

Human resources



2016 was a challenging year for the copper industry. However, it was the people within the organization who enabled us to reach our own demanding short-term objectives towards our commitment to being a sustainable and competitive company.

Keeping in line with the strategic agenda of the human resources area, 2016 saw a focus on the management of initiatives tied to business needs, established through three strategic targets: productivity, governability and transformation.

Strategic target	Initiative
Productivity	Diverse Codelco leadership Key group job skill certification, Performance management Staff management
Governance	Collective bargaining Strategic agreement
Transformation	Gender diversity New generations Change management

Highlights

Collective bargaining 2016

In 2016, collective negotiations were conducted with 12 union organizations that represent a total of 7,851 workers. These negotiations led to the association of economic benefits to increased production results (in addition to cost reductions). The only recorded strike activity was during negotiations with Union No. 2, who held a legal 5-day strike. Subsequently, our management team expeditiously came to an agreement with the union to finalize a deal, thereby circumventing negative impact on divisional production.

2016 Negotiations

Work unit	Trade union	Term of agreement (months)
Andina Division	Workers unions <i>Unificado de Trabajadores / Sindicato Industrial de Integración Laboral</i>	28/24
Head Office	Supervisors	24
Projects	Workers, professionals and administrative personnel	30
Salvador Division	Nº 2 Potrerillos / Nº 6 Benito Tapia Tapia	26/24
Chuquicamata Division	Union numbers 1, 2, 3, 5 (Mining) and union number 1 (Antofagasta)	27

Succession management

The succession system is a strategic process aimed at ensuring the availability of leaders capable of propelling Codelco to levels of excellence in business performance.

Currently, all our critical strategic positions have identified successors with an associated development plan in place. With respect to critical management and expert positions, the result is 62% with identified successors, a figure that is in line with the succession strategy plan moving into 2017.

Mentor program

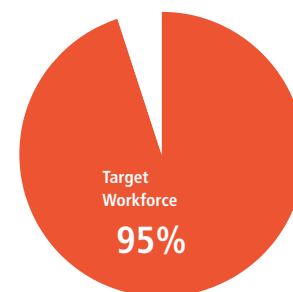
In 2016 we launched a mentor program aimed primarily at skills development and maximization for successors. The program generates collaborative alliances between the successor and mentor, allowing the transfer of experiences from recognized executives to professionals with identified development potential.

Key teams

We also introduced an development program aimed at division work groups and the leadership skills of our executives. The program seeks to strengthen professional development, leadership and the development and other skills of those within our company.



3.481
executives



Labor relations

Trade unions and federations

At Codelco, recognition and respect for the role of trade unions and federations is a key principle of our business philosophy

In 2016, management and the Federación de Trabajadores de Cobre (FTC) moved forward to strengthen their relationship model based on participative management, open dialogue and a new atmosphere of trust, with several instances of joint undertakings.

At the corporate level, the top council, coordinating committee and the human capital, competitiveness and sustainability councils worked together on gender issues, in addition to the dedicated council for that specific purpose.

Both Codelco administration and union management continued to work together towards the implementation of the Strategic Pact for Chile, with 33 management work groups and 4 technological convergence work groups, in which 25 commitments were identified and defined for 2016. These commitments focus on competitive improvement and present and future sustainability of the company. Throughout the year, permanent and systematic monitoring was conducted for compliance with the agreed commitments.

Progress was made with La Federación de Supervisores del Cobre (Fesuc) in the exchange of pertinent information that will lead the way to overcoming differences, permitting us to move proceed towards a transparent and lasting relationship.

During this process, emphasis was placed on the value and contribution of people, their opinions, respect for differences and the desire to unify our efforts to meet our mutually beneficial objectives, thereby ensuring success in meeting future challenges.

Unionization

Codelco has a high rate of union membership. Moreover, we at Codelco fully comply with international standards and conventions pertaining to fundamental human and labor rights and the principles of social responsibility.

On December 31 2016, union membership rates reached 92.4%

for in-house staff with permanent contracts. This figure reflects the value and importance that our workers place on union representation in relations with the administration.

Unionization

As of 31 December 2016

Division	In-house staff with permanent contract	
	Rol A	Rol B
Chuquicamata	85.1%	99.9%
Radomiro Tomic	64.9%	99.8%
Ministro Hales	80.7%	99.5%
Gabriela Mistral	59.6%	96.8%
Salvador	87.8%	99.8%
Andina	88.8%	99.8%
El Teniente	70.4%	98.8%
Ventanas	0%	100.0%
Head Office	79.3%	95.3%
Projects	53.5%	0%
Codelco	71.4%	99.8%

Organizational climate

Under the orders of the board, labor climate studies re-commenced during 2016. These studies were applied to staff with permanent contracts at the professional and operational level across all divisions, Projects and Head Office.

Applying quantitative methodology, we went into the field to collect 5,605 validly issued surveys with a response rate of 92%.

Talent development



2016 recruitment and selection

In 2016, we posted 338 job offers aimed at the external job market to cover 773 vacant positions. We received a total of 108,220 applications, 12% of which were submitted by women.

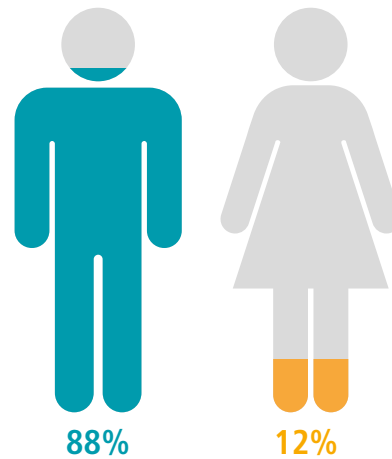
One important milestones reached in this area was the creation and issue of a new internal standard for position assignments and a respective talent recruitment and selection procedure. This procedure contains stringent criteria and objectives for ensuring personnel selection based on merit, all in strict adherence to the principals of non-discrimination and equal opportunity; this, in accordance with our values pertaining to transparency and traceability.

In the same spirit, we have optimized lines of communication and access to information for applicants so that applicants may consult the status of their respective selection process through www.codelco.cl and a contact form to submit doubts or queries.

Graduate program

This initiative continues being one of our foremost sources for attracting young talent. Since its conception in 2008 on through to 2016, 526 young professionals have taken part in this program. Each graduate within the graduate process develops an annual training plan aimed at meeting yearly challenges pertaining to productivity, stainability and the future mining industry. Development is further fostered through 3 key approaches: the transfer of knowledge from primary leaders, onsite fieldwork and the enablement of leadership skill development.

Early attraction



108,220



773 Vacancies filled



In order to meet objectives associated with early attraction of talent, we maintain and nurture ties with universities through participation in company and labor recruitment fairs.

A new application and selection process was implemented, providing applicant trainees and dissertators with greater transparency and options to follow-up on individual application statuses. We received 28,688 applications for annual and summer internship and dissertator positions, 30% of which were submitted by women. As a result of these efforts, upwards of 500 students were incorporated across different work fronts in 2016.

Training

15,899 people underwent training in 2016, employing 644,806 training hours with an investment in the proximity of US\$ 12 million.

Training 2016	
Training rate	1.6
Average hours per person	34.4
Average investment per employee (US\$)	624

Performance

The performance management focus was placed on aligning individual work with business results and strengthening the role of the performance evaluator, thereby improving the quality of conversation and feedback between evaluator and staff. The performance evaluation phase reached 3,841 executives and professionals, a figure representing 95% participation of target staff.

Gender diversity and conciliation of

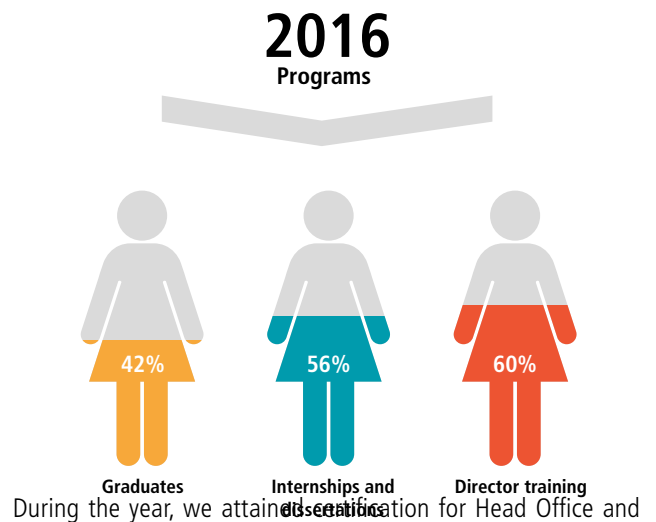
labor, family and personal life

At Codelco, gender equality, diversity and equal opportunity constitute indisputable principles in the management of personnel and in our labor practices. Such established principles are a clear expression of our commitment to fundamental human rights and one of the ways in which to ensure its promotion and defence. These core values are based on our conviction that mixed gender teams contribute directly to the business, productivity and sustainability of our company.

We understand that to be competitive, our human resources must be world class and capable of attracting and retaining talent without any distinction with regard to gender.

In this sense, we have encouraged gender balanced teams in our 2016 programs, ensuring that no single gender is overrepresented.

Therefore, 42% of admissions to the Graduate Program were women; with a 56% level of female participation in internship and dissertator positions and 60% representation in Director Training.



Ventanas Division in Chilean Standard 3262, Management Systems for Gender Equality and Conciliation of Work, Family and Personal Life. This standard is unique at the national level and is embodied in our commitment to gender issues.

The formation of mixed gender work teams has required adjustments to processes in the human resources area, and in the incorporation of measures that benefit both men and women, such as those that bring about the conciliation between life at work and at home. Specifically, we have implemented actions beyond the legal framework to the benefit of this challenge, with improved time flexibility and family / work space.

A key factor towards progress in the formation of mixed gender teams has been the implementation of infrastructure that facilitates the full exercise of labor activity of a balanced workforce in optimal conditions of safety, hygiene and comfort. One example of necessary cultural transformations is evident by the first female Morgan crane operator at the Chuquicamata smelter.

In terms of female participation, women represent 9% of our staff. According to Sernageomin data, this rate is above average in the national mining industry (7.5%). In 2016, 1,668 women worked in Codelco; specifically, 888 workers / operators, 759 professionals and 21 executives. The average age of our female staff is 41 years. In addition, 14% of new hires in 2016 were women, a figure that rose in comparison with the 2015 figure at 12.8%.

We closed the year with the approval of the Policy Gender Equality and Conciliation of Professional, Family and Personal Life. This milestone was achieved through the joint effort of the Federación de Trabajadores del Cobre (FTC) and the administration, under the framework of roundtable discussions formed to carry out the Strategic Pact of Codelco.

Labor indicators

Staffing

On December 31 2016 our in-house staff reached 18,605 individuals (permanent and temporary contracts), a figure that was 2.7% lower than the previous year. Average annual staff is at 18,759 workers.

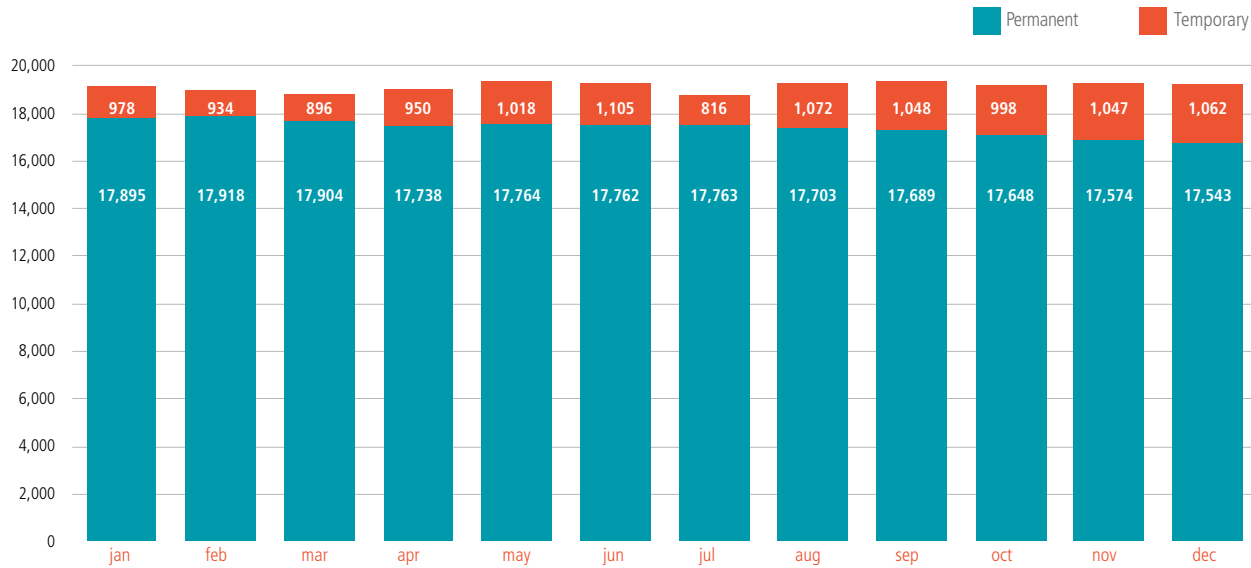
In-house staff per level

Codelco	2015	2016	Variation %
Executives	265	220	-17.0%
Professionals / Supervisors	3,907	3,816	-2.3%
Operators / Administrative Staff	13,930	13,507	-3.0%
Registered Staff	18,102	17,543	-3.1%
Temporary Staff	1,015	1,062	4.6%
Total	19,117	18,605	-2.7%

In-house staff per level

Division	2015	2016	Variation %
Chuquicamata	6,342	5,921	-6.6%
Radomiro Tomic	1,287	1,228	-4.6%
Ministro Hales	772	767	-0.6%
Gabriela Mistral	566	553	-2.3%
Salvador	1,352	1,643	21.5%
Andina	1,699	1,682	-1.0%
El Teniente	4,750	4,524	-4.8%
Ventanas	953	954	0.1%
Head Office	522	465	-10.9%
Projects	874	840	-3.9%
General Audit	0	28	0.0%
Codelco	19,117	18,605	-2.7%

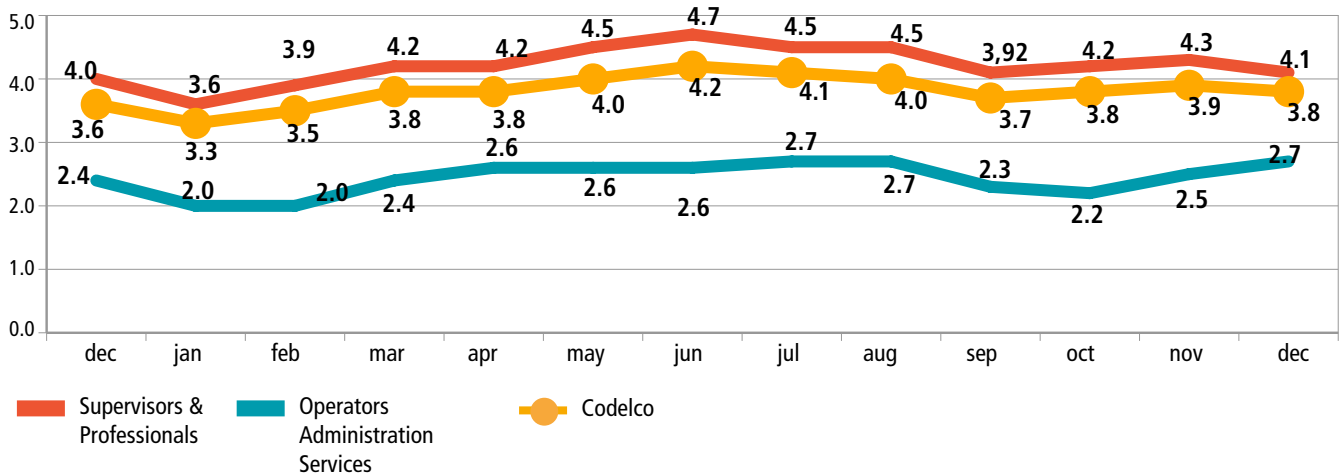
Codelco workforce 2016



Absenteeism

Our average annual absentee rate was 3.8% in 2016. This rate has been maintained over the previous two years. Without considering factors such as pre-post natal maternity and paternity leave, the average annual rate of absenteeism is 3.6%.

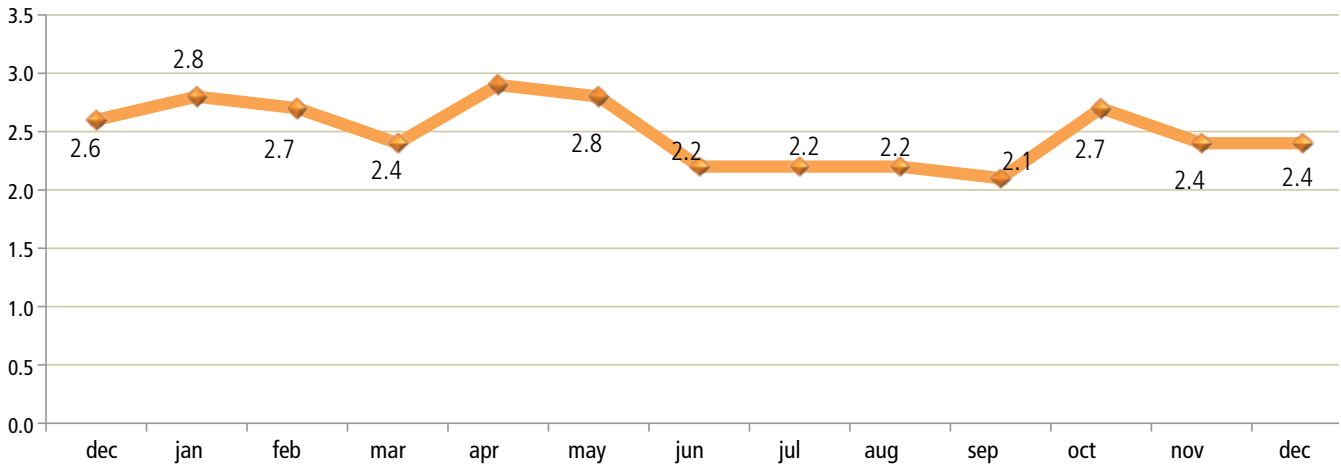
Monthly Absenteeism / December 2015-2016



Overtime

Average annual overtime at Codelco was 2.5 in 2016, versus 3.3 2015, representing a 24.2% drop in overtime rates.

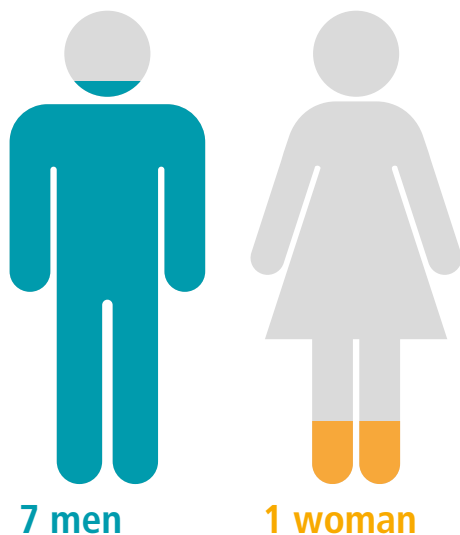
Monthly Overtime / December 2015-2016



Social responsibility and sustainable development

Board of Directors diversity

During 2016, our Board of Directors was composed of 7 men and one woman, all Chilean.



Age range	Board of Directors
Under 30	0
30 to 40	0
41 to 50	2
51 to 60	1
61 to 70	3
Over 70	2
Total	8

Length of service	Board of Directors
Less than 3 years	5
Between 3 and 6 years	1
More than 6 years and less than 9 years	1
Between 9 and 12 years	1
More than 12 years	0
Total	8

Diversity of CEO, Vice Presidents, General Managers and Managers

140 people composed senior administration in 2016, 9 of them were women

Nationality	Senior Administration
Chilean	139
Peruvian	1
Total	140

Age range	Senior Administration
Under 30	0
30 to 40	11
41 to 50	45
51 to 60	58
61 to 70	25
Over 70	1
Total	140

Length of Service	Senior Administration
Less than 3 years	73
Between 3 and 6 years	43
More than 6 years and less than 9 years	2
Between 9 and 12 years	10
More than 12 years	12
Total	140

Diversity

Our workforce with permanent employment contract reached 17,543 people as of December 31, 2016. 1,560 of this workforce were women.

In addition to Chile, we have workers from other countries of origin:

Nationality	Workers
Chilean	17,480
German	2
Argentinian	6
Belgian	1
Bolivian	8
Brazilian	1
British	1
Canadian	1
Colombian	8
Cuban	3
Ecuadorian	7
Spanish	9
French	1
Italian	1
Peruvian	10
Venezuelan	4
Total	17,543

Age Range	Workers
Under 30	1,240
30 to 40	5,047
41 to 50	4,838
51 to 60	4,958
61 to 70	1,445
Over 70	15
Total	17,543

Length of Service	Workers
Less than 3 years	1,410
Between 3 and 6 years	3,677
More than 6 years and less than 9 years	1,808
Between 9 and 12 years	2,962
More than 12 years	7,686
Total	17,543

Gender pay gap

Position, responsibility or function	Proportion of the average gross salary of female executives and employees versus male executives and employees
Managers	88%
Department Directors	81%