we fulfilled our cost containment plan in 120%, generating US\$ 1,203 million in savings.

Given the above, the main unit cost indicators were lowered with respect to 2014 results. For the third year in a row, we were able to maintain the downward tendency costs.

Nest cost of cathodes was reduced in 8% moving from 213.3 c/lb to 196.9 c/lb.

Our direct costs (C1) for 2015 were 138.7 cents per c/lb, which is 8% lower than 2014. C1 represents the type of cost employed by the mining industry to benchmark the management of different companies.

The concept of surplus is understood as results before income taxes, pursuant to Law 13.196, which levies a 10% tax on returns for the sale of copper and own by-products overseas. In 2015, the generated surplus allowed Codelco to contribute US\$ 1.088 million to the State.

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The Table below shows the economic value generated and distributed in Codelco:

#### G4-EC1

Generated and distributed economic value	
	2015 US\$ million
<b>Generated economic value</b>	<b>15,444</b>
<b>Revenues</b>	
Revenues for the sale of products and others	13,909
Credits	1,288
Other revenues	247
<b>Distributed economic value</b>	<b>15,567</b>
<b>Cost of Operations</b>	<b>13,937</b>
Salaries (and own-workers' benefits)	1,672
Acquisition of goods and services	6,830
Acquisition of capital assets	3,847
Investment on environment, occupational health and safety	479
Other cost of operations	1,108
<b>Interests</b>	<b>542</b>
<b>Contribution to State</b>	<b>1,088</b>
Net profits paid	0
Income tax	221
Law 13.196	867
Others	0
<b>Retained economic value</b>	<b>-122</b>

\* Values taken from the 2015 consolidated cash flow statement; that is, includes Codelco subsidiaries.

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### Investment and project portfolio

Codelco's portfolio holds six structural projects, at different construction stages. There is also a divisional project and study portfolio which must be executed annually to keep assets operating under the required standards and to ensure their long-term competitiveness.

## Chuquicamata division

### Chuquicamata Underground structural project

This centennial open-pit mine, the largest in the world, is being transformed into an underground mine with the object of extracting the ore hosted under the existing pit. The material will be mined by applying the block caving method. Thus, Chuquicamata useful life will be extended for the next 40 years.

### Other sustainability-related investment projects

A Pierce-Smith converter and its gas collection hoods were replaced in the smelter. Studies were conducted to introduce double contact/double absorption technology in the sulfuric acid plants in order to ensure compliance with environmental regulations and reduce operational vulnerabilities.

As next step, the Talabre dam - Stage VIII was expanded. This project consisted in raising the tailings dam walls while, simultaneously, the feasibility study to construct a system to deposit thickened tailings in the dam was being developed.

## Radomiro Tomic division

### Radomiro Tomic sulfides structural project

This project seeks to extract and process sulfide ore reserves, estimated

to be 2,800 million tons, approximately, with an average copper grade of 0.51%. This represents our first strategic development where the desalted water supply has been considered for its operation, irrespective of other available and properly authorized sources that may be used.

The project was environmentally processed in 2015 while awaiting the Environmental Qualification Resolution and, based on the ILO 169 Convention, the indigenous consultation process held with most of the communities inhabiting the area of influence was successfully completed, in accordance with Codelco's proposal.

### Other sustainability-related investment projects

In 2015, new haul trucks arrived at the company and new ancillary mining equipment was acquired to make extraction and crushing tasks safer and to improve water supply for operations. Additionally, the connection of the Colana water supply line to the division's storage tanks was completed.

## Ministro Hales division

### Sustainability-related investment projects

In 2015, we started the drilling of wells intended to conduct hydrogeological monitoring and control of the mine, the implementation of the fire detection and extinction system in the electrical rooms and conveyor belts while, in aspects of community commitments, we continued to support the accessibility and integration of Tucnar Huasi and Huaytiquina villages.

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## Gabriela Mistral division

### Sustainability-related investment projects

The most significant sustainability challenge in the investment portfolio was the project intended to install a waterproof liner for Stage VI of the tailings dump so that this material can be stacked as mandated by the division's business plan. Additionally, the basin was hydrogeologically explored with a view to enhance the water supply.

## Salvador division

### Rajo Inca structural project

Given the depletion of exploitable ore by way of underground mining, the operation of the existing Salvador division sulfur line would be shut down in the next five years. Under these circumstances, project Rajo Inca would extend the useful life and ensure operational continuity for the division. This structural project is under prefeasibility stage, where open-pit exploitation is being studied.

### Other sustainability-related investment projects

Mention should be made of the investments made to remediate the devastating effects of March 2015 landslide, including emergency response activities to restore damaged assets and repair the areas impacted by floods and damages sustained by industrial installations and the division's mine camp.

Additionally, we continued to work on improving gas capture and treatment levels in Potrerillos smelter. These efforts will provide a technical solution that is both integral and compliant with the new emission standards for copper smelters.

## Andina Division

### Andina future development structural project

In September 2015, we dropped the environmental impact study of project Andina Expansion 244. Nowadays we are looking for a new development alternative capable of offsetting the need to use the higher volumes of available ore with a lower-investment business case, lower construction times, and flexible enough to adapt to current industrial and environmental scenarios.

### New Andina transfer system structural project

We moved to the execution of this project destined to replace the current primary crushing system and ore transport, considering that the latter will be affected by the pit's expansion and the construction of a new primary crushing station and a new ore transport system up to Cordillera plant to ensure that current levels of mineral processing are maintained.

### Other sustainability-related investment projects

The projects aimed to ensure wall stability of Ovejería tailings dam were completed; among these tasks are the incorporation of a new sand distribution line running all along the dam, properly equipped with instrumentation and pumping system. This will allow for higher sand deposition rates on the main wall, as required by the new water and tailings flow, due to water recirculation and the new production scenario.

At the same time, we started the works required to ensure operational continuity of the tailings dam over 640 masl. Also, investments were carried out to implement preventive and corrective measures destined to control infiltrations occurring downstream of the Ovejería tailings dam wall; mainly, to ensure that underground water quality maintains its fit for human consumption quality.

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**Codelco portfolio holds six structural projects at different construction levels.**

## Ventanas division

### Sustainability-related investment projects

The largest investments were focused on the completion of fugitive-gas handling projects to ensure compliance with the new emission standards for copper smelters. Particularly, in secondary gas capture and bleeds from El Teniente converter, Pierce Smith converters and electric furnace, fugitive gas and bleeds treatment, elimination of visible fumes in the fire refining area, and the start-up of the tail gas treatment plant project from the acid plant. Additionally, a feasibility study will be conducted to abate arsenic from the electric furnace.

With regard to energy efficiency, we completed the project to replace diesel burners for oxy-gas burners in the electric furnace with the purpose of generating savings as compared to diesel oil consumption while keeping the process cleaner.

## El Teniente division

### New mine level structural project

This development will allow El Teniente deposit, the largest underground mine in the world, to go deeper into the current level and incorporate nearly 2,000 million tons, with 0.86% of average copper grade and 220 ppm of molybdenum. Thus, the division will be able to continue treating 137 thousand tons of ore per day beyond the next 50 years.

During 2015, further studies and analyses were carried out to respond more appropriately to the geomechanical conditions identified in the rock mass and adjust some aspects associated to the project's engineering.

### Other sustainability-related investment projects

The Caren dam wall raise project – Stages VI & VII is still under development. This will allow operational continuity until 2019 and 2023, respectively. This project considers, also, complementary

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works, such as roadways, collection and floodway works, and other infrastructure.

In Caletones we started feasibility studies for the following projects:

- Emission reduction from gas scrubbing plants.
- Slag treatment plant of El Teniente converters.
- Prefeasibility study to reduce opacity of anode furnace fumes.
- Optimization of fluosolids drying plant.

### Supply Chain

#### G4-12

Building trust-based relationships with our suppliers is of the utmost importance for Codelco considering the high volumes of goods and services required by the company to expedite the execution of projects, investments, and production activities.

Procurement and supplier evaluation tasks are performed pursuant to equality, transparency, and competitiveness principles defined in corporate policies and applicable regulations. The supplier selection process considers those applicants technically, financially, legally, and economically eligible to provide goods and/or services, in line with the volume of services or goods required.

In 2015, a total of 3,718 suppliers did new businesses with Codelco; 3,483 of them were Chilean while 235 were foreign suppliers. The total amount transacted was US\$6,945 million, including long-term contracts for the supply of energy and fuel.

### Codelco suppliers

#### G4-EC9

New businesses with domestic suppliers represent 97.9% of the total of new businesses made by the Corporation.

<b>Goods and services consumption in 2015 (in million dollars)</b>			
	<b>Goods</b>	<b>Services</b>	<b>Total</b>
Operations	1,780	3,641	5,421
Investments	258	1,397	1,655
<b>Total</b>	<b>2,038</b>	<b>5,038</b>	<b>7,076</b>

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### Acquisition of goods and services in 2015

	National	International	Total
N° of suppliers	3,483	235	3,718
Amount (million US\$)	6,802	143	6,945
% (total acquisitions)	95.5%	4.5%	100%

### Total business in 2015 per assignation type

Type of assignation	Amount (thousand US\$)	% total amount
Public bid	2,092,390	30.13%
Private bid	3,915,667	56.38%
Direct assignation-investment	326,332	4.70%
Direct assignation-operation	104,434	1.50%
Direct assignation to subsidiaries or associated companies	21,760	0.31%
Single-offer public or private bid	14	0.0002%
Single supplier (materials or services)	455,017	6.55%
Low-amount contract or purchase procedure	1,879	0.03%
Purchase of testing material	5,379	0.08%
Public or private bid, minor work order	3,595	0.05%
Other agreements	18,967	0.27%
<b>Total</b>	<b>6,945,434</b>	<b>100%</b>

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**Total suppliers with current businesses as of 2015 per  
 place of origin**

Region	Number of suppliers
Arica y Parinacota	3
Tarapaca	37
Antofagasta	475
Atacama	71
Coquimbo	47
Valparaíso	353
Metropolitana	3,058
O'higgins	258
Maule	10
Bio bio	67
Araucania	6
Los Ríos	0
Los lagos	9
Aysén	0
Magallanes	2
<b>National</b>	<b>4,396</b>
<b>International</b>	<b>350</b>
<b>Total</b>	<b>4,746</b>



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# Corporate governance

From its implementation in March 2010, Codelco's corporate governance model has provided the opportunity to work with a multidisciplinary team in mining, economic, administration, and other fields of importance for management levels and to define the relationships with the Owner; that is, with the Chilean men and women represented by the Ministries of Finance and Mining, including enforcement authorities, and main stakeholders.

This governance model allows for better management, more appropriate for Codelco's nature and objectives, as it is accompanied by transparency, accountability, and internal control practices while it goes further in the actions and intervention of the company's enforcement entities within their sphere of authority.

Corporate governance members are committed to ethical, efficient, and responsible conducts in our company, ensuring its operational continuity in the interest of all our stakeholders.

## Function and structure

### G4-34 - G4-35 - G4-39

The National Copper Corporation (CODELCO) is run by a Board consisting of nine members, none of which can occupy, at the same time, executive positions within the company and whose duties are:

- Prepare Codelco's annual budget and submit this to the approval of the Ministry of Finance.
- Transfer profits to the State.
- Establish, engage, or become interested in corporations and partnerships, whatever their nature, inside or outside the country, for the better achievement of the company's goals. These could also be modified, dissolved, or closed out, and

appoint Directors from subsidiary or associated companies.

- Appoint and remove Codelco Chief Executive Officer, in charge on managing the company.
- Approve the acquisition of loans, either internal or external, which also requires authorization from the Ministry of Finance.
- Long-term-view decision making with respect to company development: approve structural projects and those related to mining business-base expansions.
- Discussion, approval, and control of the strategic project, through the approval of the business and development plan and the expert advice in Board committees.
- Discussion and approval of mechanisms intended to ensure an adequate capitalization and financing for the Corporation.

## G4-40

The Board is appointed pursuant to the procedures established by Law N° 20.392 of 2009. This body consists of three Directors directly appointed by the President of the Republic, four Directors appointed from among a 5-candidate list selected by the Senior Public Service Council; one Director chosen from among a 5-candidate list presented by the Copper Workers Federation (FTC); and one Director selected from a 5-candidate list jointly presented by the Copper Supervisors Federation (FESUC) and the National Association of Copper Supervisors (ANSCO).

Directors serve for a period of four years but can be appointed for a new period or removed from their positions, in case of incompatibilities or breach of legislation.

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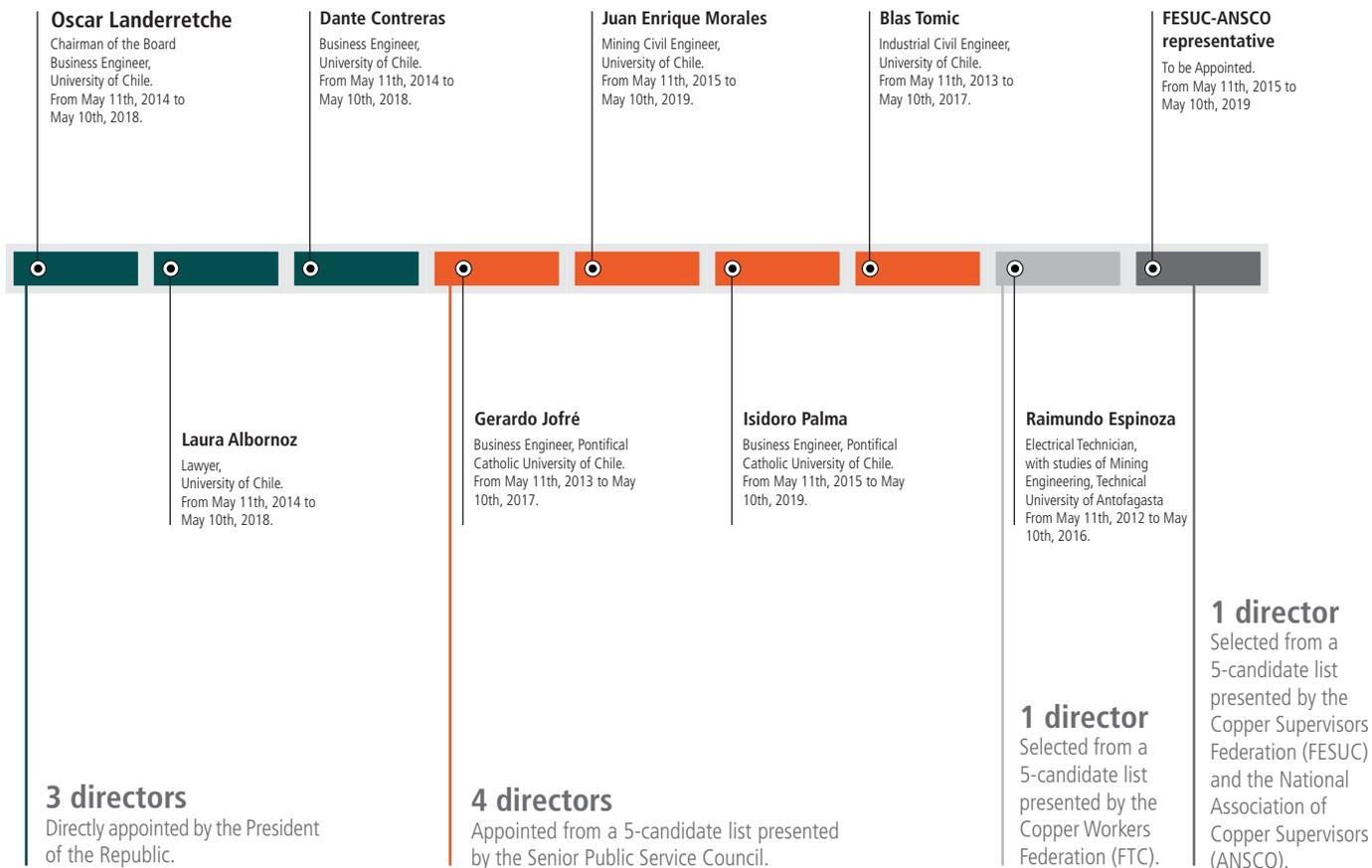
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## Codelco's Board



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For stewardship purposes, the Board has established four standing work committees:

- The Audits, Compensation and Ethics Committee
- The Project and Investment Funding Committee
- The Management Committee
- The Corporate Governance and Sustainability Committee

**G4-36- G4-38**  
**Board and Committee members**

Name	Committee
Oscar Landerretche Moreno	Corporate Governance and Sustainability Committee Management Committee
Gerardo Jofré Miranda	Project and Investment Funding Committee (President) Audits, Compensation and Ethics Committee
Dante Contreras Guajardo	Management Committee (President) Corporate Governance and Sustainability Committee
Laura Albornoz Pollman	Corporate Governance and Sustainability Committee (President) Management Committee
Juan Enrique Morales Jaramillo	Audits, Compensation and Ethics Committee Project and Investment Funding Committee
Isidoro Palma Penco	Audits, Compensation and Ethics Committee Project and Investment Funding Committee
Blas Tomic Errázuriz	Audits, Compensation and Ethics Committee (President) Corporate Governance and Sustainability Committee
Raimundo Espinoza Concha	Project and Investment Funding Committee Management Committee
FESUC ANSCO representative Director To be Appointed	

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The Board appointed Mr. Nelson Pizarro Contador as Chief Executive Officer, responsible for the strategic management and leadership of the company. The CEO, in turn, appoints the Vice Presidents and General Managers of each division who are directly in charge of the management and operations of their divisions.

### **Ethics and transparency standards**

In April 2009, when Law 20.285 about the transparency of public service and access to information concerning public administration was enacted, Codelco created a special section on its website [www.codelco.com](http://www.codelco.com) where the following information required by law is uploaded:

- Regulatory framework applicable to Codelco.
- Organizational structure.
- Functions and competencies of senior executives.
- Financial statements and annual reports.
- Subsidiary and associated companies and participation in other entities and organizations.
- Board members and individualization of officers responsible for corporate stewardship.
- Consolidated personnel information.
- Board compensations and remuneration received by Codelco personnel, CEO, and managers responsible for company administration and stewardship.

Likewise, in October 2014, the Board put in place a number of agreements concerning the improvement of ethics and transparency standards, also available in the corporate website, where the following issues are addressed:

- Conflicts of interest
- Use of budgetary resources
- Board performance rules

### **Transparency regulations applicable Human Resources**

#### **G4-51 - G4-52 - G4-53**

Compensations and incentives offered by Codelco have been established by Law N° 1.350 of the Ministry of Mining where, among others, remuneration-setting mechanisms and processes have been specified. At the same time, the Board is the body in charge of fixing the compensations and incentives to be received by Codelco Senior Administration (Chief Executive Officer, Vice Presidents, divisional General Managers, Legal Advisor, and Comptroller).

Internal and external stakeholders participate in the compensation and incentive-setting processes. Director's benefits are defined by government representatives together with a special commission as advisory body. In the case of Senior Administration, benefits are determined by the Board where workers representatives participate.

In October 2009, Court Order N° 8.360 introduced some modifications to Decree Law N° 1.350 of 1976, which created the National Copper Corporation, and defined that: "Directors shall be entitled to receive a remuneration to be fixed by the Ministry of Finance", according to law.

The remuneration and compensations received by Board members in 2015 totaled US\$ 903 thousands. The criteria applicable in the remuneration-setting process of executives are established by the Board, based on the options proposed by the Audit, Compensation and Ethics Committee.

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In terms of severance pay, senior Codelco executives received US\$ 109 thousand in 2015.

2015 remunerations are available in the SVS website, as part of the Annual Report, under the Estados Financieros Consolidados section.

**Relevant cases**

During 2015, the Board approved regulations regarding transparency, ethics, and good corporate governance. These are based on strict international standards ruling different company performance scenarios, such as business relationships, institutional links, lobby, and people management processes. Among others, the following initiatives can be mentioned:

- **Conflict of interest policy:** Corporate policy applicable to the entire company and its subsidiaries was put in place.
- **Related People:** The company has updated and reinforced current regulations regarding the conduction of business operations with related people, stating that any business and commercial operation performed between Codelco and persons (either legal or natural) of "related" nature, must be submitted and approved by specific higher levels within the company.
- **Gifts and invitations:** Gift acceptance criteria have been regulated for all company employees, reducing their current monetary limits and establishing them where not in place. Moreover, we are mandated to report to our immediate superior any gift or courtesy worth beyond 1UF with a maximum of 5UF.
- **Lobby:** An internal norm has been established to reflect

the enacting of the Lobbying Law. This regulation poses more rigorous standards on Senior Administration than defined in the law itself.

- **Politically exposed people and companies:** Strict regulations are in place to evaluate companies or businesses with politically exposed people (PEP).
- **Exposed people in Codelco:** This recently-introduced concept refers to given positions or functions within Codelco. People who once occupied certain positions and eventually cease to perform such functions have limited powers regarding possible future businesses with Codelco, which would have to be greenlighted by the Senior Administration.
- **Assets and interests statement:** The assets and interests statement was extended to be applicable to any person with power to authorize businesses or influence their evaluation or administration. Thus, its scope has been increased from a universe of 70 people who had to observe the law, to 2,000 people.
- **Reportability:** Communication mechanisms are in place to report the Board about compliance of the whole set of regulations concerning ethics and conflicts of interests issues within the company.

This body of measures comes to complement the high transparency and ethics standards currently in place in the company since Codelco Corporate Governance Law was enacted, which also incorporates OCDE-established standards applicable to public companies from member countries of that organization.

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**Corporate governance and sustainability**

**G4-45 G4-48 G4-34 G4-35 G4-36**

The company’s sustainability performance is periodically assessed by the Board through the “Corporate Governance and Sustainability Committee”, providing guidelines and monitoring the management associated to such issues.

Codelco’s Board has appointed three committees in charge of examining decisions made on economic, environmental, and social matters; these are the Project and Investment Funding Committee, the Management Committee for Economic Affairs, and the Corporate Governance and Sustainability Committee for social and environmental aspects.

Sustainability management is under the responsibility of the “Vice Presidency of Corporate Affairs and Sustainability”, encompassing the Sustainability and Institutional Relationship Management, Occupational Health and Safety Management, and the Regulatory Affairs Department.

Additionally, there are other positions with direct responsibility and accountability on economic, environmental, and social topics; these are:

Position	Type of responsibility	How they report to highest governance bodies.
VVice Presidency of Corporate Affairs and Sustainability	Environmental and social	Reports directly to Chief Executive Officer and periodically must account for his/her performance to the Board; particularly, to the Corporate Governance and Sustainability Committee.
Sustainability and Institutional Relationship Manager	Environmental and social	
Occupational Health and Safety Manager	Environmental and social	
Vice Presidency of Administration and Finance	Economic	
Finance Manager	Economic	
Budget and Management Control Manager	Economic	

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**G4-42 - G4-43 - G4-46 - G4-47**

Codelco’s Board meets on a monthly basis and, together with the other committees, reviews and approves the different strategies and objectives associated to the company’s economic, environmental, and social impacts. As mandated by Codelco statutes, among the duties to be performed by the Board is to take actions in economic matters. To this effect, the Board holds periodic meetings with specific administration areas in each field to become acquainted with the progress status of projects.

**G4-49 - G4-50**

During Board meetings and Committee presentations, sustainability-related issues are raised. Additionally, another level known as the “Steering Committee”, made up of Senior Administration members, is in charge of reporting the management of highly critical issues for operations, based on sustainability risk assessments.

The divisions, in coordination with the Vice Presidency of Corporate Affairs and Sustainability, are supported by the Sustainability and External Affairs Management, Occupational Health and Safety Managements or equivalent structures responsible for the division-wide management of relevant sustainability aspects.

In relation to the management and identification of economic impacts, risks, and opportunities, such process is conducted by the Vice Presidency of Administration and Finance whose members, through Budget and Management Control, carry out periodic business-risk assessments, based on the so-called Corporate Risk Management Procedure which mandates that all risks existing in divisional managements must be reported and managed according to their level of impact.

Plan and programs associated to divisional sustainability topics are periodically submitted to Codelco’s Board, according to the existing organizational structure.

Additionally, the Sustainability and Institutional Relationship Management applies specific methodologies for the survey and management of environmental and social risks and impacts.

As to the identification and management of sustainability risks, two mechanisms are employed:

- Social-environmental vulnerability management.
- Project or specific task survey in investment programs.

In the management of social-environmental vulnerabilities, a probability and consequence assessment is conducted for the different risks identified and both specific plans and programs are defined for each corporate-level Management as well as goals associated to performance agreements at divisional and corporate levels.

Among the different sustainability concerns addressed by the Board are those associated to severe accidents or high-potential incidents, environmental incidents, progress status of environmental commitments, vulnerabilities, relevant social-environmental aspects, and new regulatory challenges.

**Sustainability management**

Our Charter of Values and Sustainable Development Policy permanently prompt us into raising our economic, environmental, and social standards, with the aim of positioning sustainability as our strategic management pillar, all along the mining life cycle while focusing our efforts on the

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continuous improvement of the social-environmental, occupational health and safety standards.

Our sustainability management is based on the guidelines contained in ICMM principles and position statements. Likewise, the best practices implemented in our company are those defined in UN Global Compact and the International Labor Organization (ILO).

In the last three years, Codelco has installed in its mining operations a new approach towards sustainability, thus enhancing management standards in all aspects, based on the following strategic axes:

- Safeguard the lives of all people working in the company with the purpose of eliminating fatal accidents and professional diseases.
- Protect the environment by closing social-environmental gaps in mine sites.
- Develop neighboring communities by putting in place a new community relations model.

In 2015, the main challenge in environmental and community management consisted in consolidating an Environmental Risk Management System and the Community Development Model with the object of strengthening the implementation of the new tools, standards, and operating methods.

In 2015, the occupational health and safety management was centered on moving forward in the definition and installation of the Management System for Health and Safety in the Workplace and Operational Risks (SIGO). Thus, a new policy was made official aimed to protect the lives and physical integrity of people, the continuity of their processes, and to safeguard the resources entrusted to their care.

**Risk management**

**G4-2**

Codelco operates with a Corporate Risk Management Policy intended to ensure business continuity, based on common management metrics which states that all identified risks must be assessed in the light of different criteria established for finance, health and safety,

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environmental, and social-community areas, as a way of anticipating the risks that could affect us while assigning responsibilities for their identification, assessment, and administration to each Management.

In 2015, just as in previous years, all divisions identified their high-impact risks which are monitored and controlled on a continuous basis. This identification and prioritization processes are part of the strategic definition of the Corporation's sustainable development matters.

**Risk families In Codelco**

- Occupational health and safety
- Commercial
- Environmental, territory, and communities
- Financial
- In projects
- Operational
- In partner companies
- In Human Resources
- Nature's acts
- Internal control

Risks associated to social-environmental vulnerabilities are found among the identified and assessed risks. These are handled with management programs in order to close them, when possible, or control their impacts.

Also, as mentioned under the Environmental Management section, the Environmental Risk Management System is being implemented at corporate level with the purpose of addressing, from the very beginning of projects, the prevention of our impacts and the standardization of our performance.

**Ethical management and regulatory compliance**

**G4-58 - G4-HR12**

Transparency is a key factor, at global level, and it leads our way of doing business. And, as a State-owned company, accountable to all the Chilean people, Codelco must be even more rigorous in the development of mechanisms to better prevent, detect, and penalize actions that fall outside the expectations set out in our Charter of Values.

**G4-56**

In 2011 Codelco put in place the "Code of Business Conduct", distributed to all workers, which stands out as the guide to materialize the Charter of Values in our daily activities. Both these documents represent our highest corporate guidelines that drive our business strategy.

**G4-57**

Codelco maintains a "Whistleblower Line" available for all our stakeholders, where any person can report, in an anonymous, safe, and confidential way, any potential violation to the Code of Business Conduct, via Internet (<http://Codelco.ethicspoint.com>) or through the helpline (1230-020-5771).

Since Law 20.285 about Transparency of Public Office and Access to Information of the State Administration was enacted, Codelco

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maintains in its corporate website a section with all the information required and also the channels through which all questions and requests can be responded, as mandated by law.

142 of the above reports were dealt with during the period covered by this Sustainability Report. 114 of them were finally dismissed for different reasons as described below:

**G4-SO11 G4-SO5 G4-HR3 G4-HR12 G4-LA16**

In 2015, 222 reports were filed through the corporate whistleblower line: 48 violations of internal policies; 30 corruption cases; 29 conflicts of interests; and 54 reports associated directly or indirectly to people's rights (unsafe environment, unfavorable work conditions, harassment, or discrimination).



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## Conflict of interest avoidance and evaluation of executives

### G4-41

Codelco's organic statutes establish the foundations that prevent the occurrence of conflict of interest issues in the Corporation's Board and clearly describe the duties to be performed by each Director and when we are in a conflict of interest situation. This topic is included also in the whistleblowing mechanisms above described.

In order to prevent conflicts of interest associated to suppliers or other stakeholders and to safeguard confidential information, a number of mechanisms has been put in place: from the awarding of processes where any relationship with company executive levels or the Board is declared incompatible, before a specific contract can be awarded to the submittal of a financial statement by each Director and executive stating any piece of information in relation with partnerships and participations.

### G4-44

At Vice Presidents, Managers, and Directors level, a performance management system has been implemented, led by Development Management, intended to set and assess goals and actions for each year, where economic and social-environmental topics have been included. A percentage of the compensation received by these executives reflects their performance.

## Regulation of business relations

Our contractual policy finds its basis, among others, in the Charter of Fundamental Human Rights and the Charter of Values. Its guidelines are applied in every aspect of the relationships between Codelco and contractor companies.

### G4-HR1

A 100% of our agreements include Human Rights clauses associated mainly to compliance of the regulations in place in Chile which consider Human Rights observance in specific norms.

Our Business Ethics policy places key importance to the adherence to high ethical standards in all our activities which must be performed according to principles and values that are consistent with these objectives. In Codelco, this is materialized by the mandatory compliance of the Code of Business Conduct, based on the UN Universal Declaration of Human Rights that, in turn, offers non-compliance reporting mechanism.

At all times, contractual relationships between Codelco and contractor companies should bear in mind that people's lives, integrity, and dignity, and the protection of the environment are core values for the Corporation. Therefore, both parties should promote, generate and maintain adequate, sound, and safe working conditions and develop sustainable environmental management practices.

## Fines and sanctions

### G4-EN29

Regulatory compliance is an essential column in Codelco's corporate structure. In the course of 2015, two environmental sanctions were received. Only 2 of the 8 divisions were penalized in 2015. These fines amounted to 333 Monthly Tax Units (UTM).

### G4-S08

On the other hand, in 2015 the Corporation received 14 fines for non-observance of labor legislation and regulations. The total amount

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in fines was 1304 UTM and 20 Minimum Monthly Wages (IMM).

**Memberships and Affiliations**

Codelco is present in different national and international forums where actions are taken regarding the relationship between company management and sustainability. The above, based on our belief that, by sharing our business vision and on-site experience, we can achieve

better results and encourage others to accept the challenge of developing mining management practices that are safe, efficient, and responsible towards the environment and neighboring communities.

**G4-16**

The main alliances and memberships we usually work with are:

CODELCO memberships	High positions held by CODELCO representatives
National Security Council, National Board Member	Board member
Chilean Mining Council A.G	Member
International Copper Association (ICA)	Board member
International Molybdenum Association (IMOA)	Board member
American Chamber of Commerce - Chile (AMCHAM)	Participant
Foundation for the Sustainability of the Peruvian Tern	Board member
RSE Action	Mining Group and Corporate Governance Group
International Council on Mining and Metals (ICMM)	Advisor
Extractive Industry Transparency Initiative (EITI)	Principles adhered to
International Commission on Large Dams (ICOLD Chile)	Board member
Calama PLUS	Participant
Global Reporting Initiative (GRI)	Member (Gold Community)
Antofagasta Industrial Association (AIA) (North district)	Participant
Industrial Association of the Region of Valparaiso (ASIVA) (Ventanas division)	Partner

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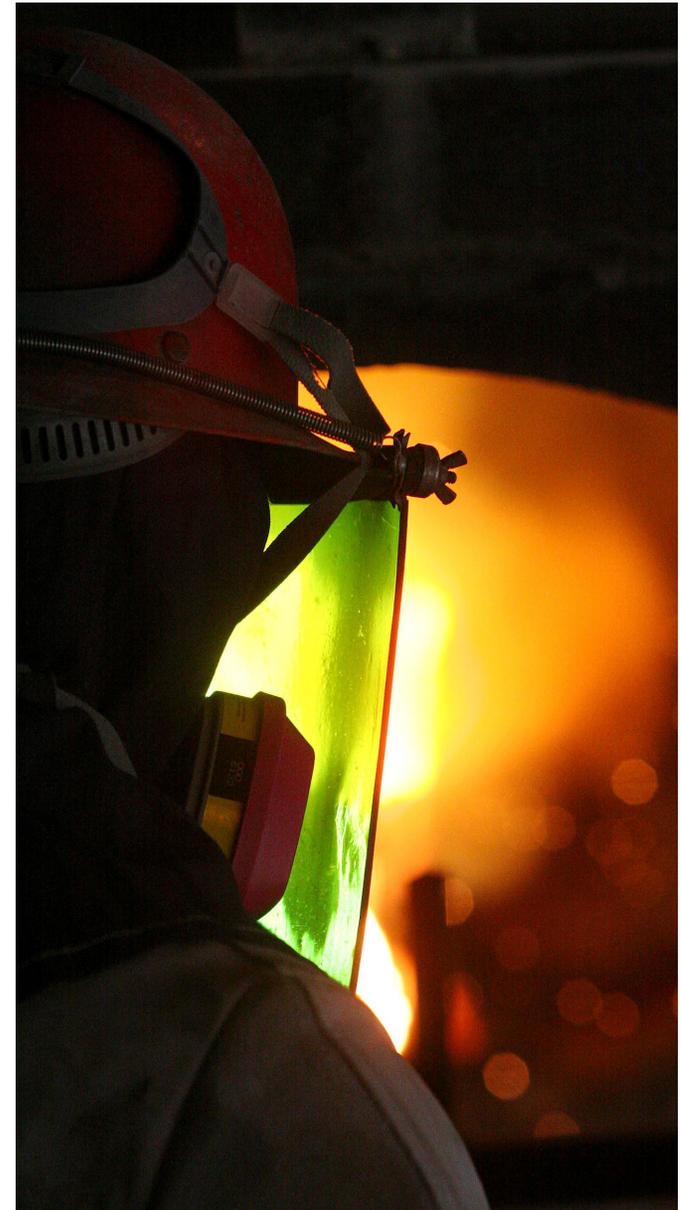
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### G4-15

Likewise, we also voluntarily adhere to different external economic, social, and environmental initiatives, with the purpose of improving our processes and sharing our experiences:

- Precautionary Principle, Article 15 from the Rio Declaration.
- Universal Declaration of Human Rights (NU).
- The Toronto Declaration of the International Council on Mining and Metals (ICMM).
- 10 Principles for Sustainable Development of the International Council on Mining and Metals (ICMM).
- UN International Convention on Children's Rights.
- Business Charter for Sustainable Development of the International Chamber of Commerce.
- UN Global Compact Principles.
- Partnering Against Corruption Initiative (PACI) of the World Economic Forum, 2005.
- Convention 169 of the International Labor Organization (OIT) about Indigenous and Tribal Peoples in Independent Countries.
- Conventions 87, 98, 100, 111, and 138 of the International Labor Organization (OIT).



# Work performance

## Our workers

In order to address current and future challenges, Codelco is committed to developing a transformation process not only of the company but also of people management, based on the competencies associated to the organization, cultural institutionalality, and new technologies and innovation where equal opportunities, diversity, and gender equality are unrenounceable principles for our company.

### G4-HR5 G4-HR6

Codelco has in place a Code of Business Conduct which states, among others, that all workers must abide by the legal provisions, both national and international, that regulate or deal with the prohibition to employ forced or coercive labor or the use of child labor, thus adhering to the principles established in the UN International Convention on Children's Rights and Convention 138 of the International Labor Organization.

In August 2015, the People Management Policy was approved and enacted by the Board. This policy is strategically focused on expediting the adoption of a new productive and organizational standard, promoting team work in the interest of the business.

In this scenario we have highlighted the following spheres of action:

- People are the center of our organizational management and labor relations.
- Equal opportunities, diversity, and gender equality are unrenounceable principles.

- We promote performance and productivity among our workforce through merit, excellence in processes, operations, and company results.
- We encourage participatory labor relations in a team-work environment, on the basis of dialogue, trust, transparency, responsibility, and harmony between work activities and quality of life of Codelco workers.
- The competencies required by the future mining industry, from the point of view of the organization, cultural institutionalality, and new technologies and innovation, are key elements within the company's transformation process and people management practices.

### G4-10

Codelco workers are professionals, operators, and executives committed to efficient and responsible performance whatever the position they occupy.

As of December 31st, 2015, the own workforce reached 19,117 male and female workers (permanent and temporary contracts) which is 0.2% higher than the same period in 2014, where women in our own workforce was 8.9%. Contractor companies account for 46,348 workers serving in divisions and projects.

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### Codelco workforce

	2014 (as of Dec. 31)	2015 (as of Dec. 31)
<b>Permanent workforce</b>		
Executives / Senior Administration	301	265
Professionals / Supervisors	3,927	3,907
Operators / Administrative	13,916	13,930
<b>Subtotal permanent workforce</b>	<b>18,144</b>	<b>18,102</b>
<b>Temporary workforce</b>	<b>934</b>	<b>1,015</b>
<b>Total workforce</b>	<b>19,078</b>	<b>19,117</b>

#### G4-LA6

The annual absenteeism rate in Codelco reached 3.8% in 2015. This figure covers absenteeism for the period of all workers holding permanent contracts, service and administrative operators.

The above absenteeism rate includes the unjustified cases commonly known as fail or quit, and justified absenteeism cases, such as medical leave, accidents, professional diseases, and leaves. Justified cases respond to different reasons, such as medical leave due to illness or accident and/or pre and post maternity leave, marriage leave, and decease, among others.

### Own workforce per division

	2014 (as of Dec. 31)	2015 (as of Dec. 31)
<b>Division</b>		
Chuquimata	6,214	6,342
Radomiro Tomic	1,237	1,287
Ministro Hales	790	772
Gabriela Mistral	527	566
Salvador	1,445	1,352
Andina	1,648	1,699
El Teniente	4,921	4,750
Ventanas	974	953
Headquarters	503	522
Project Vice Presidency	819	874
<b>Total</b>	<b>19,078</b>	<b>19,117</b>

#### G4-LA12

As to age distribution across governance bodies, both men and women are found in the 30-50 year range. The Senior Administration level consists of men only, most of them over 50 years.

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### Workforce per gender and age group 2015

		Age			Total	% per gender
		X<30	30<=X<=50	50<X		
<b>Women</b>	Senior Administration	0	0	0	0	0
	Executives	0	19	6	25	1,47
	Non-executives	234	1,121	326	1,681	98,53
<b>Subtotal women</b>		234	1,140	332	1,706	8,92
<b>Men</b>	Senior Administration	0	0	20	20	0,11
	Executives	0	100	120	220	1,26
	Non-executives	1,572	9,321	6,278	17,171	98,62
<b>Subtotal men</b>		1572	9,421	6,418	17,411	91,08
<b>Total own workforce</b>		<b>1,806</b>	<b>10,561</b>	<b>6,750</b>	<b>19,117</b>	<b>100</b>

Senior Administration does not include the Board.

### Labor turnover

#### G4-LA1

In 2015, most divisions recruited people between 30 and 50 years old. Chuquicamata hired the largest number of people. The division recruited a total of 329 workers: 270 men and 59 women.

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### New recruitments for January-December 2015

Division	Gender	X<30	30<=X<=50	50<X	Total
Chuquicamata	Female	24	31	4	59
	Male	118	131	21	270
	Total new hires	142	162	25	329
Radomiro Tomic	Female	2	3	0	5
	Male	6	41	6	53
	Total new hires	8	44	6	58
Ministro Hales	Female	1	1	0	2
	Male	2	17	11	30
	Total new hires	3	18	11	32
Gabriela Mistral	Female	1	9	0	10
	Male	5	39	3	47
	Total new hires	6	48	3	57
Salvador	Female	1	2	1	4
	Male	20	38	5	63
	Total new hires	21	40	6	67
Andina	Female	6	2	0	8
	Male	59	16	1	76
	Total new hires	65	18	1	84

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... New recruitments for January-December 2015

<b>Ventanas</b>	Female	5	0	0	5
	Male	14	5	1	20
	Total new hirings	19	5	1	25
<b>El Teniente</b>	Female	3	3	0	6
	Male	70	86	1	157
	Total new hires	73	89	1	163
<b>Headquarters</b>	Female	6	11	2	19
	Male	4	20	22	46
	Total new hirings	10	31	24	65
<b>Project Vice Presidency (VP)</b>	Female	0	24	4	28
	Male	6	92	47	145
	Total new hires	6	116	51	173



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The Table below shows Codelco's turnover per age group and gender per division. The annual turnover for Codelco was 5.8%.

Turnover per age group and gender (January-December 2015)						
Division	Age group			Gender		Total
	X<30	30<=X<=50	50<X	Male	Female	
Chuquicamata	28.20%	4.10%	4.40%	5.10%	7,90%	5,30%
Radomiro Tomic	9.80%	3.90%	2.90%	4.00%	3,20%	3,90%
Ministro Hales	2.70%	6.30%	18.00%	6.70%	6,20%	6,60%
Gabriela Mistral	8.30%	7.80%	10.70%	8.10%	8,20%	8,10%
Salvador	9.70%	5.50%	5.10%	5.70%	6,80%	5,80%
Andina	15.50%	1.90%	4.30%	4.30%	6,00%	4,40%
Ventanas	14.50%	0.90%	1.20%	1.90%	4,10%	2,00%
El Teniente	10.30%	2.80%	7.30%	5.10%	5,50%	5,10%
Headquarters	2.00%	6.20%	18.50%	11.70%	7,90%	10,20%
Project Vice Presidency	11.30%	14.80%	24.60%	18.30%	12,90%	17,20%
<b>Total Codelco</b>	<b>13.80%</b>	<b>4.20%</b>	<b>5.80%</b>	<b>5.60%</b>	<b>7,50%</b>	<b>5,80%</b>

#### Contractor and subcontractor companies

Codelco's management model offers the alternative of hiring third-party services from small, mid or large specialized contractor companies to supply the goods or execute the services required by our operations. Thus, a total of 46,348 contractor workers perform duties for Codelco.

Considering our Charter of Values, current labor legislation and, in particular, the rules that govern work activities under sub-contracting mode, we exert all the rights and fulfill all the obligations in our capacity of Principal company. Likewise, we take the necessary measures to protect the life and health of people who work in our facilities, regardless of their dependence.

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Complying with the labor legislation entails, also, respecting labor and Union rights and the labor-relation independence that contractor companies may maintain with their workers under their exclusive dependence, including the development of individual and collective bargaining.

**Remuneration determination policy**

**G4-54 – G4-55 G4-EC5**

Codelco is permanently uploading, under Transparency Law in its website [www.codelco.com](http://www.codelco.com), the remuneration received by the Board, the Chief Executive Officer, executives, and the rest of the workforce, as well as the criteria and calculation basis applied. Thus, people can become familiar with the relations and variations they experience and how these relate to the official minimum wage in Chile, as mandated by Chilean regulations. In this sense, it must be mentioned that all Codelco workers receive salaries above the minimum wage. Such remuneration varies in terms of their role, training level, experience and performance.

**G4-LA13**

Codelco makes no gender discrimination whatsoever. The base remuneration will depend on the position, responsibilities, competencies, and experience the worker may offer and not on the gender. As to salary differences that may effectively exist between identical positions, no comparisons can be established in this case as different amounts can be paid to equal positions, based on differentiating factors like experience, performance, competencies, skills, etc.

**G4-EC6**

Codelco’s executive recruitment policy is based on an analysis of their capacities and merits. In 2015, 259 were nationals or locally-based, that is 97.7 %, while 6 of them were of foreign origin.

**Labor dialogue**

Everyone’s collaboration is key in addressing the changes experienced by the mining industry. To this effect, the Administration keeps active communication channels with their workers so that the decisions it makes can reflect the vision of those who, day by day, strive to make Codelco the company it is today.

**G4-HR4**

Codelco respects the Chilean labor legislation, Conventions N° 87, about Freedom of Association and Protection of the Right to Organize, and N° 98, about Right to Organize and Collective Bargaining, subscribed by Chile with the International Labor Organization, OIT.

**G4-11**

Codelco exhibits a high level of unionization, respecting the facilities and conveniences established in the Labor Code in relation to Trade Unions and their leaders.

99.7% of Codelco’s operative workers (level B) are members of Trade Union organizations and nearly 73.3% of its Supervisors (level A) have also joined Trade Unions. This represents 90.2% of unionization among the own workforce.

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### Unionization of own workforce 2015

Division	Chuquicamata	Radomiro Tomic	Ministro Hales	Gabriela Mistral	Salvador	Andina	Ventanas	El Teniente	Head-quarters	VP	Codelco
Unionization	96.3%	81.0%	83.3%	75.6%	94.8%	91.2%	91.0%	95.3%	64.6%	53.7%	90.2%
Number of Unions	7	2	2	2	3	3	2	7	2	1	31

Source: Corporate Labor Relations Management.

#### G4-LA4

Workers are represented in Codelco's Board by two delegates. During 2015, these positions were occupied by Raimundo Espinoza Concha, representing the Copper Workers Federation (FTC) and, until May 2015, by Augusto González Aguirre, as representative of the National Association of Copper Supervisors (ANSCO) and the Copper Supervisors Federation (FESUC). Thus, any organizational or management change determined by the Board is known by workers.

#### G4-LA8

In 2015, the Administration and the workers, represented by the FTC moved further into a relationship based on trust, participation, and dialogue. This translated into the subscription and implementation of a Strategic Governance Agreement intended to contribute sustainability and competitiveness to the company. On September 30th, 2015 a final deal was agreed, approved by the Board, the CEO, the FTC National Governance Board and the leaders of base divisional Unions. On November 4th, 2015 the Chairman of the Board, the CEO, and the FTC President officially submitted the Governance Agreement to the President of the Republic.

In 2015, the Corporation dedicated strong efforts to create the adequate conditions to successfully implement the management improvement agreements and commitments contained in the Strategic Agreement. Thus, corporate-level relationship structure was put in place, based on the participation of joint work groups: a High Board, a Coordination Committee, and four Corporate Boards. These groups worked in the definition of management criteria applicable to division-wide issues.

With respect to labor relations with the Supervision level, during the first half of 2015, the Administration and FESUC made important progress in the construction of a work agenda containing a wide variety of common-interest topics. We succeeded in agreeing on a specific operative agreement regarding the Performance Management System (SGD) application criteria in the Supervision and we defined a structure conducive to the materialization of dialogue and participation, as expressed by the parties. During the second half of 2015, the termination of Supervisors from all divisions, triggered by the hard scenario that Codelco and the entire copper mining industry are facing, strained the relationships between the Administration and FESUC.

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Joint Health and Safety Committees and Trade Unions represent another participation level directly involved in workers' interests.

#### MM4

With respect to collective bargaining with Codelco Trade Unions during 2015 and in the midst of a rampant impairment of copper prices, we successfully negotiated six collective bargaining agreements in 4 different divisions. Early that year, we managed to install an approach to bargaining based on a direct relationship between contractual benefits and divisional productivity, in the negotiation processes conducted with Ministro Hales workers and professionals. By the end of the year, this new vision went even deeper in the bargaining held with Andina Supervisors and Ventanas workers. The situation became more complex during negotiations with Radomiro Tomic professionals: the process ended up in a 12-day strike as the bargaining took place during, to that moment, the biggest copper price drop.

Codelco schedules collective bargaining processes well in advance of the starting dates established by law and carries out engagement and work dialogue activities with base and Federation Union leaders.

Most salaries, benefits, and other labor conditions received by Codelco workers are established in collective work contracts or agreements.

#### People management focused on productivity and shared value

In Codelco, leadership models are designed and competencies updated to reflect our strategic challenges. This is how we define the leadership profile required to meet these objectives and develop the distinctive competencies; namely:

- Excellency and results orientation.
- Responsibility and commitment.
- Communication and negotiation.
- Collaboration and team work.
- Business context and strategic orientation.
- Development of oneself and of others.
- Innovation and creativity.
- Transformational and motivational leader.

#### Performance evaluation

##### G4-LA11

Performance management was focused on aligning individual performance with business results and on strengthening the assessor's role by enhancing the quality of feedback reports. The performance evaluation phase covered a universe of 3,912 executives and professionals which means a 99.7% participation of that group. As to operative and administrative workers, the process covered 6,308; that is, 98.6 % of that segment.

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### Total own workforce evaluated per gender

	2015		
	Female	Male	Total
Total own workforce	1,038	9,281	10,319
N° of own workers evaluated	1,019	9,201	10,220
% against total own workforce	98.2%	99.1%	99.0%

### G4-LA9-G4LA10

Codelco Vice Presidencies are responsible for defining the strategic fields where workers will be trained in the different areas; contents are determined on such basis.

From the viewpoint of training, in 2015 a total of USD\$ 14,340,284 was invested in training with the following global indicators for the year:

### Training of own workers 2015

Aspect	Gender	Executives	Professionals	Operative	Others not defined(*)
Number of participants	Male	574	9,019	28,246	1,652
	Female	111	2,397	1,881	694
Trained workers	Male	188	2,370	10,399	1,047
	Female	27	557	588	483
Total training hours per employee	Male	5,793	108,906	436,562	27,148
	Female	1,422	23,865	24,904	16,796
Average training hours	Male	26.45	42.07	31.37	-
	Female	59.24	38.62	27.86	-

(\*) "Other not defined" includes people who failed to indicate function in the form, which makes it impossible to calculate induction hours.

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Training is divided into **Essential Training** targeted to strategic alignment and **Training for Skills Deployment**, aimed at productivity increase and the adoption of new technologies to potentiate competencies and people's development.

The first type of training provides values and knowledge of paramount importance to ease the integration process into the organization and to potentiate the commitment, alignment, and identification with Codelco's culture and institutionality. It covers also the beginning and end of worker's labor lifecycle; thus, it imparts induction and regulatory training for work and prepares people for retirement.

As to the second group, this type of training pursues the development of new competencies associated to the role and responsibilities with the purpose of improving productivity and maximizing worker's performance in their current and future positions.

**Training program 2015**

Training program	Type of program	N° of beneficiaries	% of beneficiaries against total	N° of participants
Essential training	Essential	8,404	44%	11,716
Training for skills deployment	Deployment	11,995	63%	32,858

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Training programs implemented in 2015 included 1 consultancy service and 3 social security lectures, as described below:

Training programs 2015			
Programs	Description	Type of program	N° of beneficiarie
<b>Social security assistance as part of the new-man induction in Andina division</b>	A 2-hour social security lecture for workers just joining the company who want to have a clear picture of the social security deductions from their paychecks and the benefits to be received in the future.  Topics addresses are Basic Concepts about the Social Security System, L.D. 3.500; Social Security Deductions; Health Care System; Unemployment Insurance; and Voluntary Retirement Savings.	Lecture	116
<b>Social security lectures</b>	A 12-hour session where the topic of Voluntary Retirement Savings is addressed, highlighting its characteristics and advantages -mainly from a tax and financial point of view- with the object of promoting its practice and to achieve an optimal replacement rate and optimize the implicit tax benefits.	Lecture	136
<b>Social security lectures</b>	An 8-hour training session where the topic of Voluntary Retirement Savings is addressed, highlighting its characteristics and advantages -mainly from a tax and financial point of view- with the object of promoting its practice and to achieve an optimal replacement rate and optimize the implicit tax benefits.	Lecture	47
<b>Social security lectures</b>	A 4-hour training where aspects of retirement savings are addressed, highlighting its characteristics and advantages.	Lecture	10
<b>Total</b>			<b>309</b>

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#### G4-HR2

In 2011 Codelco put in place the Code of Business Conduct, where the company states to customers, suppliers, neighboring communities, and the State in general what its commitments are in matters of ethical business practices and what it expects from each person working in the Corporation.

This Code deals with personal behaviors, use of resources, relationships with contractors and the social-environmental context and is fully based on international treaties, like the UN Universal Declaration of Human Rights, Convention 138, and Resolution N°169 about Indigenous Peoples, both from the International Labor Organization (OIT), and also on national laws, norms, and regulations applicable to Codelco in labor and environmental matters.

All Codelco workers are aware of the Code of Business Conduct. Training on its contents is provided on a yearly basis as part of the mandatory training that must be imparted to new workers. In 2015, 362 employees were trained on the Code, considering people who took the course more than once, with a total investment of 1,180 training hours.

#### G4-HR7

Pursuant to the Chilean legislation, any worker performing security duties within the national territory must receive training of Human Rights, as part of his/her legal certification process.

#### **Our workers, head of family mothers/fathers**

Conciliating the different roles played by people beyond the professional sphere poses the permanent challenge of finding equilibrium. People management helps people find this equilibrium

without detriment to their professional performance.

#### G4-LA3

In 2015, a total of 64 women and 7 men used their parenthood rights with a 100% return to work in both cases.

#### **Voluntary Retirement Plan**

##### G4-EC3

Codelco has prepared voluntary retirement plans to provide integrated employability and social security solutions for workers who have decided to leave the company. As to retirement benefits, we have kept the same structure applied the previous period, agreeing on social security services, health care coverage, and training for the exit from the company. During 2015, a total of 676 workers accepted the voluntary retirement plan.

#### **Occupational health and safety**

Respect for people's life and dignity is our foremost value in Codelco.

In 2015, we moved forward in the definition and implementation of the Management System for Health and Safety in the Workplace and Operational Risks (SIGO) and officially put in place a policy focused in that direction, approved by the CEO, and aimed to protect people's life and integrity, the continuity of their processes, and the safeguard of the resources entrusted to their administration.

Thus, we prepared and updated, together with divisional technical teams, the SIGO documentation required to put in action and materialize the provisions in the policy and focus the essential and approved elements towards preventive management practices in all divisions and Vice Presidency of Projects. This included the formalization of

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the following nine structural procedures:

- Document management.
- Risk management.
- Incident management.
- Emergency preparedness and response.
- Design, construction, and start-up of projects.
- Special occupational health and safety regulation for contractors (RESSO).
- Loss management procedure.
- Disciplinary actions procedure.
- VP/Divisions relationship protocol.



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SIGO provides relevance and continuity to the standards contained in the “Structural Project of Occupational Health and Safety”, and turns them into guideline elements in the management practices. These are the standards of fatality control, health in the workplace, of leadership, behavioral safety, and learning, also integral parts of this management system.

For 2016, our company has defined a work schedule prepared jointly with the divisions and the Vice Presidency of Projects where the main results derived from internal audits and the incidental analysis of SIGO key elements have been included.

This standard schedule has considered, among other actions, the update of fatality control and health in the workplace standards. These will be subject to review to ensure their effectiveness and coverage for the risks determined or reassessed in all operations. Likewise, the creation of two technical work groups is being considered, associated to underground mines and smelters. Another important aspect to be potentiated in 2016 is learning about relevant, high-potential incidents. To this effect, an informatics platform will be implemented, in all our operations, through which the action plans defined in their investigation will be shared.

**Safety management**

Together with the SIGO management system procedures, the risk matrices of the divisions and Vice Presidency of Projects were reviewed and reformulated.

Corporate technical work groups were installed integrated by representatives from operations and experts from all operation centers in order to define action and control plans for high criticality risks.

- Work group for electrical topics.
- Work group for fires in mine sites.
- Work group for tailings deposits.

These groups, led by the Corporate Management of Occupational Health and Safety, are intended to share experiences and lessons learned to better use corporate resources.

**G4-LA5**

In Codelco, all our male and female workers participate in health and safety committees where the active pursuit of best practices has helped us reduce and prevent accidents and fatalities.

As of December 2015, and pursuant to current legislation, Codelco worked with 48 joint Health and Safety Committees (CPHS), just as in the previous period, through which a 100% of own workers is represented.

According to legal regulations and SIGO guidelines mandating the active and organized involvement of workers in occupational health and safety matters, Gabriela Mistral division held the “2015 Joint Committees of Occupational Health and Safety Meeting”. The activity was attended by all divisions and the Vice Presidency of Projects and was aimed to understand the strategic role played by the committees as collaborators in the fulfillment of the SIGO management system and policies and to propose cross-cutting initiatives that ensure their responsibilities are successfully delivered.

An audit plan was conducted in all divisions and Vice Presidency of Projects to evaluate the level of implementation of SIGO, according

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to the goals defined in the performance agreements for 2015.

**Leadership**

In 2015, some leadership activities were defined for executive and management levels of our company, including the engagement of workers representatives through:

- Management walk-throughs.
- Program analysis and review meetings.
- Completion of corrective actions for “high-potential incidents”.
- Enlarged meetings with contractor companies.

95% of activities were completed as scheduled while the main focus was placed on field activities to promote and strengthen safe work practices.

**Behavioral safety**

The “behavioral safety” process was maintained as one of the main preventive participation tools employed by the company to reduce dangerous behaviors.

In 2015, more than 350,000 behavior observations were conducted of which 97.3% were safe and 2.7%, were dangerous. The percentage of dangerous conducts was reduced in 37% against 2014.

These dangerous behaviors are managed by divisional guide teams and behavior watchers. Today, Codelco has in place nearly 11,000 watchers, among own and contractor company workers who must observe, record, and correct on-site conducts, thus applying a

preventive and corrective action.

**Special occupational health and safety regulation for contractors**

Based on SIGO inputs and orientations, we modified the “Special Occupational Health and Safety Regulation” to include the requirements from the new system, such as comprehensive aspects of contractor company management in all operation centers. Additionally, the idea is that these companies may develop standard occupational health and safety management systems, conducive to effective actions in the management of on-site risks.

**Occupational health management**

The 2015 agenda included the following actions intended to keep the systematic progress achieved in the preventive management of professional diseases and work accidents:

- Environmental surveillance plans through a representative assessment and control of risk agents and factors, based on similar exposure groups.
- Control programs for gap closures, respecting the control hierarchy, from engineering/maintenance interventions to administrative and personal protection measures.
- Pre-occupational and occupational fit-for-work health programs and occupational medical surveillance programs for workers exposed to health risk agents and factors.

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**General overview of risk agents present in Codelco mine sites  
 Year 2015 (G4 LA-7)**

Division	Silica	Noise	Arsenic	Acid mist
Radomiro Tomic	YES	YES	NO	YES
Ministro Hales	YES	YES	YES	NO
Chuquicamata	YES	YES	YES	YES
Gabriela Mistral	YES	YES	NO	YES
Salvador	YES	YES	YES	YES
Andina	YES	YES	NO	NO
Ventanas	YES	YES	YES	YES
El Teniente	YES	YES	YES	YES
Vice Presidency of Projects	YES	YES	NO	NO
Headquarters	NO	NO	NO	NO

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With respect to occupational hygiene and, specifically, focused on the eradication of silicosis, we updated the inventory and status of silica-bearing dust emission sources in all critical operations and, on that basis, we proceeded to elaborate the gap closure plans for the period. Additionally, with the CEO endorsement, we set up the “Corporate Technical Group for the Eradication of Silicosis” whose main purpose is to “define and steer a new model to select, incorporate, and maintain dust control technologies and systems”. The group, formed by professionals from operations, maintenance, projects, and hygiene and occupational health specialists, defined a work plan for 2016 with cross-cutting strategic actions, to be applied in the specific areas of:

- Operational and maintenance control
- Project plan.
- Contractor company management.
- Environmental and medical surveillance
- Leadership and behavioral safety.
- Personal protection elements.

As to other areas, in 2015 we checked the degree of progress and implementation of the protocol concerning the minimum norms for the development of hearing-loss surveillance programs caused by exposure to noise in all divisional workplaces and in the Vice Presidency of Projects. Standards, criteria, and action plans were also defined for performance adjustment purposes.

With respect to ergonomics, we moved further in the assessment plans of critical similar exposure groups, as indicated by national regulations in order to determine the number of exposed workers

to be incorporated in the occupational medical surveillance plans.

We populated the occupational health database of Codelco’s contractor companies which contains key information about the progress made in environmental and medical surveillance programs, including exposure to risk agents and factors that are critical for health.

We prepared the “Corporate Management Procedure for the Procurement and Innovation of Personal Protection Elements and Work Clothes”, a matrix of families of these elements, with a description of each item and technical sheets, to ensure that the standards that protect the worker’s health and safety will be assigned and complied with.

We continued to apply the psychosocial risk process through questionnaire ISTAS 21, especially designed for such purposes.

**Occupation health and accidentability indicators**

For the first time in a calendar year, Codelco did not have to endure the death of any of its workers (138 million worked hours as of 2015). This underlines the importance of meeting the preventive management standards and prompts the entire organization to maintain safe sites, in line with the new policies and SIGO, whose main purpose is to “protect people’s life and integrity”.

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G4-LA6

**Number and frequency of accidents, lost days and fatalities per division and worker's gender**

Division/VP	Gender	Lost-time accidents	Accident frequency rate	Indice frecuencia de accidentes	Lost days for accidents (*)	Fatalities
Radomiro Tomic	Female	0	0	0	0	0
	Male	4	1	0,40	15	0
Chuquicamata	Female	5	0	0	0	0
	Male	80	19	1,64	1.688	0
Ministro Hales	Female	0	0	0	0	0
	Male	1	0	0	231	0
Gabriela Mistral	Female	1	0	0	0	0
	Male	4	2	2,15	14	0
Salvador	Female	1	0	0	0	0
	Male	41	6	2,19	889	0
Andina	Female	1	0	0	0	0
	Male	28	5	1,65	722	0
Ventanas	Female	0	0	0	0	0
	Male	6	2	1,15	353	0
El Teniente	Female	2	1	2,35	89	0
	Male	57	11	1,25	2.615	0
Headquarters	Female	0	0	0	0	0
	Male	0	0	0	0	0
Vice Presidency of Projects (VP)	Female	0	0	0	0	0
	Male	2	0	0	0	0
<b>Total</b>		<b>233</b>	<b>47</b>	<b>1.23</b>	<b>6,616</b>	<b>0</b>

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**Number and frequency of accidents, lost days and fatalities per division and gender of contractor workers.**

Division/VP	Gender	Total accidents	Lost-time accidents	Accident frequency rate	Lost days for accidents (*)	Fatalities
Radomiro Tomic	Female	1	0	0	0	0
	Male	11	5	0,54	197	0
Chuquicamata	Female	4	1	0,59	42	0
	Male	58	9	0,69	253	0
Ministro Hales	Female	0	0	0	0	0
	Male	15	5	0,89	22	0
Gabriela Mistral	Female	2	1	2,33	6	0
	Male	10	3	0,61	54	0
Salvador	Female	9	0	0	0	0
	Male	51	5	0,78	1.086	0
Andina	Female	4	0	0	0	0
	Male	72	6	0,60	955	0
Ventanas	Woman	0	0	0	0	0
	Male	12	3	0,97	242	0
El Teniente	Female	4	1	0,82	5	0
	Male	109	18	0,88	1.439	0
Headquarters	Female	2	0	0	0	0
	Male	0	0	0	0	0
Vice Presidency of Projects (VP)	Female	17	1	0,51	57	0
	Male	173	21	1,17	1.915	0
<b>Total</b>		<b>554</b>	<b>79</b>	<b>0,79</b>	<b>6,273</b>	<b>0</b>

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The zero fatality represents an important milestone and proves that such achievement “is possible”. However, Codelco understands the need to strictly comply with the controls defined for each risk, especially high criticality risks.

- **Frequency rate (own and contractor’s)**

En la compañía tuvimos una tasa de frecuencia global In 2015, the company exhibited a global frequency rate (own and contractor workforce) of 0.91 accidents per million worked hours. This represents almost 31% less than 2014 (1.32) results.

- **Severity rate (own and contractor’s)**

The global severity rate (own and contractor workforce) reached 140 lost days of injured workers per million worked hours in 2015. This is, approximately, 39% lower than 2014 figures (230 days).

**Preventive indicators**

In 2015 we continued to use the preventive occupational health and safety tools. Reportability was as follows:

Proactive indicators (N°)					
Operation center	RSSO	Visible leaderships	Conduct observations	Conducts observed	Average workforce (own + contractor)
Radomiro Tomic	0	22,242	39,138	284,608	6,812
Chuquicamata	27,253	92,335	93,602	496,283	14,227
Ministro Hales	3,747	21,498	20,970	152,489	4,396
Gabriela Mistral	7,831	22,558	17,175	96,139	3,804
Salvador	7,836	16,433	11,643	119,154	5,534
Andina	5,627	35,993	13,817	163,735	8,155
Ventanas	16,574	25,569	11,618	44,479	2,714
El Teniente	111,082	131,654	102,560	636,643	16,242
Projects	27,107	76,668	48,824	542,250	11,271
<b>CODELCO</b>	<b>207,057</b>	<b>444,950</b>	<b>359,347</b>	<b>2,535,780</b>	<b>73,155</b>

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- **Outstanding results**

For the first time in history, in 2015 (138 million worked hours), no workers died as a result of work accidents in any company division or project.

- The 0.91 global frequency rate is the lowest ever in our history and places us in the first quartile of the mining industry.

- Professional diseases and work accident sequelae (WA).

**G4-LA6**

In 2015, 25 new disability resolutions were issued of own workers; 5 of them correspond to new silicosis resolutions, 5 to hearing loss, 8 to Osteomuscular pathology, and 7 to work accident sequelae. This is 18 resolutions less than 2014 (43).

Diagnosis	Delegated administration					Employer's mutual insurance							Total Codelco
	Chuqui-camata	Salvador	Andina	El Teniente	Total delegated administ.	Ministro Hales	Radomiro Tomic	Gabriela Mistral	Ventanas	Head-quarters	VP	Total employee mutual insurance	
	Silicosis	0	1	1	3	5	0	0	0	0	0	0	
Hearing loss	1	1	1	2	5	0	0	0	0	0	0	0	5
Osteomuscular	0	3	3	2	8	0	0	0	0	0	0	0	8
Other illnesses	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total EP</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>7</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18</b>
WA sequelae	1	2	1	1	5	0	1	0	1	0	0	2	7
<b>Total</b>	<b>2</b>	<b>7</b>	<b>6</b>	<b>8</b>	<b>23</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>25</b>

\* Resolutions issued by the Disability Preventive Commissions (COMPIN), with loss of earning capacity equal or higher than 15%.

\* Considering that a worker may be diagnosed with disability through one or two diagnoses simultaneously, the number of disabled professionals is lower than the number of Resolutions shown in the Table.

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### Gender diversity and conciliation

Codelco has defined gender diversity as a strategic challenge and, for this reason, in 2015 we created a structure to take charge of this topic. The new Gender Diversity Department was born with the purpose of embedding this key issue into the company's culture to thus benefit the installation of the equal opportunity principle between men and women in daily work life. At the same time, we pursue to consolidate the leadership in the copper mining industry as an organization capable of building a work climate and culture where gender diversity is integrated in its management practices, as an integral part of its competitiveness.

To be precise, in March we made the commitment to incorporate gender diversity as part of the Equal Performance Agreement, a key management instrument. For Codelco, a State-owned entity, gender diversity, inclusion, and equality are core and cross-cutting imperatives, absolutely consistent with our guiding principles and evaluation of our business.

### Gabriela Mistral, first mine site in Chile to be awarded the Iguala and Conciliación Seal

Our strategy consists in institutionalizing gender diversity at the heart of the institution by 2020, accompanied by a Gender and Conciliation Policy and a Master Plan that help us generate actions focused on gap closures and continue working on the Chilean norm 3262 certification about gender diversity and conciliation between work, personal, and family life in all our operations. In 2015, Gabriela Mistral division applied for certification under that norm and, in January 2016, it was awarded the Iguala and Conciliación Seals. The Ventanas division and the Headquarters have prepared to achieve the certification during 2016.

Additionally, we have made great progress in increasing and enhancing the infrastructure, personal protection equipment especially designed for women, and in expanding the coverage of Alma rooms (where mothers can pump and store breast milk), in all our work centers.

In terms of female participation, this showed a slight increase to 8.9% as opposed to 8.7% in 2014 and above the rest of the mining industry that was 7.7% in 2014 (source: Chile Foundation and the Mining Council).

This is translated into a female presence of 1,706 women: 896 workers or operators, 789 professionals, and 25 executives, with an average age of 41 years.

Mention should be made that for the year reported, 12.8% of new hires were women.

Female workforce 2015		
Division	Women N°	Men %
Chuquicamata	565	8.9%
Radomiro Tomic	87	6.8%
Ministro Hales	100	13.0%
Gabriela Mistral	109	19.3%
El Salvador	91	6.7%
Ventanas	67	7.0%
Andina	89	5.2%
El Teniente	219	4.6%
Headquarters	208	39.8%
Projects	171	19.6%
<b>Total Codelco</b>	<b>1,706</b>	<b>8.9%</b>

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# Environmental performance

## Strategy and challenges

Our commitment to environmental management is applied all throughout the life cycle, incorporating sustainability criteria from the planning stage to mine site closure. To support this commitment, Codelco has developed policies and regulations and has set up community and environmental standards that ensure that compliance of the ICMM principles and position statements is being implemented and followed.

Codelco's sustainable management includes the prevention and control of impacts associated to emissions, discharges, and waste; the efficient management of such important resources as water and energy, as well as territory, land, landscape, biodiversity, and mine closure topics.

Among the aspects considered in corporate performance assessments and tracking by senior executives in relation to planned business strategy goals, we can find the measures and objectives of our Environmental Risk Management System (SGRA) focused mainly on the closure of social-environmental gaps identified in our mine sites and operations.

The SGRA is in charge of managing other aspects, such as the prevention, evaluation, and learning of environmental incidents, the response to environmental grievances and suggestions, and fulfillment of regulatory obligations, contained in Environmental Qualification Resolutions (RCA).

Thus, our short-term challenges on which 2015 management was focused were:

- Consolidate the implementation of the new environmental risk management system, strengthening the continuous improvement of our environmental performance.

- Close gaps, eliminate or mitigate the risks associated to the main social-environmental vulnerabilities identified in the SGRA.
- Update the corporate environmental regulatory instruments.
- Capture 95% of all emissions in all divisions by 2018 - 2019, prompted by a legislative change.
- Zero occurrence of environmental severe and very severe incidents.

Another achievement in management in 2015 was the strengthening of the mechanisms that will facilitate the inclusion of land use assessments and the contribution to biodiversity conservation in our decision-making processes. This, as part of our adherence to Principles 6, 7, and 8 of the International Council on Mining and Metals (ICMM) where Codelco is a member.

In relation to internal regulations, two of the most significant corporate norms associated to sustainability are: NCC 24 about identification and planning of critical sustainability aspects from the earliest stages of each investment project to its closure; and NCC 38 about the prevention, recording, and control of environmental incidents. Both were submitted to an update process during 2015.

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### G4-14

In line with our values, we adhere to the Precautionary Principle of Article 15, of the Rio Declaration on environment and development. Our environmental management practices pursue the formulation and execution of all possible measures leading to the identification and control of environmental risks. The management of social-environmental vulnerabilities, addressed in the Environmental Risk Management System, is an example of this.

### Environmental investments end expenses

#### G4-EN31

US\$ 295 million were invested in environmental initiatives in 2015; among these are water treatment, tailings management, waste and emissions management, and also the handling of environmental aspects associated to Codelco's large structural projects.

As to environmental expenses incurred by the different divisions in 2015, these amounted to US\$ 370 million, mainly devoted to environmental monitoring, waste management, and general administration.

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**Given the nature, context, and magnitude of our operations, the management of resources as critical as water and energy becomes key in our business vision.**

### **Corporate water and energy management**

Codelco is well aware that energy and water are strategic and indispensable resources for mining operations and, at the same time, vital and scarce for human population; therefore, their management calls for productive and increasingly sustainable operations.

Considering their importance, at corporate level we have the Energy and Water Resources Management whose main responsibility is enforcing the Sustainable Development Policy, fostering the efficient use of energy and water resources to reduce greenhouse-gas effects (GEI) and their impacts. The above stands out as part of our alignment and commitment to ICMM principles and position statements (Principle 2 and 6 and position statement on climate change).

In this sense, we have strengthened our corporate management strategies by developing two corporate standards: Energy Efficiency and Climate Change Standard and the Water Resources and RILES Standard, in an effort to ensure efficient and sustainable water and energy management.

In 2014, Codelco subscribed an Energy Efficiency Partnership Agreement (EE) with the Ministry of Mining and conducted a systematic search of energy efficiency opportunities in all operations; the initiatives were prioritized according to their unit cost and their impact on energy consumption. In 2015, the projects fastest to implement were materialized in all divisions.

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**Our commitment to efficiently manage the use and recycling of water resources is renewed daily in all our work centers.**



### **Efficient water management**

In 2012, Codelco put in place strategies and mechanisms designed to ensure that water is responsibly managed and treated, well aware of regulatory obligations and water needs within our area of influence, especially in the divisions located in the middle of desert climate conditions in our country.

We are committed to securing sustainable availability and management of current and future water resources for operations, projects and the business, considering territorial aspects while preventing and controlling associated social-environmental impacts.

#### **G4-EN9**

In Chile, the norm destined to regulate the identification of impacts on water sources is related to the fulfillment of Water Rights and Environmental Qualification Resolutions (RCA) and, in relation to the above, acquired water rights entail the protection of third parties' rights and the fulfillment of the provisions established by

environmental authorizations on the subject. Codelco has not breached this regulatory framework.

### **Water withdrawal and recirculation**

#### **G4-EN8, G4-EN10**

Water supply in our operations is based on the exploitation of own sources, most of them correspond to long-standing water rights. As to availability, we monitor and control the environmental variables and supervise water extraction from the sources and, mainly, we strive to reduce water supply demands by applying water efficiency which seeks to maximize recirculation and reduce consumption per ton of processed ore.

As required by our environmental standards, we are currently in the process of developing initiatives to maintain high levels of use efficiency. We have an inventory and systems to monitor surface and underground water sources installed all over the Corporation and we assess the impacts associated to the exploration and exploitation of new water resources.

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Codelco uses mainly waters coming from surface or underground sources in all divisions while water is more relevant in the five divisions located in desert climates. For this reason, efforts are centered in maintaining high levels of recirculation in the North District and Salvador divisions.

In 2015, total water withdrawn in the Corporation was 177,862 thousand m<sup>3</sup>, higher than volumes withdrawn in 2014 (170,425 thousand m<sup>3</sup>) which means that the use must become more efficient

in the production processes. The total recirculation percentage in the Corporation for the year reported was 78.5%, representing an approximate total of 649 million m<sup>3</sup>, following the tendency exhibited in the last five years towards improvement of recirculation processes and the efficient use of water resources together with an increase in annual copper production.

### Water withdrawal and recirculation 2015 (thousand m<sup>3</sup>)

		Radomiro Tomic	Chuquicamata	Ministro Hales	Gabriela Mistral	Salvador	Andina	Ventanas	El Teniente	Total
Withdrawal per source	Surface water	(-)	58,364	(-)	(-)	15,708	20,526	(-)	41,577	<b>136,175</b>
	Underground water	(-)	(-)	7,862	5,567	5,748	3,797	906	553	<b>24,435</b>
	Mine water	7	374	1,318	(-)	(-)	6,548	(-)	5,140	<b>13,387</b>
	Municipal water	(-)	(-)	(-)	(-)	(-)	6	427	(-)	<b>434</b>
	Rainfall	(-)	(-)	(-)	(-)	(-)	3,431	(-)	(-)	<b>3,431</b>
	Total withdrawn	7	58,738	9,180	5,567	21,457	34,309	1,334	47,271	<b>177,862</b>
Water from third parties		8,348	NA	283	NA	NA	NA	NA	NA	<b>8,631</b>
Recirculation	Total recirculated	80,269	373,423	2,572	55,536	25,322	35,851	71	75,846	<b>648,890</b>
	% of recirculation	90,6	88,1	21,4	90,9	54,1	51,1	5,1	61,6	<b>78,5</b>

(-) No withdrawal.

Withdrawal values reflect the total water used both in production processes as well as in general processes (truck wash, irrigation, etc.).

Recirculation percentage is obtained by dividing the total amount of recirculated water by the total volume of water used in the divisions, including withdrawal, recirculation, and waters received from third parties.

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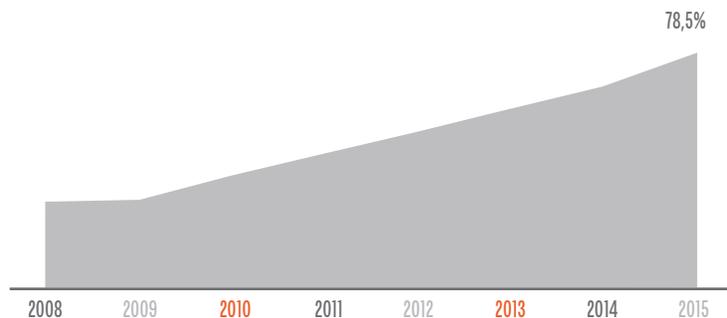
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## Corporate recirculation (2008 -2015)



### Energy management

Given the magnitude of our current and future operations, Codelco seeks to establish and implement new criteria concerning energy efficiency and the use of renewable energy from our business plans.

Energy is a strategic input for the mining industry, not only for the magnitude of energy needs demanded by the different processes but also for its impact on the extraction and productive operation costs.

To ensure our energy management practices will optimize, both physically and economically, the use of water, we consider energy efficiency and the use of renewable energy as core aspects, striving to contribute to the mitigation of climate change effects and promoting adaptation measures, on the basis of the mining life cycle.

Codelco has put in place an energy management system intended to contribute to the business results, by both managing current operational circumstances –improving specific indicators of energy

use in production processes- as well as by applying a forward-looking approach to the scenario, embracing energy efficiency in projects and strengthening the development of new energy sources.

Codelco’s energy management system has been structured around four main axes: management of existing contracts, energy efficiency management in processes, renewable energy, and energy efficiency in investment projects.

These axes are developed in each division while their follow-up and control is conducted on a corporate basis which allows sharing improvement actions and creating a potential portfolio of practices to be transferred. Specifically, in terms of renewable energy management, Codelco seeks to reduce costs and greenhouse-gas emissions in its operations.

### Energy consumption and reduction initiatives

#### G4-EN3

Direct energy consumption is construed as the use of oil and its by-products, natural gas, and coal in productive processes while indirect consumption is associated to the use of electric power coming from the Central Interconnected System (SIC) and Norte Grande Interconnected System (SING), excluding own generation.

In 2015, total direct energy consumption (oil by-products, coal, and natural gas) was 23.20 petajoules (PJ) while indirect consumption (electricity) was 25.69 PJ which, as a whole, represents a total energy consumption of 48.89 PJ, equivalent to 13,580 gigawatts-hours (GWh).

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#### G4-EN6

As to reductions achieved during 2015, these are estimated to be 220 terajoules (TJ). These initiatives have come as a result of energy efficiency audits performed in 2014. Important reductions were made in facilities circuits and other optimization projects.

#### G4-EN5

Energy use intensity was 28.40 PJ/million FMT which is lower than 2014 figures of 29.6 PJ/million FMT. Consumptions for total production do not consider El Abra or Anglo American Sur operations, where Codelco maintains a partnership interest.

#### Smelter emissions management

##### G4-EN21

Codelco owns four (4) copper concentrate smelters that generate, mainly, sulfur dioxide (SO<sub>2</sub>), arsenic (As), and particulate material (MP). These facilities are governed by emission regulations and others by decontamination plans applicable to the cities located within the area of influence of its operations. In 2015, all smelters met the established limits and/or norms.

Smelter emission (thousand tons)					
Smelter	Type of emission	2013	2014	2015	Annual limit
Chuquicamata Chuquicamata division	SO <sub>2</sub>	113	89.06	95.42	A
	MP	0.23	0.001	0	1.85
	As	0.71	0.73	0.32	0.8
Potrerillos Salvador division	SO <sub>2</sub>	68.4	84.4	67.60	100
	MP	0.47	0.32	0.18	5.5
	As	0.24	0.75	0.43	0.8
Ventanas Ventanas division	S	6.87	7.43	7.07	45
	MP	0.13	0.07	0.12	1
	As	0.06	0.04	0.05	0.12
Caletones El Teniente division	SO <sub>2</sub>	52.82	59.94	54.41	A
	MP	B	B	B	A
	As	0.23	0.18	0.22	0.38

A: The Air Quality Standard is applied, measured in concentration of contaminants.

B: In 2003, Caletones smelter ceased to measure of emissions and today must apply the Quality Standard for Particulate Material (MP).

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Likewise, in 2015 Ministro Hales division started to measure and inform the authority about its emissions. In 2015 these were 0.13 thousand tons of sulfur dioxide (SO<sub>2</sub>) and 0.00004 thousand tons of arsenic (As).

**Direct and indirect greenhouse-gas emissions (GEI)**

Codelco has in place an Energy Efficiency and Climate Change Standard through which, even though the main influence comes from the performance of the systems in charge of supplying the electric power, we try to optimize the physical and economic consumption of energy inputs, considering the efficient use of energy and renewable energy

in our new projects and operations.

**G4-EN15 G4-EN16**

Based on the above, we are determined to identify our contribution in terms of greenhouse-gas emissions. To this effect, we have measured direct and indirect emissions expressed in terms of equivalent carbon dioxide (CO<sub>2</sub>e). Direct emissions are those generated by the use of fuels in operations while indirect emissions are produced by energy generation systems in charge of supplying electric power to the divisions (SING and SIC).

Greenhouse-gas effect emissions (GEI)					
Emissions		Unit of measure	2013	2014	2015
Direct		t CO <sub>2</sub> e	1,688,361	1,604,819	1,586,922
Indirect	SING	t CO <sub>2</sub> e	2,775,717	2,712,672	2,638,869
	SIC		1,292,488	1,321,206	1,248,278
<b>Total</b>			<b>5,756,566</b>	<b>5,638,697</b>	<b>5,474,069</b>

Values of Carbon Emission Factors (FEC) and Oxidized Carbon Fraction (FCO) were drawn from the Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories Workbook (Volume 2), Table 1-2 and Table 1-4.

Indirect emissions were calculated based on the emission factors of the interconnected system provided by the Ministry of Energy.

#### G4-EN18

In 2015, total GEI emissions were 5.5 million tons of CO<sub>2</sub>e, lower than the 5.7 CO<sub>2</sub>e for 2014. GEI emission intensity for 2015 was 3.2 tons of CO<sub>2</sub>e/ FMT, measured only for category 1 and 2.

GEI intensity emissions				
	Métrica	2013	2014	2015
Total emissions	million tons of CO <sub>2</sub> e	6.0	5.7	5.5
Copper production*	million FMT	1.6	1.7	1.7
Intensity	t CO <sub>2</sub> e/million FMT	3.7	3.4	3.2

\*Producción total de la Corporación, no incluye la producción de Minera el Abra y Anglo American Sur.

Nota: No existen otros tipos de emisiones incluidos en el cálculo de intensidad

#### G4-EN19

With respect to GEI Emission Reduction Initiatives, in 2015 we prepared the bid process for the construction, operation, and electric generation by using the tailings flow in Cascada N°1 resulting from the transport of tailings between Colón and El Teniente Carén dam. This particular project will be started by mid-2017 and will be the first of its kind in the world.

According to the energy audit completed in 2014, a total of 8 projects of rapid implementation was executed in the divisions in 2015.

Pursuant to the program “public solar roofs” launched by the Ministry of Energy, Codelco prepared a bid process, to be implemented during 2016, intended to incorporate photovoltaic energy in its institutional buildings.

#### Manejo de residuos industriales líquidos

In 2015, Codelco operated 15 discharges controlled by monitoring programs, all of them compliant with the quality limits mandated by the standard, as shown in the Table below. It must be noted that Radomiro Tomic, Chuquicamata, Ministro Hales, and Gabriela Mistral divisions, do not discharge liquid industrial waste into water courses.

There are some discharge points authorized by monitoring program Resolutions. However, due to management reasons, these have ceased to discharge effective liquid industrial waste, even if their monitoring programs are still current. This is the case for 3 discharge points in Salvador and 5 in Andina divisions.

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**G4-EN22**

<b>Liquid industrial waste</b>					
<b>Division</b>	<b>N° of discharge points with monitoring programs (SISS/DIRECTEMAR)</b>	<b>Total volume discharged (thousand m³)</b>			<b>Type of destination</b>
		<b>2013</b>	<b>2014</b>	<b>2015</b>	
Salvador	3	0	0	0	Surface waters
Andina	10	19,332	14,664	13,678	Surface waters
Ventanas	1	395	364	335	Sea waters
El Teniente	1	38,648	22,505	41,976	Surface waters
<b>Total</b>	<b>15</b>	<b>58,375</b>	<b>37,533</b>	<b>55,989</b>	

**G4-EN26**

All liquid industrial waste discharges resulting from our operations comply with the applicable national legislation; that is, they do not affect water bodies.

**Solid industrial waste management**

**G4-EN23**

In this case, the management base lies on the implementation of the Solid Waste Standard, identifying and minimizing their generation, in line with ICMM Principles 6 and 8; additionally, all process stages are

controlled, thus adding value to the business. The waste management process takes place in handling centers where waste is classified and then sent to final authorized destinations.

Considering that solid industrial waste management is a key activity in environmental management, due to the large volumes and/or risks associated to hazardous and non-hazardous waste, all divisions have put in place management plans to control and prevent the occurrence of impacts on people or on the environment.

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### Disposal of solid waste per type (in tons)

Division	2014		2015*	
	Hazardous	Non- hazardous	Hazardous	Non- hazardous
Radomiro Tomic	4,785	7,675	3,653	4,431
Chuquicamata	23,929	39,213	30,101	41,801
Ministro Hales	18,953	1,837	51,187	2,741
Gabriela Mistral	869	406	1,269	460
Salvador	3,441	1,204	4,398	1,585
Ventanas	46,883	1,664	45,343	9,716
Andina	3,886	10,699	1,579	14,238
El Teniente	61,355	19,592	63,814	18,854
<b>Total</b>	<b>164,101</b>	<b>82,290</b>	<b>201,344</b>	<b>93,826</b>

(\*) Data from Ministro Hales, Salvador, and Chuquicamata divisions reflect approximate values, according to internal information handled by Codelco.

All waste generated is sent to approved final disposals: authorized safety deposits, sanitary landfills or to treatment companies. Hazardous waste is recorded by the Hazardous Waste Declaration and Tracking System (SIDREP), of the Ministry of Health.

Waste sent for recycling or re-use include hazardous and non-hazardous waste; eg., oils, lead anodes, iron scrap, wires, etc.

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## Massive mine waste

### G4-MM3

Massive mine waste management is conducted following the Massive Mine Waste Standard and, through its Implementation Guide, seeks to prevent and control impacts on people, the environment, and the land, thus strengthening risk management in areas of tailings, slags, waste, low-grade ore, and leach tailings in every mine site development stage, applying control criteria in the design of dams, operations, and projects.

#### Amount of massive mine waste generated 2015 (thousand tons)

Division	Tailings	Slag	Waste	Low grade ore	Leach tailings
Radomiro Tomic	NA	NA	100,033	90	0
Chuquicamata	55,208	737	103,565	5,323	14,548
Ministro Hales	16,357	NA	85,336	0	0
Gabriela Mistral	NA	NA	31,966	0	11,869
Salvador	8,164	0	12,941	9,444	17
Ventanas	NA	278	NA	NA	NA
Andina	30,543	NA	50,321	0	NA
El Teniente	52,834	0	5,098	0	0

Special mention should be made of El Teniente division where all slags were reprocessed. Other divisions have also started massive mine waste recovery processes like the reprocessing of slags coming from Ventanas division in El Teniente.

As in previous years, and as part of the commitment to improve waste management and to optimize our operations based on innovative

technologies, the divisions have looked for alternatives to recover copper contained in metallurgical dusts (dusts from the smelting process). In these matters, Ecometales has successfully reprocessed the metallurgical dusts coming from Ventanas, Chuquicamata, El Teniente, Salvador, and Ministro Hales divisions.

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### Environmental incident management

#### G4-EN24

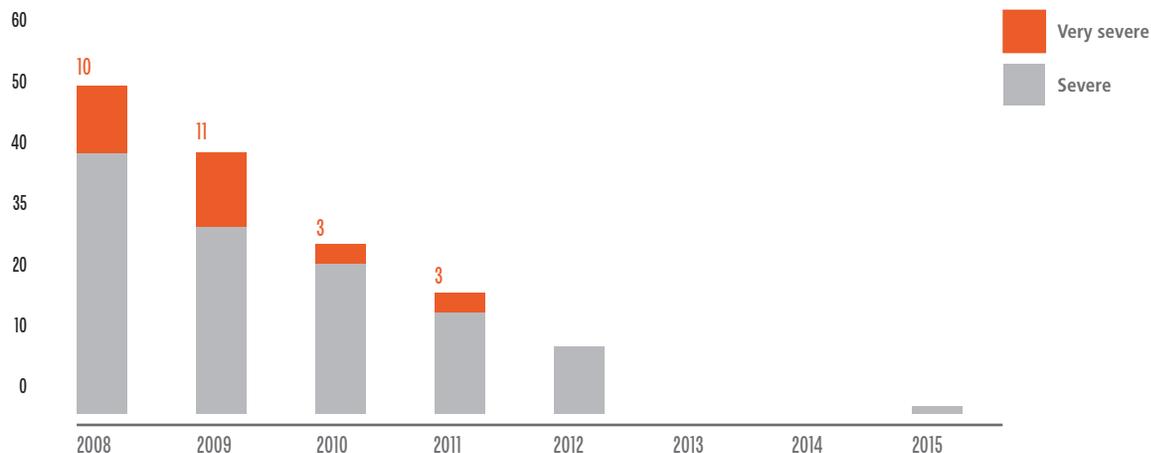
In 2013 Codelco put in place the Environmental Incident Management System destined to analyze and learn from each event in order to prevent environmental impacts, promoting their dissemination in a corporate online platform. This system distinguishes four categories of incidents: minor, serious, severe, and very severe.

While in the last years Codelco did not experience “severe” or “very severe” environmental incidents, in September 2015, an incident rated as severe by Codelco’s NCC 38 standard, took place in Salvador

division. The incident was marked by a leakage and ensuing runoff of 40 tons of copper concentrate from conveyance pipelines; the run-out distance reached the ravine adjacent to the installations and Salado river. The Salvador division started a thorough inquiry into the operational incident that affected its filter plant and informed the authority and the community.

In conclusion, 101 environmental incidents occurred in 2015, including a severe incident, described above, 97 minor incidents, and 3 serious incidents.

## Incident category



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**Biodiversity and territory**

Codelco is committed to help preserve biodiversity and minimize the impacts on ecosystems and on the areas of influence of our projects, operations, and explorations, respecting protected areas and managing the land planning in an inclusive way (ICMM Principles 6 and 7 and Position Statement on Protected Areas).

In 2012 Codelco put in place the Biodiversity and Territory Standards and their respective Implementation Guides. By applying these standards, the divisions will be better prepared to identify and characterize its ecosystems within their areas of influence and to define their initiatives associated to protection and/or conservation. Our Territory, Soil, and Landscape Standard integrates the territorial variables in the business life cycle which helps increase the viability of the different stages of projects (explorations, operations, and mine site closure) and other initiatives developed by Codelco with the purpose of ensuring the land will be sustainably used. In general, our standards set up the minimum criteria to be executed, such as: baseline formulation, impact management, creations of variables that predict the “future”, and definition of strategic indicators that expedite the management, tracking, and assessment of their impacts.

Our impact management practices are focused on the assessment and monitoring of our risks in the different types of scenarios (terrestrial, aquatic, maritime), identifying and characterizing the area of influence and then setting up management plans, and conservation programs which are to be implemented in the different steps of a project. Likewise, as part of our commitments, we encourage, engage/collaborate in the different protection and/or conservation initiatives at local and national level, towards the strengthening of biodiversity.

**Biodiversity-rich areas**

**G4-EN11- G4-EN12- G4-EN13- MM2**

Our divisions are located in large areas of the national territory – not only from North to South, from the Big North to central Chile – but also from the Andes to the sea. This implies a wide ecosystem diversity of its territories.

Biodiversity-rich areas managed by Codelco are those recognized by the State and/or by environmental impact studies or statements. These areas are located around tailings dams in the region of Valparaíso and are part of the Rinconada de Huechún estate in Andina division and of

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Los Cobres de Loncha ecological estate in El Teniente division. Both areas exhibit strong differences in climate, landscape composition, and ecosystem diversity. It is important that these areas be monitored through management plans to identify the presence and population of flora and fauna species in conservation categories.

The **Rinconada de Huechún Estate** covers a 1,033-ha preservation area and a 1,618-ha conservation area. An ecosystem characterized by thorny shrubs and rich in bird species prevails in both these areas. At present, this estate is covered by a natural resources management plan that includes a fauna monitoring program destined to identify likely impacts.

On the other hand, **Los Cobres de Loncha Ecological Estate** is located in the Alhué commune, in the Roblería del Cobre de Loncha National Reserve and extends over 5,980 ha. This estate was ceded on a bailment basis by El Teniente to the National Forest Corporation (CONAF) for its administration. This reserve hosts vulnerable flora and fauna species, most of them endemic population mainly pertaining to the Sclerophyll forest type. These are covered by a management plan intended to address the main impacts caused by the tailings dam by means of forestation programs, rescue, and relocation of individuals.

As to other biodiversity-rich areas near our operations, we find the Río Blanco National Reserve, adjacent to Andina division, stretching over an area of 10,175 ha. It exhibits no significant environmental impacts, therefore it has not been included under a management plan to date.

Additionally, Codelco handles an area rich in marine biodiversity close to Salvador and Ventanas divisions: the **port of Barquito**,

owned by Salvador division, is located in the Chañaral bay. This marine zone consists mainly of benthic invertebrates and microalgae. The impact comes from the contamination caused by the introduction of substances associated to port activities. Monitoring program reports state this will not be a significant impact –or irreversible– as long as operations are carried out under the quality and safety standards established by the division.

The Ventanas division keeps surveillance plans periodically reported to the authority (DIRECTEMAR) giving account of the coastline state. Also, and according to Clean Production commitments (APL), a diagnosis study has been completed on the behavior of the Campiche water mirror/wetland and a comprehensive management plan has been developed with the aim to improve, preserve, and protect the biodiversity of the area.

Codelco has put in place programs and/or agreements entered into with universities, government agencies, and other organizations engaged in biodiversity conservation or protection initiatives.

With respect to our collaboration and partnership commitment to develop knowledge at national and local level, the Ventanas division collaborated in the completion of a diagnosis study where the state of land and marine ecosystems within the area of influence of the Puchuncaví-Quintero industrial complex was analyzed (PS “Mining: Partnerships for Development”).

**Outstanding case**

Ministro Hales division funded a research conducted in 2015 of project “Propagation and Growing of Species Living in Vega Sapunta”, conducted in a plant nursery located in Pampa Puno, the Antofagasta

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region altiplano. During the research, the species prevailing in the area were grown and carefully observed in relation to their natural habitat, growth characteristics, and reproduction structures, at an elevation gradient from 2500 to 4200 m. Among the successful reproduction results are species like *Adesmia erinacea*, *Astragalus arequipensis*, *Ephedra breana*, *Parastrephia lucida*, and *Senecio rosmarinus*.

### Mine site closures

Codelco defines mine site closures as a key integral part of the mining business strategic planning and, for that purpose, has implemented a mechanism through which corporate closure plans, can be prepared including closure criteria and measures as well as the valuation and constitution of financial collaterals.

### G4-MM10

Pursuant to Law N° 20.551 about mine sites and installations closure (hereinafter "the Law") and Supreme Decree N° 41 of 2012 from the Ministry of Mining, the National Copper Corporation - CODELCO, submitted to the National Service of Geology and Mining (SERNAGEOMIN) a closure plan for each of the eight corporate divisions.

The above plans were approved in 2015, on the dates and for amounts showed in the Table below:

Update of provisions per mine site closure			
División	Approval date	Sernageomin Resolution N°	Closure cost in UF
Ventanas	March 19 <sup>th</sup> , 2015	756	3,340,149
Radomiro Tomic	May 11 <sup>th</sup> , 2015	1290	10,385,450
Ministro Hales	May 14 <sup>th</sup> , 2015	1316	4,270,201
Chuquicamata	May 27 <sup>th</sup> , 2015	1425	31,567,848
Teniente	June 2 <sup>nd</sup> , 2015	1485	38,812,050
Gabriela Mistral	June 15 <sup>th</sup> , 2015	1600	3,632,838
Salvador	August 17 <sup>th</sup> , 2015	2080	12,534,924
Andina	November 3 <sup>rd</sup> , 2015	2777	18,725,048

Therefore, Codelco has in place duly approved and current closure plans for all its mine sites and facilities.

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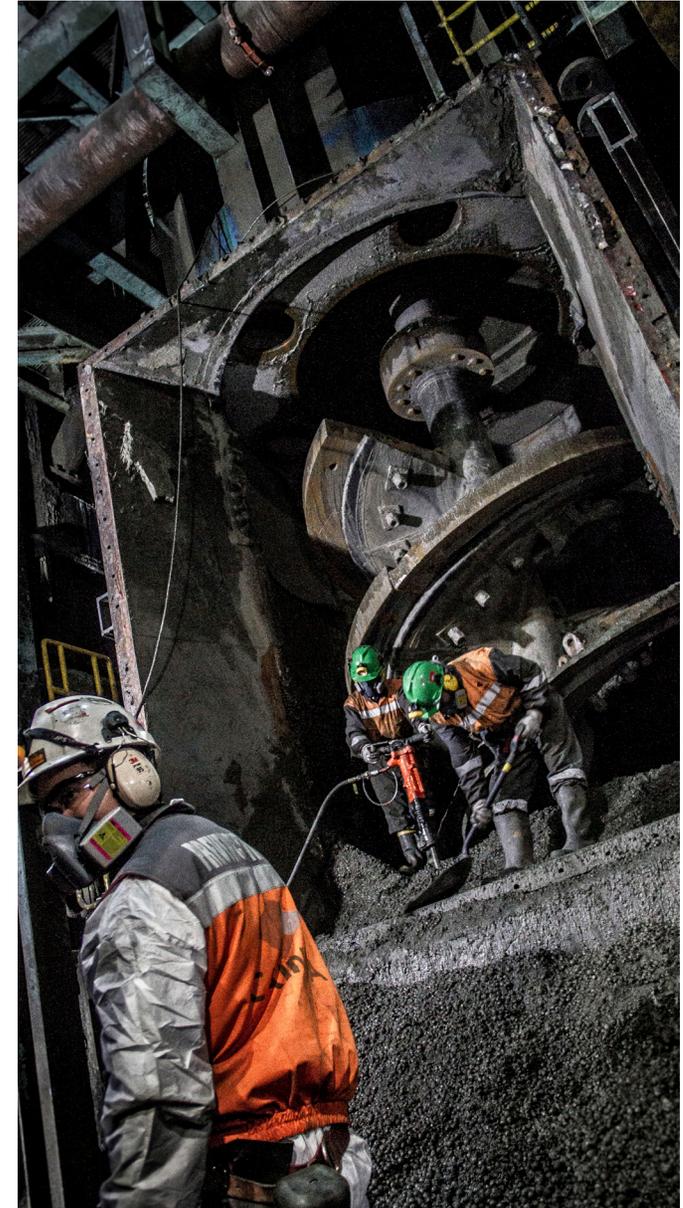
These closure plans were developed during the transitional arrangement of the Law applicable to those mine sites under operations by the time the Law was enacted in 2012. These must be updated according to the general arrangement when an important change takes place in any of the mine sites, or after 5 years (2020), as the maximum deadline prescribed by the Law.

### Whistleblowing and grievance system

#### G4-EN34

Codelco has in place a socio-environmental grievance and feedback system, consisting of a continuous listening platform, open to the communities living in the different sites where we operate. The system offers contact channels, as the toll-free telephone line 800222600, the website [www.codelco.com](http://www.codelco.com) and the email [contactosocioambiental@codelco.cl](mailto:contactosocioambiental@codelco.cl)

Codelco seeks to respond in a timely manner to the neighbor's concerns, inconveniences, and suggestions that may arise as a result of production processes or investment projects of the company. In 2015, we received 81 contacts through these channels, 17 of which involved environmental topics.



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# Community relations

## G4-S01

In 2015, Codelco paved the way to a new approach in its relationship with communities, evolving from the “license to operate” to “sustainable, virtuous, and inclusive mining”.

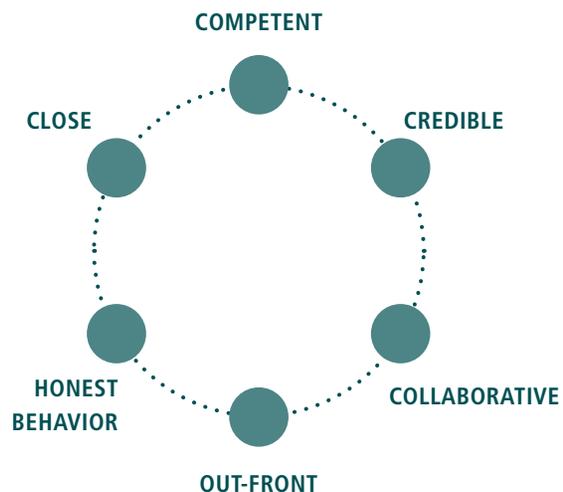
Sustainable because it prevents, compensates, and/or mitigates environmental, social, and cultural impacts during the life cycle of projects, making them consistent with the preservation and strengthening of the scenario where they developed while taking into account the interests and rights of future generations.

Virtuous because this mining is based on a strategic view that encourages investment in knowledge and maximizes the idea of

generating value for the resource extracted while ensuring long-term competitiveness and profitability for the industry.

Inclusive because it guarantees that affected communities may receive the different benefits generated by mining, through free and informed dialogue and through shared-value initiatives while fully respecting their rights.

Under this logic, some action axes were defined in order to build transparent relations, on the grounds of mutual benefit and collaborative working, addressing the expectations from the different stakeholders and following adequate and inclusive dialogue processes. The guiding principles applied in this work were:



These Principles, together with Codelco’s governance aspects -within their regulatory framework, community standards (relationships, community development, and indigenous peoples), and their implementation guides, and the social-environmental impact management practices- provided the systematization and feedback processes from the communities required to introduce continuous improvement in our management.

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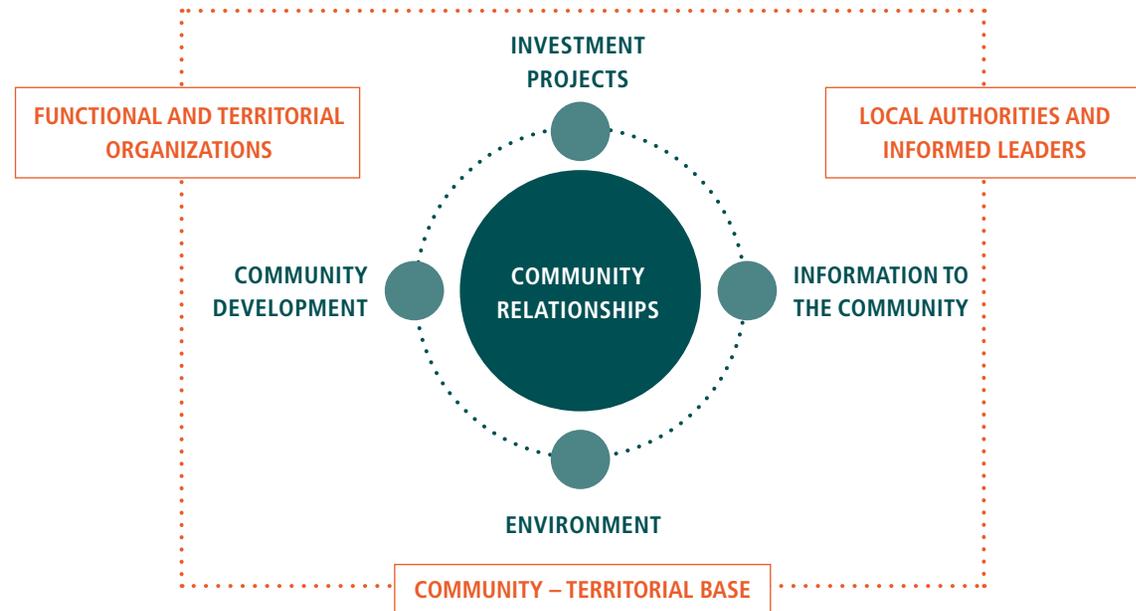
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**Territorial development is a challenge for 2016.**

## Action axes in 2015



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**Community tools:**

Work groups: with work plans approved by the member organizations and informative and dialogue actions with each community. 44 work groups were installed. These teams gathered representatives from territorial and functional organizations. Meetings were held per groups and were tracked through the community SECO platform.

For 2016, Codelco has aimed at the definition of relationship plans per village with the aid of the entire set of available tools to achieve permanent, cross-cutting, and transparent relationships.

**G4-SO2 G4-MM6**

Social-environmental conflicts: During 2015 Codelco did not participate in any significant dispute or conflict with local communities and/or indigenous peoples.

**Ejes de acción**

**Investment projects:** We have moved forward in the early incorporation of the social-environmental variable in investment projects. Divisional teams have added project review to their activities, and act as the “guarantors” in the incorporation of the social-environmental variable.

As for 2016, we are planning on pursuing the same line of work, adding capabilities in the divisional technical teams in order to incorporate the social-environmental variable in the early stages of investment projects.

**Information to the community:** Dissemination activities have been implemented with territorial coverage through different means of communications (newsletters, lectures, meetings, etc.).

Work groups Division	N° of work groups
Chuquicamata	6
Gabriela Mistral	2
Ministro Hales	6
Radomiro Tomic	3
El Salvador	8
El Teniente	3
Andina	9
Ventanas	5
Headquarters	2
<b>Total</b>	<b>44</b>



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In 2016, we will prepare communication plans per division, zeroing in on providing timely information to the community (bases), in our search to find new communication tools to inform in an efficient manner.

**Environment:**

We have moved further in the identification of areas of interest for the communities located near our operations (archaeological sites).

**Community development:**

**G4-EC7**

**Support to social projects:** In 2015, community investment projects reached an approximate total of \$ 5,670 million, as budgeted in the total number of agreements.

Community investment projects were focused on three main axes:

- Social-environmental impact in the area of influence.

- Human capital.
- Indigenous peoples.

The Headquarters' Social Investment Fund (FIS) is intended to provide partial financing of the total amount of each selected project; at least 20% of projects must be afforded by the divisions, 10% by beneficiary institutions or organizations and/or executives (can be assessable contributions) while the other percentage is funded by the FIS.

In 2015, a total investment of \$ 234,428,265 were allocated to 3 projects selected; from that sum, \$ 207,298,571 were contributed by Codelco (\$ 119,621,000 from FIS and \$ 87,677,571 from divisions), in three divisions while the rest was provided by the communities.

División	Project name	Amount co-funded by Codelco (FIS & DIVISIONS)
Andina	Mining route of sustainable schools and environmental community monitors for Codelco.	\$ 80,000,000
Ventanas	La Greda through a single voice: we recycled oil to manufacture soaps.	\$ 51,428,571
Gabriela Mistral	Sustainable community tourism: indigenous communities leading their own development.	\$ 75,870,000
Totals		\$ 207,298,571

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## Fostering employability

### G4-EC8

The use of available training tools was furthered in order to level up the skills in the areas of influence and thus have access to jobs in mining.

In 2015, through SENCE surpluses (2014 SENCE surpluses -executable in 2015- for \$ 2,507 million), 212 courses were imparted to nearly 3,100 people by means of three internal programs: Veta Minera, Juntos, and agreement with contractors.

	Program name	Operational focus	Description of beneficiaries
	Servicio que realiza capacitación	Course name	N° of trained people
MEJ	Veta Minera	Molybdenum plant operator	44
DMH	Apprentices (led by division)	* Mine management	24
DAND	Vice Presidency of projects (VP)	* HDPE and steel installation techniques * Civil works, concretes	6
DVEN	HR (apprentice program)	* Refining and casting operator * Flash furnace base operator * Mobile equipment operator	14
DET	Vice Presidency of projects (VP)	* First or second-level craftsmen (carpenters, masons) * Cleaning assistant * Dining hall assistant	80

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Once the training process was completed, a total of 113 people were hired, still with some available positions for the next period.

Additionally, total resources for \$ 2,660 million were transferred to provide a total of 181 courses and 1,254 competency certifications to be completed in 2016, in all 8 divisions, focused on two main training targets: mining trades and community development tools, imparted under 4 internal programs:

- a** VETA MINERA, 1,254 courses and competency certifications in mining.
- b** Program JUNTOS, 96 training courses provided to vulnerable groups of communities next to Codelco operations.
- c** Agreement with contractors, 60 courses and mining competency certifications.
- d** Historical institutions, 25 courses associated to collaboration activities with SENDA, Artesanías de Chile, PRODEMU, and others.

SENCE surpluses will be distributed among the above mentioned programs through Technical Training Organizations (OTIC), topic experts, pursuant to Law 19.518.

**Support to undertakings:**

Upholding of local initiatives destined to become a business and generate alternative income opportunities for families. Strong efforts have been deployed in installing capabilities and allocating seed funding among 8 ventures, 7 of which have been formalized with SII and reported sales during 2015.

**Undertakings with a business view**

Total N° of undertakings	8
Total N° of beneficiaries	65
N° undertakings formalized with SII	7
Total Codelco contributions (\$)	\$132,400,000 (approx.)
Total contributions from other org.(\$)	\$19,000,000 (approx.)

Also, we worked with 37 initiatives associated to future undertakings.

Our challenge for 2016 is the implementation of a model conducive to business consolidations (business model and formalization), building of associative networks, and leverage of State resources.

**Tracking and assessment:**

Follow-up is conducted through online informatics platforms that provide data traceability, control, and tracking of social projects (community investments), of work groups, of commitments reached with communities, stakeholder management, and the identification of early warnings and follow-up of likely social-environmental conflicts.

Also, in 2015 Codelco retained the services of an independent company to conduct a perception study with the object of learning the opinion, needs, expectations, and relationship level between divisions and communities located near our operations. The results made Codelco change its relationship strategy whose short and

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mid-term focus was placed on building transparent relationships, based on mutual benefit and collaboration working.

### Indigenous peoples

#### G4-MM5

Five of Codelco's eight divisions are sited in areas close to indigenous communities. In the light of the regulatory structure, community standards –specifically in relation to indigenous peoples-, and their implementation guides, the management of social-environmental impacts, the relationships Codelco maintains with indigenous communities (Aymara, Atacameño, Quechua, and Colla) recognize their organizational structures, respect their interests and needs, their traditions, cosmovision, and way of life.

The indigenous communities from the different areas of influence in each division have set up work groups. As of today, 10 work teams are active, as follows:

Division	N° work groups indigenous peoples
Ministro Hales	Taira community
	Conchi Viejo community
Radomiro Tomic	Valle de Lasana indigenous community
	Estación San Pedro community
	Chiu-Chiu community
Chuquicamata	Ollagüe community
	Cupo community
Salvador	Diego de Almagro Colla community
	Geocultuxial Colla community
	Colla de Chiyagua community

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Additionally, divisions maintain their presence in the territory by visiting the communities periodically. This is the case of Gabriela Mistral division, which has favored the “one-on-one” type of relationship with the communities living in San Pedro de Atacama commune.

Based on the new indigenous peoples standard, new work plans have been generated and community participatory and associative projects developed with indigenous communities.

Some of the outstanding initiatives developed in 2015 are mentioned below.

Ministro Hales division has generated programs focused on indigenous communities, such as:

- Alto El Loa Apprentices: program exclusively devoted to indigenous peoples employability, through theoretical and hands-on training during a 1-year stay in the division.
- Indigenous community of Taira designed to promote preservation, conservation, and recording of anthropological and ethnographic material and intangible heritage representative of the Taira community, with a view to preserving and disseminating their culture; support of specific undertakings; and support to pursuing superior-level education.

In Cupo and Ollagüe indigenous communities, Chuquicamata division has addressed three main topics: water resources, territory and cultural heritage.

Radomiro Tomic division has worked permanently and systematically with indigenous communities of:

- Lasana, improvement of the community’s quality life by providing dental health care, supporting agriculture, and using solar energy for water heating purposes.
- Chiu-Chiu, by strengthening the Indigenous Association of Farmers and Irrigators in the efficient use of the land through rotation of profitable crops (quinoa).
- Indigenous Association Council of Atacameño Peoples, focused on the advancement of learning and academic performance in children and youths of Alto El Loa Atacameño peoples (Andino boarding school).

In Gabriela Mistral division, activities have been centered on San Pedro de Atacama commune through initiatives that directly or indirectly benefit the members of indigenous communities:

- Social investment competitive funds.
- Sustainable community tourism project designed to install, together with indigenous communities and organizations from Atacama la Grande ADI, a model of communal tourism.
- Development and rehabilitation of boys and girls with special needs from the community, aimed to create favorable conditions that encourage and strengthen their development and autonomy.
- Regularization of studies for youths and adults by imparting levelling courses and taking free exams that will allow them

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to complete their primary and/or high-school education to improve their quality of life.

- Fostering of sports activities among community members, promoting physical activity and healthy life by joining different free sports workshops, potentiating physical and social skills in a recreational and participatory community climate.

Besides the above, 5 other agreements were subscribed during 2015 around the Indigenous peoples axis, for a total of \$ 352,536,480.

As to relationship aspects, we can mention the Indigenous Consultation carried out in the context of the Environmental Impact Study (EIA) of project Radomiro Tomic Sulfides. This process, which is part of the regulation in place, was applied by the Environmental Assessment Service (SEA) in the villages of Lasana and Chiu-Chiu; important agreements were reached with the organizations that took part in the process.

**Joint work with Caspana indigenous community**

As part of the dialogue and joint work activities with the communities located near our operations, Codelco is assuming its social-environmental and heritage challenges, in a responsible and transparent way. The Corporation is making efforts to progressively improve the standards of the operations developed in shared territory by working with the community in a respectful and participatory way, on the basis of mutual benefit and collaboration and thus learn their opinion about decisions made by the Corporation that may affect their development and living conditions; and, especially with respect to indigenous peoples, based on the recognition and

strong respect for their interests, organization structures, customs and way of life.

In this sense, mention should be made of the efforts made to repair and overcome the archeological incident occurred in the indigenous village of Caspana in 2008.

The joint work conducted with the community has resulted in the execution of a series of heritage-related projects, like the repairs of Virgen de la Candelaria Chapel, repairs of the Caspana Church, the repairs of Virgen de Lourdes altar, a project associated to Territorial Communal Recognition, Recovery of Surfaces after the Cleaning of the Canals, repair of Cemetery's Rest Area, repair of Priest's House Roof and Gazebo, and Repair of Chapels of Caspana Village.

In September 2015, we worked coordinately with Caspana community members in the roof repair and re-thatching of Caspana San Lucas Church where approximately 100 people participated. This activity required us to gather information from the construction craftsmen of the village to request a permit from the Council of National Monuments to intervene this national monument.

The active contribution and involvement of the Caspana community in these projects reveals the interest this indigenous community has in preserving the material heritage of the village. Between April and August 2015 preparatory meetings were held to organize the repair and re-thatching works in the community church, collection, selection, and drying of Paja Brava straw, brought from high altitudinal levels. Also, more than 14 cubic meters of special mud used in the church roof had to be screened and stockpiled.

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**Joint work the community has allowed the execution of a number of heritage-related projects.**

In the Caspana church repair and re-thatching activities, the massive participation of people proved that the tradition of community work continues to be practiced in this Andean village. And it was this tradition that made the re-thatching possible, as Caspana people manually transported and laid several tons of straw and mud on the church roof.

No doubt the methodology applied and worked deployed with the systematic involvement of Caspana people becomes especially

important; also, the lessons learned have allowed us to move forward with the community, in terms of overcoming the archeological incident. Thus, we have improved our internal processes in our pursuit of improved management practices and the challenge of achieving sustainable mining in the territory where we operate.

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**Permanent communication**

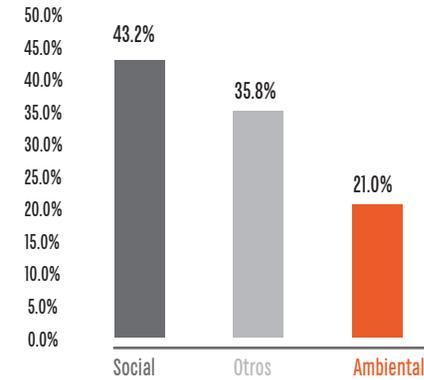
**G4-SO11**

In 2015, the Corporation received 81 contacts through the Social-Environmental Complaint and Feedback System –a permanent listening platform, open to communities from the different territories where we operate- intended to give prompt response to the neighbors’ concerns, inconveniences, and suggestions resulting from production processes and/or investment projects.

The system works through the toll-free telephone line 800 222 600 and the email [contactosocioambiental@odelco.cl](mailto:contactosocioambiental@odelco.cl)

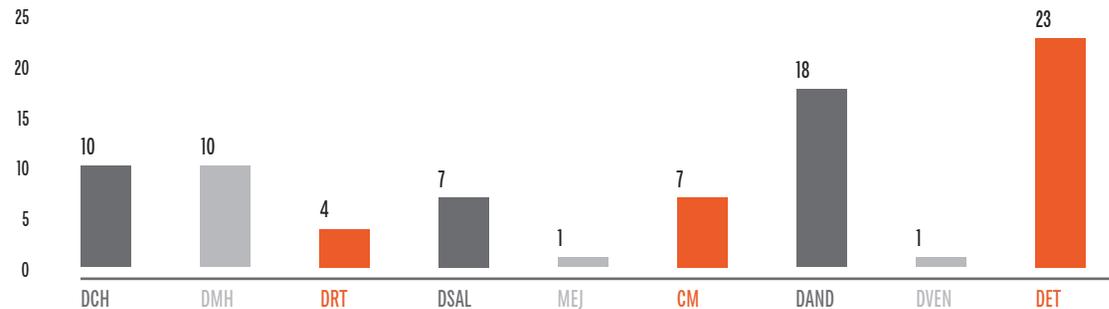
**G4-HR8**

From the 81 contacts received, 35 were of social nature, 17 were environmental topics, 17 questions and information, and 12 were suggestions.



It must be noted that none of the social-environmental calls reported violations of indigenous rights.

Finally, the following graph illustrates the total contacts received per division:



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**KPMG Auditores Consultores Ltda.**  
Av. Isidora Goyenechea 3520, Piso 2  
Las Condes, Santiago, Chile

Teléfono +56 (2) 2798 1000  
Fax +56 (2) 2798 1001  
[www.kpmg.cl](http://www.kpmg.cl)

## Independent Accountant's Report Codeleco's 2015 Sustainability Report

**President and Directors**  
Corporación Nacional del Cobre de Chile (CODELCO)

### Scope

We have reviewed the content and data disclosed in the 2015 Sustainability Report of Codeleco.

Codeleco's management is responsible for the preparation of the Sustainability Report. Additionally, Codeleco's management is responsible for the contents, affirmations, scope definition, management and information systems controls for reporting in the Sustainability Report.

### Assurance Standards

Our review was conducted in accordance with attestation engagement standards established by the Colegio de Contadores de Chile A.G. A review is substantially less in scope than an examination or audit, the objective of which is the expression of an opinion on Codeleco's 2015 Sustainability Report. Accordingly, we do not express such an opinion.

Contents and data disclosed in the 2015 Sustainability Report of Codeleco were also reviewed considering the criteria established in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines as described in the G4 version as well as its related Supplement for the Mining and Metal Sector and the assurance procedures over the Sustainable Development Principles and Position Statements of the International Council on Mining and Metals (ICMM), which are summarized as follows:

- ✓ Determine that the contents and data disclosed in the 2015 Sustainability Report are duly supported with sufficient evidence.
- ✓ Determine that Codeleco has prepared its 2015 Sustainability Report in accordance with the Principles on Content and Quality as established by the GRI guidelines in the G4 version and its Supplement for the Mining and Metal Sector.
- ✓ Confirm the "in accordance" Comprehensive option stated by Codeleco in its 2015 Sustainability Report, as established by the GRI guidelines in the G4 version.
- ✓ Confirm Codeleco's alignment with the Sustainable Development Principles and Position Statements of the ICMM.

### Assurance Procedures

Our procedures considered on site visits to Codeleco's facilities such as their Corporate Offices and the following divisions: Chuquicamata, Ministro Hales, Ventanas, and The Teniente.

Our procedures considered conducting inquiries with Codeleco's management and the personnel from the operations responsible for the preparation of the report, as well as performing other analytical procedures, that included:

- ✓ Interviews with Codeleco's relevant personnel, in order to assess the 2015 sustainability report preparation process, content definition and information systems used.
- ✓ Analysis of Codeleco's alignment with the Sustainable Development Principles and Position Statements of the ICMM.
- ✓ Analysis of the process and outcome of identifying and prioritizing material sustainable development risks, as well as the systems and approaches to manage them.
- ✓ Review of data included in the 2015 Sustainability Report through supporting documentation provided by Codeleco.
- ✓ Analysis of the collection process and the quality assurance and quality control over the quantitative information reported in the sustainability report.
- ✓ Analytical and test procedures on the reliability and accuracy of the data provided on a sample basis and recalculations.
- ✓ Review the information disclosed in Codeleco's 2015 Sustainability Report.

### Conclusions

Based on our review, nothing came to our attention that caused us to believe that:

- ✓ The contents and data disclosed in the Codeleco's 2015 Sustainability Report is not duly supported with sufficient evidence.
- ✓ Codeleco's 2015 Sustainability Report has not been prepared in accordance with the Principles on Content and Quality as established by the GRI guidelines as described in the G4 version and its related Supplement for the Mining and Metal Sector.
- ✓ Codeleco's 2015 Sustainability Report does not comply with the "in accordance" Comprehensive option stated by Codeleco according to the GRI Guidelines in the G4 version.
- ✓ Codeleco is not aligned with the Sustainable Development Principles and Position Statements of the ICMM.

The above translation is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

KPMG, Auditores y Consultores Ltda

Luis Felipe Encina,  
Partner

Santiago March 22, 2016

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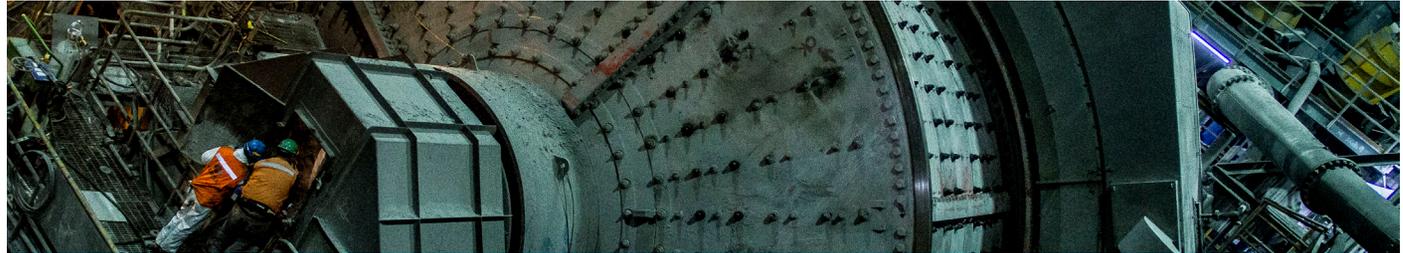
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# ICMM



**Just as the main mining and metal companies of the world, Codelco belongs to the International Council on Mining and Metals.**

Just as the main mining and metal companies of the world, Codelco belongs to the International Council on Mining and Metals (ICMM) which, since 2001, brings together the extractive mining and metallurgy leaders and catalyzes the best practices in sustainable development in that industry.

ICMM is formed by regional, national, and commodities associations that share their commitment of enhancing their performance through sustainable development and responsible production of the mineral and metal resources needed by society.

As ICMM members we agreed to comply with three mandatory elements:

- Integrate the set 10 principles of sustainable development and the supporting position statements into corporate policies.
- Report the progress and management of the principles and position statements in Sustainability Reports (annually), according to the Global Reporting Initiative (GRI), including the GRI Mining and Metals Sector Supplement.

- Obtain an independent third-party verification of our performance in sustainability –an independent auditor must review and assess the quality of our reports, systems, and processes in accordance with ICMM's Assurance Procedure.

ICMM is governed by 10 basic principles that guide its actions and those of member organizations in sustainable development matters and, as full member, the Corporation commits itself to:

- 1 Implement and maintain ethical business practices and sound systems of corporate governance.
- 2 Incorporate sustainable development topics to the company's decision-making process.
- 3 Uphold fundamental Human Rights and respect the culture, customs, and values, in relations with employees and other groups affected by our activities.
- 4 Implement risk management strategies based on valid information and a sound scientific base.

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- 5** Seek continuous improvement in our health and safety performance.
- 6** Seek continuous improvement in our environmental development.
- 7** Contribute to the conservation of biodiversity and integrated approaches of territorial planning.
- 8** Facilitate and encourage the design, use, re-use, recycling, and responsible disposal of our products.
- 9** Contribute to the social, economic, and institutional development of the communities existing in the areas where we operate.
- 10** Together with our stakeholders, implement information, communication, and engagement mechanisms that are effective, transparent, and independently verifiable.

As stated in Codelco's Chart of Values, all our actions are guided by sustainable development criteria, always seeking to fulfill the production goals, without jeopardizing the natural or social environment. These commitments are contained in its sustainability policy which has been implemented in all its operation centers through the standards that address important issues associated to sustainability.

The Corporation not only complies and abides by the Principles but it also adheres to the 6 position statements that throw light on the commitments contained in the 10 ICMM Sustainable development principles. Namely:

- ICMM principle for the design of climate change policies

(complements Principles 4 and 6) – June 2011.

- Mining position statement: Partnership for development (complements Principle 9) – January 2010.
- Position statement on mineral revenues transparency (complements Principle 1) – July 2009.
- Position statement on mercury risk management (complements Principles 4, 6 and 8)- February 2009.
- Position statement on indigenous peoples and mining (complements Principle 3) – May 2013.
- Position statement on mining and protected areas (complements Principles 6 and 7) - September 2003.

Our sustainability development is submitted to our stakeholders each year through the Sustainability Report. To this respect, it must be noted that we were the first company to use, in 2002, the Reportability standard proposed by the Global Reporting Initiative (GRI).

Codelco reports are available on its website both in Spanish and English and disseminated among its strategic stakeholders through corporate notifications and the relationship channels in place in its operation centers.

Joining the ICMM meant going through a strict assurance procedure that specified the ICMM requirements to fulfill performance commitments. Additionally, an external independent verification is conducted each year to check the level of performance against the the 10 Principles and Position Statements and the way in which the Corporation identifies, addresses, and manages material

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sustainability risks in the business through continual improvement and control of its management systems and processes.

### Sustainability performance

Codelco conducts an annual survey of critical or high-impact aspects that may affect the business and its management axes. This survey -carried out by its Corporate Risk Management System in each work center Management- includes risks associated to sustainable development topics, known as social-environmental vulnerabilities. This process is supported by divisional Sustainability and External Affairs Managements or their equivalents and sets up management plans to eliminate these risks or control their impacts.

As part of the performance agreements, each work center must report the progress made in social-environmental vulnerabilities management plans and their respective programs; in fact, continuous follow-up is conducted by their General Managers and the HQ Vice Presidency of Corporate Affairs and Sustainability. Progress status and results are periodically reported to the Board's Corporate Governance and Sustainability Committee.

### Systems, processes, and compliance status

In Codelco, the management of significant environmental and community sustainability issues falls under the responsibility of the Sustainability and Institutional Relationship Management which, through the Environmental Risk Management System and the Community Development Management System, identify and monitor the impacts that might affect the different operations. In 2015, 10 vulnerabilities were closed and 40% of gaps identified were totally closed.

On the other hand, the Occupational Health and Safety Management, with the aid of a robust management system, monitors the performance against the standards associated to these topics. Sustainability management is strengthened not only by Human Resources management but also by the proposals of integration and enhancement of collaborators' quality life; communication and grievance mechanisms are put in place to improve the participation and management of whistleblowing reports from own and contractor workers.

Besides the grievance mechanisms made available for collaborators, Codelco has opened whistleblowing channels for its communities and other external stakeholders. These channels are administered by third parties but managed by the company to ensure strict confidentiality and anonymity will be kept regarding these reports.

In this 2015 Sustainability Report all issues of material importance for the company and its stakeholders are described in terms of their importance for the company and its stakeholders while the management mechanisms and the results obtained from that management have been made fully transparent.

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GRI Code	Indicator name	Location	Verification	Justification and/or reply
G4-1	Statement from main party responsible for corporate decisions (Executive Officer, Chairman, or similar) about the importance that sustainability has for the organization and its strategy in addressing that matter.	Letter from the CEO	Verified	
G4-2	Describe the main effects, risks, and opportunities.	Corporate Governance	Verified	
G4-3	Name of the organization.	Our company	Verified	
G4-4	Main brands, products, and services generated by the organization.	Our company	Verified	
G4-5	Headquarters location.	Our company	Verified	
G4-6	Number of countries where the organization operates and name of countries where the organization pursues significant operations or these operations exert a specific importance on the sustainability issues addressed in this report.	Our company	Verified	
G4-7	Nature of ownership and legal form.	Our company	Verified	
G4-8	Indicate the markets it serves (per geographical location, sectors, and types of customer and final recipient).	Our company	Verified	
G4-9	Define size of the organization by indicating: - number of employees; - number of operations; - net sales (for private-sector organizations) or net revenues (public-sector organizations); - capitalization, with debt and equity breakdown (for private-sector organizations); & - Number of products and services offered.	Our company	Verified	
G4-10	a. Number of employees per employment contracts and gender. b. Number of permanent employees per type of contract and gender. c. Workforce per employees, hired workers, and gender. d. Workforce per region and gender. e. State whether an important part of the organization's work is performed by freelance workers legally recognized or by people other than hired employees or workers, such as employees and employees subcontracted by contractors. f. Report any significant change in number of employees (for example, seasonal recruitments during tourist period or in agricultural area).	Our company Work performance	Verified	
G4-11	Percentage of employees covered by collective agreements.	Work performance	Verified	
G4-12	Supply chain of the organization.	Our company	Verified	

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G4-13	<p>a. Indicate significant changes occurred during the reporting period, in relation to the organization's size, structure, ownership, or supply chain; for example:</p> <ul style="list-style-type: none"> <li>- Changes in the location of operation centers, or in the operation centers themselves, such as the opening, closure or expansion of facilities.</li> <li>- Changes in the share capital structure and other operations of capital formation, maintenance, or alteration (for private-sector organizations); and</li> <li>- Changes in the location of suppliers, supply chain structure or the relationship with suppliers, in topics like contract selection and termination.</li> </ul>		Verified Justified	No significant changes of this type occurred in 2015.
G4-14	State how the organization addresses, if applicable, the precautionary principle.	Environment	Verified	
G4-15	List the letters, principles or other external initiatives of economic, environmental, and social nature the organization adheres to or has adopted.	Corporate Governance	Verified	
G4-16	<p>a. List the national or international associations (eg, industrial associations) and entities the organization is a member of and where it:</p> <ul style="list-style-type: none"> <li>- Occupies a position in governance levels;</li> <li>- Participates in projects or committees;</li> <li>- Contributes important funds, other than mandatory membership fees;</li> <li>- Considers that becoming a member is a strategic decision. This list refers mainly to memberships at organization level.</li> </ul>	Corporate Governance	Verified	
G4-17	<p>a. List the entities mentioned in the organization's consolidated financial statements and other equivalent documents.</p> <p>b. Indicate whether any of the entities referred to in the organization's consolidated financial statements or other equivalent documents are not mentioned in the Report. The organization may provide this basic content by making a reference to information publicly issued and available in consolidated financial statements or other equivalent documents.</p>		Verified Justified	The list of entities is contained in the 2015 Financial Report, Chapter Subsidiary and Associated Companies (page 152). The website link to the Financial Report is / memoria2014/site/edic/base/port/nosotros.html
G4-18	<p>a. Describe the process followed in the determination of Report contents and the boundary of each aspect.</p> <p>b. Explain how the organization has applied the Reporting Principles in the determination of the Report contents.</p>	Materiality process	Verified	
G4-19	List the material aspects identified during the definition of the Report contents.	Materiality process	Verified	

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G4-20	Boundary of each material Aspect within the organization. Proceed as follows: - Indicate if Aspect is material within the organization. - If Aspect is not material for all entities of the organization (as described in item G4-17), choose one of the approaches below and provide: — a list of the entities or groups of entities included under item G4-17 which do not consider the Aspect as material; or — a list of the entities or groups of entities included under item G4-17 which do consider the Aspect as material. --any concrete limitation that affects the boundary of each Aspect within the organization.	Materiality process	Verified	
G4-21	a. Indicate the boundary outside the organization of every material Aspect, as follows: - Report if the Aspect is material outside the organization. - If the Aspect is material outside the organization, state what entities, groups of entities, or elements are of the same opinion. Describe also the places where the Aspect is material for the entities. Report any concrete limitation that may affect the boundary of each Aspect outside the organization.	Materiality process	Verified	
G4-22	Describe the consequences caused by reformulations of information provided in earlier reports and their causes.	Materiality process	Verified/ Justified	No restatements of information disclosed in previous reports occurred in 2015.
G4-23	Indicate any significant change in Scope and Boundary of each Aspect against previous reports.	Materiality process	Verified	
G4-24	Provide a list of stakeholders connected to the organization.	Materiality process	Verified	
G4-25	Indicate the basis for choosing the stakeholders the organization works with.	Materiality process	Verified	
G4-26	Describe the organization's approach about stakeholders' engagement, including the frequency of engagement per type and group of stakeholder or state if the engagement of a group occurred specifically in the reporting process period.	Materiality process	Verified	
G4-27	Indicate what key concerns or issues have arisen as a result of stakeholder engagement and, also, describe the assessment made by the organization, among other aspects, through its Report. Specify what stakeholders raised each of the key concerns or issues.	Materiality process	Verified	
G4-28	Reporting process period (eg., fiscal year or calendar year).	Materiality process	Verified	

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G4-29	Date of last report (if applicable).	Materiality process	Verified	
G4-30	Report submittal cycle (annual, biennial, etc.).	Materiality process	Verified	
G4-31	Provide contact to clear out doubts that may arise in relation to report contents.	Materiality process	Verified	
G4-32	a. Indicate the “in accordance” option the organization has selected with respect to the Guidelines. b. Provide GRI Index of the option selected (see Tables below). c. Provide reference to the external Verification Letter, if the Report has been submitted to such verification. GRI encourages external, though not mandatory, verification, so that the Report is «in accordance” with the Guidelines.	Materiality process	Verified	
G4-33	a. Describe the policies and practices in place within the organization with regard to external verification of the report. b. If not mentioned in the Verification Letter enclosed in the Sustainability Report, indicate scope and basis of the external verification. c. Describe the relationship between the organization and the suppliers in the verification. d. Indicate if the highest governance body or senior executives have participated in the request of external verification for the organization’s Sustainability Report.	Materiality process	Verified	
G4-34	Describe the governance structure of the organization, including the highest governance body committees. State the committees responsible for decision making on economic, environmental, and social matters.	Corporate Governance	Verified	
G4-35	Describe the process used by the highest governance body to delegate its authority to senior executives and to some employees in economic, environmental, and social matters.	Corporate Governance	Verified	
G4-36	Indicate if the organization has senior executives or executives with responsibility on economic, environmental, or social matters and if these executives report directly to the highest governance body.	Corporate Governance	Verified	
G4-37	Describe the consultation processes between the stakeholders and the highest governance body with respect to economic, environmental, and social topics.	Materiality process	Verified	
G4-38	Describe the composition of the highest governance body and its committees: - Executives and non-executives; - Independence; - Seniority in position in governance body.	Corporate Governance	Verified	

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G4-39	Indicate if the Chair of the highest governance body performs also executive duties. If so, describe executive functions and the reason of such decision.	Corporate Governance	Verified	
G4-40	Describe the appointment and selection processes for the highest governance body and its committees.	Corporate Governance	Verified	
G4-41	Describe the processes used by the highest governance body to prevent and manage likely conflicts of interest.	Corporate Governance	Verified	
G4-42	Describe the functions of the highest governance body and of senior executives in the development, approval and update of the organization's purpose, values, or mission statements, the strategies, policies, and the goals associated to economic, environmental, and social impacts.	Corporate Governance	Verified	
G4-43	Specify measures taken to develop and improve the highest governance body's collective knowledge about economic, environmental and social topics.	Corporate Governance	Verified	
G4-44	Describe the processes used to evaluate the highest governance body's performance in relation to the governance of economic, environmental and social affairs. State if this is an independent evaluation and how often it is conducted. State whether this is a self-assessment. b. Describe the measures adopted as a result of the assessment of the highest governance body's performance in relation to the governance of economic, environmental and social topics; among others, report, as a minimum, if changes have been made in members or in organizational practices.	Corporate Governance	Verified	
G4-45	Describe the function of the highest governance body in the identification and management of impacts, risks, and opportunities of economic, environmental and social nature. Describe, also, the role of the highest governance body in the implementation of due diligence processes. b. Indicate if stakeholder consultations are conducted to be used in the highest governance body's work of identification and management of impacts, risks, and opportunities of economic, environmental and social nature.	Corporate Governance	Verified	
G4-46	Describe the function of the highest governance body in the analysis of the organization's risk management process efficiency in relation to economic, environmental and social matters.	Corporate Governance	Verified	
G4-47	Report how often the highest governance body analyzes the impacts, risks, and opportunities of economic, environmental and social nature.	Corporate Governance	Verified	
G4-48	Indicate which is the highest committee or position in charge of reviewing and approving the organization's Sustainability Report and ensuring that all material Aspects have been reflected.	Corporate Governance	Verified	

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G4-49	Describe the process to communicate important concerns to the highest governance body.	Corporate Governance	Verified	
G4-50	State the nature and number of important concerns conveyed to the highest governance body; describe, also, the mechanisms applied to address and assess them.	Corporate Governance	Verified	
G4-51	a) Describe the remuneration policies for the highest governance body (BOARD) and senior executives (SENIOR ADMINISTRATION), according to the following types of remuneration: fixed pay and variable pay: – performance-based pay; – equity-based pay; – bonuses; and – deferred shares or transferred shares; bonuses or incentives to hiring; termination payment; reimbursements; and retirement payment, having in mind the difference between benefit plans and the types of remuneration of the highest governance body, senior executives and all other employees. b. Compare the performance-related criteria that affect the remuneration policy with the economic, environmental and social objectives of the highest governance body and the senior executives.	Gobierno Corporativo	Verificado	
G4-52	a. Describe the processes to determine remuneration. State if consultants participate in this process and if these are independent from Administration. Indicate any other connection that remuneration-associated consultants may have with the organization.	Corporate Governance	Verified	
G4-53	Explain how stakeholder's opinions are collected and considered in matters of remuneration, including, if applicable, the results of voting in relation to policies and proposals in connection with this topic.	Corporate Governance	Verified	
G4-54	Indicate the ratio between the total annual remuneration of the organization's best-paid person in each country where significant operations are carried out and the average total annual remuneration received by all employees (excluding the best-paid person) of that country.	Work performance	Verified	
G4-55	Indicate the ratio between the percentage increase of the total annual remuneration of the best-paid person of the organization in each country where significant operations are carried out and the average increase of the average total annual remuneration received by all employees (excluding the best-paid person) of that country.	Work performance	Verified	
G4-56	Describe the organization's values, principles, standards and norms, such as Code of Conduct and Codes of Ethics.	Corporate Governance	Verified	
G4-57	Describe internal and external mechanisms applied when looking for advice on ethical and legal behavior and issues associated to the organization's integrity, such as helplines or advice lines.	Corporate Governance	Verified	

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G4-58	Describe internal and external mechanisms applied to report unethical or illicit behaviors in issues associated to the organization's integrity, such as escalating the notification to the management level, whistleblowing mechanisms to report irregularities or helplines.	Corporate Governance	Verified	
G4-EC1	Generated and distributed direct economic value.	Our company	Verified	
G4-EC2	Economic consequences and other risks and opportunities for the organization's activities derived from climate change.		verificado Justificado	No new risk analyses were conducted in 2015; only progress was made on a draft version of a climate change strategy that, among others, seeks to take charge of climate change impacts on the business.
G4-EC3	Coverage of the organization's obligations derived from its benefit plans.	Work performance	Verified	
G4-EC4	Economic assistance granted by government entities.		Verified	As mandated by Law, Codelco is not allowed to receive donations or financial help from governments to conduct its activities.
G4-EC5	Ratio between the initial wage by gender and the minimum local wage in places where significant operations are carried out.	Work performance	Justified	
G4-EC6	Percentage of senior executives from the local community in places where significant operations are carried out.	Work performance	Verified	
G4-EC7	Development and impact of investment on infrastructure and types of services.	Community relations	Verified	
G4-EC8	Significant indirect economic impacts and their extension.	Community relations	Verified	
G4-EN3	Internal energy consumption.	Environment	Verified	
G4-EN4	External energy consumption.		Verified	Codelco has not developed a methodology to quantify external energy consumption.
G4-EN5	Energy intensity.	Environment	Verified	
G4-EN6	Reduction of energy consumption.	Environment	Verified	
G4-EN7	Reductions of energy requirements of products and services.		Verified Justified	Considering the type of product produced by Codelco, this indicator does not apply to the Corporation.
G4-EN8	Total water withdrawal per source.	Environment	Verified	
G4-EN9	Water sources significantly affected by water withdrawal.	Environment	Verified	

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G4-EN10	Total percentage and volume of recycled and reused water.	Environment	Verified	
G4-EN11	Operational facilities owned, leased, managed located close to, contain, or are situated in protected and non-protected areas of great biodiversity value.	Environment	Verified	
G4-EN12	Describe the most significant impacts on the biodiversity of protected areas or areas of high biodiversity value, in terms of non-protected biological biodiversity derived from the activity, products, and services.	Environment	Verified	
G4-EN13	Protected or restored habitats.	Environment	Verified	
G4-EN15	Direct emissions of greenhouse-effect gases (Scope 1).	Environment	Verified	
G4-EN16	Indirect emissions of greenhouse-effect gases when energy is generated (Scope 2).	Environment	Verified	
G4-EN17	Other indirect emissions of greenhouse-effect gases (Scope 3).		Verified Justified	Codelco does not quantify its indirect emissions of greenhouse-effect gases (Scope 3).
G4-EN18	Emission intensity of greenhouse-effect gases.	Environment	Verified	
G4-EN19	Emission reduction of greenhouse-effect gases.	Environment	Verified	
G4-EN20	Emission of ozone-depleting substances.		Verified Justified	Codelco lacks data systems to generate the information requested.
G4-EN21	NOx, SOx, and other significant atmospheric emissions.	Environment	Verified	
G4-EN22	Total water discharges, per quality and destination.	Environment	Verified	
G4-EN23	Total weight of waste, per type and treatment method.	Environment	Verified	
G4-EN24	Total number and volume of significant spills.	Environment	Verified	
G4-EN25	Weight of transported, imported, exported, or treated waste considered to be hazardous according to Annexes i, ii, iii, and viii of the Basel Convention <sup>2</sup> , and percentage of waste shipped abroad.		Verified Justified	Codelco did not ship hazardous waste to other countries in 2015.
G4-EN29	Monetary value of significant fines and number of non-monetary sanctions due to non-compliance of the legislation and environmental legislation.	Corporate Governance	Verified	

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G4-EN31	Breakdown of environmental expenses and investments.	Environment	Verified	
G4-EN34	Number of environmental grievance filed, addressed, and solved through formal grievance mechanisms.	Environment	Verified	
G4-HR1	Number and percentage of significant investment contracts and agreements that include Human Rights clauses or have been analyzed in relation to Human Rights matters.	Corporate Governance	Verified	
G4-HR2	Number of hours that employees have been trained on policies and procedures associated to Human Rights aspects that are relevant to their activities, including the percentage of trained people.	Work performance	Verified	
G4-HR3	Number of cases of discrimination and corrective measures adopted.	Corporate Governance	Verified	
G4-HR4	Identification of significant operations and suppliers where the freedom of association and the rights to participate in collective bargaining can be violated or be jeopardized, and measures taken to protect those rights.	Work performance	Verified	
G4-HR5	Identification of operations and suppliers with significant risk of child labor and measures taken to help abolish child labor.	Work performance Our company	Verified	
G4-HR6	Operations and suppliers with significant risk of being the source of forced labor, and measures taken to help abolish all forms of forced labor.	Work performance	Verified	
G4-HR7	Percentage of security personnel that has been provided training on the organization's policies and procedures on Human Rights matters relevant to the operations.	Work performance	Verified	
G4-HR8	Number of cases of violations of Human Rights of indigenous peoples, and measures adopted.		Verified	No cases of Human Rights violations involving indigenous peoples were filed in 2015.
G4-HR12	Number of grievances about Human Rights filed, addressed, and solved through formal grievance mechanisms.	Corporate Governance	Verified	
G4-LA1	Number and rate of hires and average employee turnover per age group, gender, and region.	Corporate Governance	Verified	

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G4-LA2	Social benefits granted to full-time employees only and not provided to temporary or part-time employees, per significant locations of operations.		Verified/ Justified	The benefits agreed on collective bargainings vary from one operation to another depending on the negotiations made with respective Trade Unions. Thus, benefits vary according to type of collective bargaining and not according to type of work schedule or contract. In this case, the life insurance for workers is the only instrument that includes the entirety of the Corporation's employees.
G4-LA3	Rate of work return and retention after maternity or paternity leave, per gender.	Work performance	Verified	
G4-LA4	Minimum notice period to notify operative changes and their likely inclusion in collective bargaining.	Work performance	Verified	
G4-LA5	Percentage of workers represented in formal health and safety committees for management and employees, created to help control and advice on labor health and safety programs.	Work performance	Verified	
G4-LA6	Type and rate of injuries, professional diseases, lost days, absenteeism, and number of work-related fatalities, per region and gender.	Work performance	Verified	
G4-LA7	Workers whose work presents high incidence or risk of developing a disease.	Work performance	Verified	
G4-LA8	Health and safety aspects covered in formal agreements with Trade Unions.	Work performance	Verified	
G4-LA9	Annual average training hours per employee, per gender and work category.	Work performance	Verified	
G4-LA10	Skills management and continued training programs that promote employability among workers and assist them in managing the completion of their professional careers.	Work performance	Verified	
G4-LA11	Percentage of employees that receive regular performance and professional development evaluations, per gender and professional category.	Work performance	Verified	
G4-LA12	Composition of governance bodies and workforce breakdown per work category, gender, age, membership in a minority group and other indicators of diversity.	Work performance	Verified	
G4-LA13	Ratio between men's and women's minimum wage, per work category and significant locations of operations.	Work performance	Verified	
G4-LA16	Number of grievances regarding labor practices filed, addressed, and solved through formal grievance mechanisms.	Our company	Verified	
G4-PR9	Monetary costs of significant fines for non-compliance of the legislation and regulations concerning the supply and use of products and services.		Verified/ Justified	There is no evidence of significant fines associated to this indicator for 2015.

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G4-SO1	Percentage of operations where development, impact assessment, and local community engagement have been put in place.	Community relations	Verificado	
G4-SO2	Operations with significant adverse effects, actual or possible, on local communities.		Verificado	Durante 2015, no se registraron impactos negativos significativos en las comunidades locales del entorno de las operaciones
G4-SO5	Confirmed cases of corruption and measures adopted.	Corporate Governance	Verificado	
G4-SO6	Value of political contributions, per country and recipient.		Verificado/ Justificado	Codelco tiene normas precisas que determinan el contenido de los presupuestos y el destino de las utilidades de la empresa. Por Decreto Reservado y Exento de Toma de Razón del Ministerio de Hacienda de Chile, la Corporación no puede efectuar donaciones ni aportes financieros o en especies, a ninguna institución pública o privada, nacional o extranjera.
G4-SO8	Monetary value of significant fines and number of non-monetary sanctions for non-compliance of the legislation and regulations.	Corporate Governance	Verified	
G4-SO11	Number of grievances regarding social impacts filed, addressed, and solved through formal grievance mechanisms.	Corporate Governance	Verified	
G4-SO11	Number of grievances regarding social impacts filed, addressed, and solved through formal grievance mechanisms.	Community relations	Verified	
MM2	Number and percentage of sites identified as in need of biodiversity management plans, according to established criteria and number (percentage) of sites covered by these plans.	Environment	Verified	
MM3	Total overburdens, waste, tailings, sludges, and associated risks.	Environment	Verified	
MM4	Number of strikes and lock-outs longer than a week, per country.	Work performance	Verified	
MM5	Total number of operations located in indigenous peoples' territories or next to them, and number and percentage of operations or sites with formal agreements in place with local communities.	Community relations	Verified	

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MM6	Number and description of significant conflicts associated to land use, customary rights of local communities, or indigenous peoples.		Verified	No significant conflicts associated to land use, customary rights of local communities, or indigenous peoples occurred in 2015.
MM7	Extent to which grievance mechanisms were used to solve conflicts related to land use, customary rights of local communities, or indigenous peoples. Indicate outcomes.		Verified/ Justified	No significant conflicts associated to land use, customary rights of local communities, or indigenous peoples occurred in 2015.
MM10	Number and percentage of operations with closure plans.	Environment	Verified	





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