

Corporate profile



Codelco is an autonomous company, owned by all Chileans. It is the world's leading copper producer and a driver of the country's development.

Our core business is to explore, develop and exploit mineral resources and process them to produce refined copper and by-products for their subsequent sale. We carry out these activities through eight Divisions: Radomiro Tomic, Chuquicamata, Ministro Hales, Gabriela Mistral, Salvador, Andina, El Teniente and the Ventanas smelter and refinery.

Our corporate strategy is coordinated and led from our Head Office in Santiago, Chile's capital, by a nine-member Board of Directors and the company's Chief Executive Officer.

Our commercial products go to clients around the world. Our overseas sales accounted for 15% of Chile's total exports in 2016, with Asia as our principal market, followed by Europe and South America.

Since it was founded in 1971 and through to 2016 or, in other words, over the course of 45 years, Codelco has contributed US\$102,000 million (2016 dollars) to the state of Chile and, as of December 2016, had assets worth US\$33,403 million and a net worth of US\$9,890 million.



Our Mission

To deploy responsibly and with excellence all our capacity for the mining and related businesses in Chile and the rest of the world in order to maximize Codelco's economic value in the long term and its contribution to the state of Chile.

Codelco pursues this mission, seeking to be a high-performance organization and emphasizing participation, innovation, sustainability and the constant development of people.

Shared values

Codelco's Charter of Values and Code of Business Conduct guide all the company's decisions and the way it conducts its business. Those who work at the company strive to fulfill undertakings and achieve recognition for the way they do things, based on the following values:

Respect for life and human dignity

Responsibility and commitment

Personal competence

Team work

Excellence at work

Innovation

Sustainable development

Pillars of the business

Our strategic pillars seek to make the company more productive, more innovative and more sustainable in order to respond to the critical demands of the mining business of the twenty-first century.

We understand that we must be competitive across all areas, adding value to the extraction of resources, contributing to our country's development and, in an intrinsic requirement of the mining business, innovating unceasingly. Over the past few years, we have implemented effective communications strategies that are more open and reflect a vocation for transparency. In this way, we seek to foster a culture of proactively, opportunely, accessibly and clearly disclosing information of public interest.

Sustainability is another of our strategic priorities and includes maximum concern for safety and occupational health, the environment, community relations and efficiency in the use of natural resources as well as the defense and development of markets. Our Sustainability Master Plan, introduced in 2016, seeks primarily to develop a Codelco Seal of Quality, with sustainable and traceable products and processes, backed by an organization that is efficient, inclusive, open to dialogue and innovative.

Our strategic pillars

- To be one of the most competitive mining companies.
- To strive for transparency, probity and best practices.
- To innovate in the business.
- To aspire to a mining business that respects the environment and has a sense of community.
- To incorporate female talent, visions and skills into the mining industry.

Leading presence

Codelco is the world's largest copper producer. In 2016, we produced 1,827,267 tonnes of fine copper, including our stakes in El Abra and Anglo American Sur. That is equivalent to 9% of the world's mine copper output and 33% of that of Chile. Codelco is also the world's second largest molybdenum producer, with an output of 30,641 tonnes of fine molybdenum in 2016.

The company regularly accesses the banking system and capital markets of both Chile and other countries in order to finance investments and refinance liabilities. It has a long and respected track record in local and international markets that has enabled it to develop a broad, geographically diverse and high-quality base of banks and investors through which to access North American, Asian and European financial markets for the placement of bonds and to obtain bilateral and syndicated loans.

Our commercial products

Grade A copper cathodes
 Copper concentrate
 Calcined copper
 Molybdenum
 Gold
 Silver
 Anode sludges
 Sulfuric acid
 Wire rods (semi-finished product).

In August 2016, we successfully placed a bond for 10 million *unidades de fomento*, achieving some of the best conditions and highest demand ever seen on the Chilean market. This placement reflected investors' confidence in the company and its management.

Similarly, reflecting the confidence of the Chilean government in Codelco's management, it announced a capital injection of US\$975 million for the company in December 2016.

Financial strength

Codelco has developed and maintains long-term relations with a stable and geographically diverse base of clients who include some of the world's leading manufacturing companies.

Technology and innovation

Today, the copper mining industry faces adverse conditions: low ore grades, high operating costs and a drop in the price of the metal. In order to continue contributing to the country's development in

this context, it is paramount to break paradigms, open new roads and view management and processes differently.

In response, Codelco has moved from a closed model of searching for solutions to one that is open in order to incorporate other players in the local and international innovation ecosystem such as suppliers, research centers and universities. In December 2016, we created Codelco Tech, our technological subsidiary, to coordinate and accelerate response to the mining industry's challenges through cutting-edge improvements that promise economic, social and environmental sustainability.

Exploration

Taking a long-term view, we are constantly undertaking exploration activities in Chile and other countries in order to maintain and expand our resource base. The experience and professional quality of our workforce mean that, in our quest for new deposits, we are able to implement the highest standards as regards neighboring communities in both Chile and abroad, complying with local laws and applying our values and business principles.

The future

In 2016, we achieved important progress in implementing and optimizing an investment portfolio that seeks to extend the life of the company's mines, raise its environmental standards and increase productivity.

This has allowed us to advance with the construction of structural projects and other initiatives, addressing their scheduling with realism. In 2016, the company invested US\$2,738 million, an amount that was similar in nominal terms to the previous year and once again positioned Codelco as the company that invests most in Chile.

Foundation and legal framework

Codelco is a company owned by the state of Chile whose purpose is to undertake mining, commercial and industrial activities. It was founded as the Corporación Nacional del Cobre de Chile, Codelco Chile, under Decree Law N° 1.350 in 1976 when the company took over management of the large-scale mines that had been nationalized in 1971.

The company reports to the government through the Mining Ministry and is governed by ordinary legislation unless otherwise stipulated under the terms of Decree Law N° 1.350.

Law N° 20.392, published in the Official Gazette on 14 November 2009, modified Codelco's Organic Statutes as established under Decree Law N° 1.350 as well as regulation of the disposal of assets that do not form part of the mines currently being worked (Law N° 19.137).

Corporate governance

Modern, professional, transparent and auditable management is the priority of the company's current Board of Directors, which has promoted regulation on transparency, probity and good corporate governance. This regulation is based on demanding international standards regarding the different areas of the company's activities such as commercial relations, institutional ties, conflicts of interest and lobbying as well as the management of human resources.

These changes have been possible thanks to the model of corporate governance introduced in March 2010. It opened the way to professionalization of the Board and definition of relations with the company's owner or, in other words, the people of Chile represented at the shareholders' meeting by the Ministries of Finance and Mining, as well as with regulatory agencies and the company's principal stakeholders. This organizational model makes for better

management that is more closely aligned with the company's nature and objectives, reinforcing due transparency, oversight and internal controls as well as communications and the intervention of each body within the sphere of its powers.

Our corporate organization also tends to underscore Codelco's position as a company that belongs to the state as distinct from the incumbent government, helping to isolate its management from the effects of political cycles.

The amendments to Codelco's Organic Statutes introduced by Law N° 20.392, published in November 2009 and in force since 1 March 2010, were based on the OECD Guidelines on Corporate Governance of State-Owned Enterprises.

Since then, Codelco's corporate governance structure has been headed by a nine-member Board of Directors, with broad powers, whose current Chairman is the economist Óscar Landerretche Moreno while the company's CEO is civil mining engineer Nelson Pizarro Contador.

Board of Directors

Codelco's senior governance body is its Board of Directors which comprises:

Three directors appointed by the President of Chile;

Two representatives of the company's workers, selected by the President of Chile from shortlists for each seat put forward, in one case, by the Federation of Copper Workers and, in the other, jointly by the National Association of Copper Supervisors and the Federation of Copper Supervisors;

Four directors selected by the President of Chile from a shortlist for

each seat drawn up by the Civil Service Board, with the approval of four-fifths of its members.

The President of Chile chooses one of these nine directors to chair the Board while the Board appoints the company's CEO, who is responsible for implementing the Board's decisions and overseeing all the company's productive, administrative and financial activities. The CEO has the powers delegated in him by the Board and remains in his post whilst retaining its confidence.

Budget and oversight

Codelco's annual budget is approved through a Supreme Decree issued jointly by the Mining and Finance Ministries. Oversight of the company is exercised by the Superintendency of Securities and Insurance (SVS), the Chilean Copper Commission (COCHILCO) and, indirectly through COCHILCO, by the Comptroller General of the Republic.

The company is registered on the SVS Securities Register at N° 785 and is subject to the Securities Market Law. It must therefore file with the SVS and publicly disclose the same information as listed companies.

<p>Company name</p>	<p>Corporación Nacional del Cobre de Chile</p> <p>RUT: 61.704.000 - K</p>
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