

2021 Integrated Annual Report



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About this Integrated Annual Report

This is the first time that we present an Integrated Annual Report, which gathers in a single publication the information that CAP used to share separately through the Annual Report and the Sustainability Report in previous years. This new integrated format reflects the wholehearted inclusion of sustainability into our strategy and daily activities, and we hope that it will provide pertinent information to our interest groups.

The information presented in this document consolidates and covers CAP Group's activities and performance between January 1st and December 31st, 2021. It presents financial and non-financial indicators (governance, environmental and social) for the Parent Company and its subsidiaries. Figures from previous years are included in order to provide a wider context, as well as some of the main events occurred in 2022 prior to the date of publication.

This Integrated Annual Report has been made in compliance with General Rule nº30 by the Financial Markets Commission (CMF). Likewise, it was developed in accordance to the Global Reporting Initiative's (GRI) standards, in the Core option. Additionally, it includes some of the requirements for information disclosure established by other international standards, such as Dow Jones Sustainability Index (DJSI), Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB), and International Integrated Reporting Council (IIRC). At the same time, it qualifies as the Communication on Progress (CoP) of the Global Compact.

The team in charge of the Integrated Annual Report was led by the areas of Sustainability and Finance, with the collaboration of all the subsidiaries and the assistance of external experts. This team was tasked with researching and validating the reported information. The consolidated financial statements were submitted to an external audit by EY. On the other hand, the non-financial indicators were subjected to an external verification process by Deloitte. The non-financial topics reported were those deemed as most relevant, or material, as per the framework defined by CAP's Sustainability Model.

Message from the Chairman

GRI 102-14

CAP Group's First Integrated Annual Report



Together with greeting you, I have the pleasure to present to you CAP Group's 2021 Integrated Annual Report, which includes our Report, Balance Sheet and Profit and Loss Statement for the year 2021, as well as our results regarding the ESG criteria (Environmental, Social and Governance).

In this first message as Chairman of CAP S.A., I would like to, first of all, sincerely and wholeheartedly acknowledge all the staff that make up CAP Group - each and every one of our 6,848 direct collaborators, and each and every one of our 6,377 contractors and indirect workers. Without them, we would not have been able to overcome as successfully as we have the challenges and difficulties brought by the pandemic

and which have affected Chile and the world for two long years. Despite all our efforts and care, we have had to regret some human losses due to Covid-19, as well as the losses of our people's relatives and loved ones. We send their families and close ones our heartfelt condolences.

The emergency has made us review many of our procedures and ways of working, and we are already planning our new future, putting together the new lessons with that which we had already incorporated and which allowed us to protect ourselves at a personal level and preserve value at a company level. We think it is fundamental to have an active concern regarding people's mental health and, along those lines, we organized a lecture by the noted psychologist,

researcher and author, Daniel Goleman. This event had unexpected repercussions, both in Chile and internationally, causing CAP to lead the way among companies that effectively contribute to such a transcendental issue for the coming years.

You will find evidence of our successful results in all our subsidiaries in 2021 in different sections of this Integrated Annual Report.

This is the case not only of Compañía Minera del Pacífico, which reached record-breaking levels of production and shipments thanks to its stability and operational excellence, but also Compañía Siderúrgica Huachipato and Cintac have achieved historic records. As

for Huachipato, a process of commercial strategy redefinition was fundamental, and was led by its Board of Directors and management, with a strong support from our Chief Executive Officer and his corporate team. Regarding Cintac, an ambitious expansion and diversification focusing on moving on to construction solutions has begun to prove fruitful. Likewise, our infrastructure and support operations, mainly ports and the water desalination plant, have attained world-class efficiency levels and continue to improve their indexes and standards.

In a year in which it is pleasant and easy to talk about results, I want to devote this message to the future vision that we are designing and building at CAP.

Throughout its history –of more than 75 years – CAP has been a trail-blazing company in many respects, navigating national and worldwide contexts that have sometimes been favorable and sometimes very challenging. The company has been an example of industrial integration, professional development, first class engineering, innovation, and contribution to the country and the communities with which it relates. Therefore, we can never stop thinking forward and projecting the CAP of future decades.

Our business strategy, also detailed in this Integrated Annual Report, is a main pillar in the creation of an ESG culture in all our operations. **We believe that the ESG culture should be present in all our decisions, in all our collaborators, and in all our senior managers.**

This triad is formed by a fundamental concern for the environment and the relation of our operations with it (Environmental); by the interaction with all the communities with which we relate, with the workers and their families, as well as our suppliers (Social); and by our own internal functioning of boards and support agencies, including a key concern for our ethics and values, and the risks we face (Governance). The ESG culture we promote is a central complement to all our strategic and business initiatives; without it, our business activity has no sense and would probably have no future.

This culture transformation is directly related to our purpose and, though indispensable, it is not necessarily easy to implement. What is needed is not only a common strategic awareness that unites and motivates the whole organization at every level, but also that customers and suppliers that participate in our supply chain share this conviction, i.e. a whole ecosystem that is aligned with these precepts. This requires a collective effort from many people, given that it demands an approach that is based on people in order to establish, measure and attain the ESG objectives fully.

As with any business venture, this road we have taken entails that we totally understand the risks and opportunities it represents, that we identify what works and scale it throughout the whole organization, and even that we make decisions that may seem difficult, but which are less so if we adhere to the principles and objectives and are able to reimagine the future where this path takes us.

Climate Change is a Reality

In August 2021, the Intergovernmental Panel on Climate Change (IPCC), through the summary for policymakers delivered by their ad hoc working group, shared some key conclusions in relation to the topic. Among them, I would like to highlight the following:

“Climate change is already affecting every inhabited region across the globe, with human influence contributing to many observed changes in weather and climate. Future emissions will cause future additional warming dominated by past and future CO and other greenhouse gas emissions”.

“Projected changes in the intensity and frequency of hot temperature extremes over land, extreme precipitation in some regions and acute droughts in drying regions will have serious consequences on human life (and a strong impact on migration)”.

For our integrated chain of iron ore and steel, these challenges are especially complex due to the nature of the industrial processes involved. However, at CAP, we are not afraid of this challenge; having become aware of the issue, we have begun concrete actions for it.

In 2021 alone, we have already achieved for 100% of our energy supply in Huachipato to come from clean sources, we have approved a decarbonization project for the Pellet Plant in Huasco at an estimated cost



of US\$60 million, and we have started concrete surveys to implement a direct reduction of iron ore in Huachipato through the use of Green Hydrogen. The latter has been validated by CORFO, benefitting us with a contribution of US\$3.6 million through a grant we competed for among high-standard investment and engineering projects submitted by national and international companies. **We have set as a concrete goal that, by 2030, 35% of our energy needs will come from green energy sources.**

As for environmental matters, we are measuring ourselves against metrics that are increasingly thorough and demanding, with short-, medium- and long-term objectives, and our substantial improvements have been acknowledged by indexes such as the DJSI and the S&P Global Sustainability Yearbook, where we rank within the best percentiles worldwide. The financial markets are also

supporting this coherent group of actions that we have begun and have assessed the recent refinancing of Aguas CAP as a sustainable loan.

To fulfill our desire of delivering green iron ore and steel in the medium-term is a target that we see as attainable in the five-year horizon that we have projected.

We are Part of a Social Ecosystem

We are also identifying what needs to change in our leaders, in our organization, talent and culture, in order to move forward to those new ways of working and new futures that we have already mentioned.

Our staff is composed by more than 79% of local residents in the five regions where we work across the country. It is precisely there that we see most strongly the added value in the

iron ore and steel chain, through workmanship, contracts with local small and medium businesses, and generation of economic activity.

All our operations are continuously acknowledged as best payers (particularly to small and medium businesses) and as promoters of local workforce and suppliers, who we often advise and support in their development and expansion processes, truly creating a shared value that benefits us all.

Our efforts in favor of diversity are concrete and real. At Compañía Minera del Pacífico already 43% of the main executive roles are occupied by women, and in Huachipato we have set specific goals for recruiting women in leadership positions. In both cases, we are debunking the myth that these industries are “unsuitable” for women. Where we have also made great strides is in the composition of our Boards of Directors: at CAP itself, since April 2021, the board

of seven members includes three women. This places us at the forefront of IPSA (Selective Stock Index) companies and of the industry at a global level. In our operating companies, we are increasing the participation of women in their boards of directors annually, with Cintac at the lead of this trend by having three female members out of a total of seven, one of whom is the Chair.

Additionally, in Huachipato, we will implement a pilot program that will include in the next board of directors an employee or former employee selected by means of a rigorous process, which will include specific training through a diploma given by Universidad del Desarrollo Concepción, and for which 20 people have already enrolled. The program and contents of the diploma were designed in collaboration with the university and, whatever its result, we are certain that it will be a beneficial tool for the participants in any executive or union representation roles they may assume in the future.

In terms of safety, we have maintained achievements and improvements in all our operations. In spite of all these efforts across the whole organization, in 2021 we had to regret a fatal accident and an accident that resulted in the loss of a limb. These situations brought the CAP Board of Directors not only to reflect on and give more attention to these issues, delivering concrete messages to all senior management and executive levels, but also, spontaneously and unanimously, to assign 20% of our annual remuneration

to the strengthening of specific safety and mental health plans. We wanted to highlight through this that safety is a fundamental concern for this board and one which we must project towards the whole organization permanently, sparing no efforts and using every opportunity we have available to show that clearly.

Strengthening our Governance

Regarding governance, in 2021, we have renewed, made improvements or implemented new policies for the identification and prevention of strategic risks, sponsorships and donations, integrity and compliance, internal audit manual, cybersecurity, tenders with suppliers, and transactions with related parties. We are convinced that the way in which we attain our goals is just as or more important than their mere attainment.

I would like to give special attention to the effort involved in the update of our strategic risk matrixes, completely reformulated and reworked, both at the level of each operating company as at the corporate level. These matrixes now constitute a coherent and robust corpus which will be highly useful in the coming years, notwithstanding their necessary review and permanent updating.

Finally, we shall be proposing a new dividend policy, which will be valid from 2022. We expect it will provide our shareholders and the general market greater predictability, always taking into account the appropriate investments

and financing policies. In summary, dear shareholders, **we believe that 2022 finds us at a moment of expectation and with great perspectives for the years left in the decade and beyond.**

We know that most of you are long-term shareholders in our company, and with that in mind is that we project our actions and strategies, understanding that this is a changing world that demands, more than ever, a great capacity of foresight and adaptation. We are confident that the path we are taking -challenging and with a clear purpose- is understood and supported by our shareholders.

CAP, always with Chile.

Jorge Salvatierra
Chairman of CAP Board of Directors

Message from the CEO

GRI 102-14

CAP Group's Sustainable Growth Strategy



2021 turned out to be a year of extraordinary results at the operational and financial levels, as well as the implementation of CAP Group's sustainable growth strategy. Once finished at the end of 2020 and with the purpose of "contributing to the transformation of natural resources in order to deliver value, always committed with the sustainable development of society", the process for the definition of the strategy for CAP Group in 2021 was characterized by the development of high-impact strategic initiatives for its execution. These are associated to the design of an ESG model (Environmental, Social and Corporate Governance) which would promote the configuration of a new corporate culture at CAP Group,

the development of projects with renewable energies, green hydrogen and desalinated water – all of which complement our sustainable and integrated business model from iron ore mining to steel production and processing. Further, this new ESG model was constituted by the key guidelines for the configuration of a portfolio of projects focused on growth that will strengthen the integration levels of the different activities that make our value chain.

Having defined CAP Group's new corporate governance in 2020, following the concept of an aligned decentralization of its business units, Compañía Minera del Pacifico ("CMP"), Compañía Siderúrgica

Huachipato ("CSH"), Grupo Cintac, Tubos Argentinos ("TASA"), Aguas CAP, Tecnocap and Puerto Las Losas ("PLL"), **in 2021 we advanced on the definition of new policies, rules and the ESG model across CAP Group, which would allow the development of our sustainable growth activities**, surpassing minimum legal requirements, contributing with the reduction of environmental and climate change risks, promoting social and economic development of communities and interest groups, and ensuring health and professional development of our employees. During this period, we also defined the strategic risks that are inherent to all our business units, agreeing on an audit and management

mechanism that would improve the traceability and foresight to all of CAP's shareholders.

Our sustainable growth strategy considers the development of business activities that complement our iron ore mining, steel production and steel processing areas, making them more efficient and sustainable in the creation of shared value with our stakeholders.

It is thus that, in 2021, CAP managed to acquire a photovoltaic energy project of 200 MW near its CMP operations, soon to be categorized as a project that is ready to build. The acquisition of this solar power project is a new step in the promotion and development of renewable energies in Chile and in the direct use of these energy sources by CAP Group, in its growth in iron ore mining, steel production, and desalination and supply of water. Likewise, this year the Company approved the development of a prototype green hydrogen plant (H2), which will only use renewable energy and which will allow the

reduction of CSH's carbon footprint and the alternative production of high-quality green steels by 2027.

The iron ore mining activity achieved record-breaking production levels, reaching 16.3 million tons - with CMP demonstrating to have stabilized its operations and initiated the implementation of projects that ensured sustainability and future optimization of its production chain. This year, CMP approved the decarbonization of the Pellet Plant, replacing the use of high CO2 emission fuels for natural gas, with the goal of, in future, substituting gas for green H2. These innovations in the process of pellet production will allow CMP to evaluate the possibility of producing sponge iron with H2 by the end of the decade through the use of renewable energies and desalinated water that will be carried out by CAP Group.

The management of used water and recirculation has been deemed as essential for CAP Group in the context of the resource's scarcity and in line with the development of a sustainable growth in the different

activities that form the value chain of the Group's iron and steel. In 2021, CAP successfully refinanced the water desalination plant belonging to the Aguas CAP unit, through a sustainable loan given the plant's characteristics and the process of water desalination, generating, furthermore, the first agreements to extend desalinated water contracts to third parties in the mining and agricultural sectors, as well as nearby communities.

In 2021, CAP began the creation of a portfolio of strategic projects that will allow the development of a sustainable growth of its activities in iron ore mining, steel production and processing, together with the development of complementary activities for its value chain in the areas of energy, water and port services. It is worth mentioning for 2021 that CSH took back its position in the Latin American special steels market thanks to a greater production and supply to the mining sector, reaching 60% of the supply for the mining industry demand in Chile. This redesign of CSH's business



In 2021, CSH celebrated its 71st anniversary operating in Talcahuano.

model has allowed us to revert the losses of previous years and approve the execution of a basic engineering survey to invest in the production of semi-autogenous grinding (SAG) bars, which currently represent 30% of the demand for steel and mining industries of Chile and Peru.

Regarding the mining activity in 2021, the execution of viability studies for growth projects for CMP were approved for the three valleys where it operates (Copiapó, Huasco and Elqui) with a committed investment of US\$70 million for 2022. These projects will allow to restore iron ore reserves by extending CMP's operation to new phases of production in Los Colorados mine, Pleito and El Romeral mines, as well as develop new sites in the districts of El Tofo and Alcaparra, which boast of the highest iron ore grades in the world. The development of these new mining sites will allow us to substantially increase production levels of iron ore of high grade and quality, contributing to the reduction of our clients' carbon footprint. Future production of high-grade steels will allow CAP Group to innovate in new steel products through the production of sponge iron, which will be utilized internally by CSH in the manufacturing of green steels for the national market and also for exporting to specific international markets. As a result, CAP Group is today ahead of other iron ore and steel producers by developing innovations in its plans for mining, steel production and steel processing in order to supply its clients with products and services that have a

lower impact on the environment and which generate shared value for the society as a whole.

This year, CMP has begun the development of engineering and first phases of construction of Puerto Cruz Grande in the region of Coquimbo, in order to conclude the mining production plan of El Tofo district, which has one of the sites with the highest grades in the world. Moreover, through our subsidiary PLL, we have finished the construction of a flexible loader to ship iron ore to CSH and third parties; besides closing preliminary agreements for the development of a new port structure for the loading of copper minerals. In the international context, CAP, through its subsidiary Cintac, consolidated its position in the steel construction solutions supply market in Peru and began the process of integration among its steel processing and construction solutions subsidiaries in Chile.

In addition, CAP began, in 2021, to analyze its participation in the exploration and subsequent development of an iron ore mining site in North America, as a strategic initiative in order to strengthen its integrated business model from iron ore mining to steel production internationally. This strategic initiative will allow CAP Group to widen its experience in iron ore mining operations and incorporate good practices and innovation in the development of sustainable mining from one of the leading countries in this type of mining.

From CAP Group's evolution in the implementation of its sustainable growth strategy we can foresee greater investments for the year 2022, both in the mining sectors as well as in the production of steel and complementary activities in the areas of energy, hydrogen development and water use. The year 2022 will be one of consolidation of projects for growth in iron ore mining, development of new port infrastructure, and production of special steels for the preferential supply of the mining sectors in Chile and Peru. We will continue to move forward in the development of projects related to energy, green hydrogen and water desalinization – all of which are complementary activities that allow us to reduce the risks of climate change and seize opportunities associated to the development of new products and markets.

Finally, I would like to recognize the work, commitment and capacity of the great team that makes CAP group; the executive leaders at CMP, CSH, Cintac, TASA, Aguas CAP, Puerto Las Losas and Tecnocap, who have made the company's purpose their own challenge, always contributing to the development and prosperity of our country.

Julio Bertrand P.
CAP CEO

A Summary of 2021

In the context of implementation of a sustainable growth strategy, CAP reports a consolidated profit of US\$741 million, explained by the good performance of the mining, steel producing and steel processing units of the Group in comparison to the previous year; and particularly by the better margins in the mining business as a consequence of the rise in prices and the reduction of its operational costs.



CAP renews its Board of Directors and, for the first time, includes three female members.

US\$3,677 million Consolidated revenues

US\$1,814 million EBITDA

US\$741.4 million Net profit

Bond issue of **US\$300 million**
in the United States, which expires in 2031

CAP totals dividend pay outs of **US\$366 million**
in 2021, reaching a dividend yield of 25%



CMP and CSH are the leaders in their sectors as best payers for Small and Medium Businesses, mining and industry, respectively.

Aguas CAP, owner of a water desalinization plant in the town of Caldera, Atacama Region, is successfully refinanced with a sustainable loan of **US\$152 million**

16.2 million Shipments of iron ore (tons)

812.8 thousand Shipments of finished steel (tons)

357 thousand Shipments of processed steel products (tons)



CMP launched a project to **decarbonize the Pellet Plant**. Together with the installation of a second electrostatic precipitator, it is expected to **reduce CO2 emissions in 44%** in said plant and **reduce emissions of particulate material in 97%**.



CMP's Magnetite Plant processed 19.1 million metric tons of copper tailings of third parties, reaffirming its position as one of the world's largest circular economy facilities.



In **2021, CSH supplied approximately 19,500 tons of steel** out of the total of 34,000 required in the construction of **Chacao bridge** in the region of Los Lagos.



CSH continues to grow its specialized steel product portfolio. This year, the steel grinding bars represented **more than 60%** of the steel produced in Huachipato.



CINTAC focused on the integration of its **9 business units, operating in Chile and Peru**, which, together with a good price cycle, resulted in a historic EBITDA.



The excellent results of Tubos Argentinos S.A. (TASA) allowed it to optimize its financial position, reducing its debt, and also investing in improvements devoted to reducing the risk of accidents.



Work has begun on the **prototype of the green hydrogen plant in CSH**, innovating in the future production of green steels.



Since January 2021, CSH, the main steelmaker in the country, **uses renewable energy for 100% of its electricity demands**¹.



Puerto Las Losas, main maritime multipurpose terminal in Atacama, **commissioned a modern bulk transfer system**.

¹ CSH has an electrical supply contract that is 100% renewable in the operations it controls. The operation of the oxygen plant in its facilities is managed by a supplier whose electrical supply is not renewable, and makes up about 10% of the total consumption of CSH's facilities. The company is currently taking action to include this electricity supply in the efforts to use renewable energies.



Cintac executed a successful shared value pilot program with the purpose of improving employability for the inhabitants of **Casablanca and Recoleta.**



Aguas CAP produced **7.86 million m3 of desalinated water.**



CAP Group's total **protected surface reached 240.74 hectares** in 2021.



During the 2021 period, **community contributions totaled US\$4.23 million.**



A total of **approximately 55,000 community members received support** to face the Covid-19 pandemic in 2021.



As of the end of the year, **79% of CAP Group staff were local**, thus showing commitment with the socioeconomic development of the communities.



CAP Group's **own employees** received a total of 135,433 hours of training in 2021.



In 2021, the group's companies managed to **recycle 86.9% of their waste.**

2021 Awards and Recognition



CAP is listed in the DJSI MILA, ranked in the 12% of the world's most sustainable mining and steelmaking companies

CAP scored 63 points (out of a total of 100) in the prestigious Dow Jones Sustainability Index for the Integrated Latin American Market (DJSI MILA), positioning itself, in the 2021 cycle, in the 12% of the most sustainable mining and steelmaking companies globally. The index does a comprehensive assessment of sustainability management, including economic, social and environmental aspects.



CAP is included in the 2022 Sustainability Yearbook

For the first time, CAP was included in the 2022 Sustainability Yearbook, a publication by S&P Global which highlights the world's leading companies in sustainability for each of the 61 industries comprised in the Dow Jones Sustainability Index.



CAP Group is recognized for its commitment to integrity

At the start of 2022, CAP received recognition for its commitment to integrity from Fundación Generación Empresarial.



CMP: N°1 in payment behavior for Small and Medium Businesses in the mining sector

CAP Group's company was ranked at the top of the mining sector, with 94.2 and 88 points in the second and fourth quarters of 2021, respectively, at the top of the mining sector. It is worth noting that CMP is currently the best paying company in Chile, considering the other seven sectors apart from mining: food, commerce, construction, energy, industry, salmon farming, and healthcare.





CSH is recognized for its Covid-19 containment practices

The steelmaker ranked in 6th place, among 100 companies, in the 2021 Covid Practices ranking, by the Industrial Marketing Center (CMI) of Universidad de Chile.

Besides the successful implementation of standard measures for the prevention of infections - facemask and sanitizer use, social distancing, shift changes, temperature checks, sanitization of spaces, office and canteen capacities, among others-, this acknowledgment highlights some of the organizations traits, which in great part explain its success in this preventative effort. One of them is the constant dialog with its unions.



Puerto Las Losas is recognized for having "zero" accidents with lost time in 2021

The company belonging to the Infrastructure unit of CAP group was acknowledged by the Instituto de Seguridad del Trabajo (IST) with the award "Distinción a la excelencia 2021" ("Distinction of Excellence 2021") for its management and results in the areas of safety and prevention.

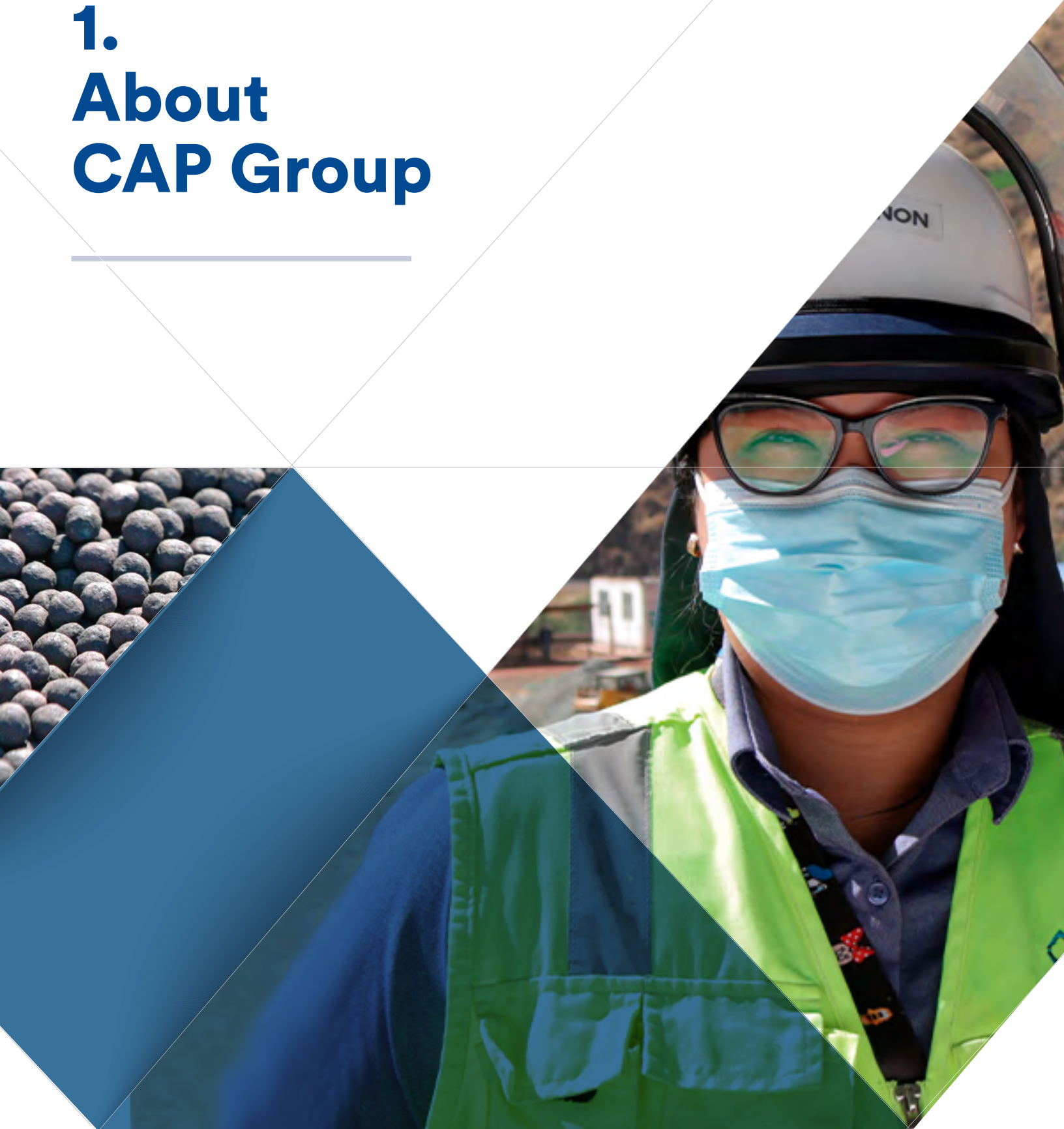
The main multi-purpose port in the region of Atacama did not record any accidents with lost time (CTP) in 2021. These good results in matters of safety are a source of pride and recognition for the whole organization, considering the context of the pandemic and multiple logistic challenges, such as the implementation of a new bulk transfer system.



ACHS acknowledges CMP for recording over a year without accidents with lost time

Asociación Chilena de Seguridad (ACHS) recognized Puerto Punta Totoralillo, Magnetite Plant and Pellet Plant for recording more than a year without accidents with lost time. The distinctions, which took place at the end of March 2021, were awarded on site and included members of the executive committee, superintendents, managers and employees from the collaborating companies.

1. About CAP Group



1.1. CAP Group at a Glance

CAP Group, whose establishment goes back to 1946, has always been committed to Chile's progress through the development of the different activities that make up its value chain, from iron ore mining to steelmaking and steel processing.

Milestones in the history of the Group

1946 >
 Compañía de Acero del Pacífico S.A. is formed under the chairmanship of Mr. Juan Antonio Ríos.

1950 >
 The Huachipato Steel Plant is inaugurated and commissioned in the bay of San Vicente, region of Biobío.

1959 >
 Mining activities begin with the acquisition of "El Algarrobo", iron ore site in the region of Atacama.

1971 >
 The iron ore mine "El Romeral", in the region of Coquimbo, is acquired.

1978 >
 The Pellet Plant in Huasco is inaugurated.

1981 >
 The Company is reorganized, forming the CAP group of companies. Compañía Siderúrgica Huachipato S.A., Compañía Minera del Pacífico S.A. and Abastecimientos CAP S.A. are created.

Sociedad de Ingeniería y Movimientos de Tierra del Pacífico Limitada (Imopac Ltda.) is created.

1988 >

CAP signs a joint venture agreement with MC Inversiones Limitada, a Mitsubishi Corporation subsidiary, for developing the extension project of Los Colorados.

1995 >

CAP acquires 26% of CINTAC, entering the steel processing business.

2000 >

The incorporation of Mitsubishi Corporation to CMP is materialized, with a participation of 25%.

2010 >

Compañía Siderúrgica Huachipato S.A.'s productive activities are restructured, focusing on the manufacture of long products and halting the manufacture of flat.

2013 >

The area of Infrastructure is created with the inauguration of the Desalinization Plant and the Power Transmission Line.

2014 >

Cintac S.A. consolidated its presence in the Peruvian market through the acquisition of Calaminon, Signovial and Sehover, with activities in the sectors of modular construction solutions and road equipment and maintenance.

2018 >

The development of Phase V North in El Romeral mines is approved.

2020 >

CAP Group achieves record earnings and issues a bond for US\$300 million in the United States.

2021 >



Cintac has installed over 100,000 m² of rooftop photovoltaic plants, such as the one in Viña Lourdes.

Sustainable business strategy

Seeking to better adapt to the new realities of our surroundings, CAP Group finds itself today within a sustainable growth strategy that allows it to consolidate a virtuous circle of iron ore and steel: steel production begins with the extraction of iron ore by CMP in the north of the country, to later become strategic input destined for grinding in copper mining and going back to national steel production as scrap.

This dynamic generates an economic cycle that provides high-quality jobs, contributes to the development of the communities in which its activities are carried out, and collaborates with the efforts to face climate change by significantly reducing CO2 emissions into the environment.



1.2 Purpose and Values

GRI 102-16

Purpose

We contribute in the transformation of natural resources to deliver value, always committed to our society sustainable progress.

Our values



Sustainability

Safety without excuses; throughout the whole value chain, we care for the environment, diversity and the communities in the places where we operate.



Integrity

We act rightly and transparently, not only abiding by the letter of the law but also its spirit.



Excellence and innovation

What we do, we do well, innovating, collaboratively and committed to the business.

1.3 Operations and Businesses

GRI 102-2, 102-4, 102-6



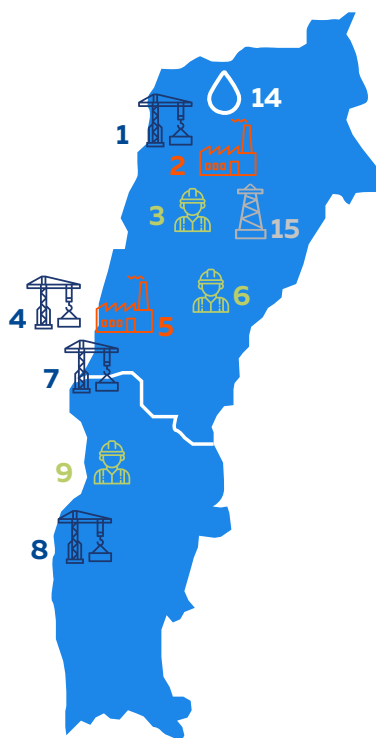
Location of our operations

- Compañía Minera del Pacífico (CMP)
- Compañía Siderúrgica Huachipato (CSH)
- CINTAC Group
- TASA
- Infrastructure
- Headquarters

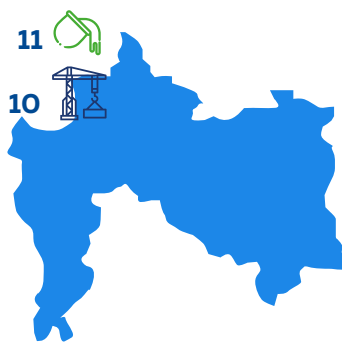


CAP Group is the leading producer of iron ore and pellet on the American Pacific coast. In Chile, it is the largest steel producer, the most important steel processing company, and the third port operator.

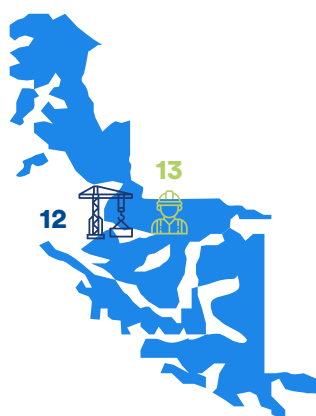
Atacama



Biobío



Magallanes



Coquimbo

Mining Sites



Processing Plants



Ports



Other

Cerro Negro Norte Mine (3)

- 3.90 million Mt: filtered production of pellet feed in 2021

Los Colorados Mine (6)

- 9.84 million Mt: pre-concentrates production in 2021

El Romeral Mines (9)

- 2.57 million Mt: pre-concentrates production in 2021

Guarello Island Limestone Mine (13)

Magnetite Plant (2)

- 1.96 million Mt: filtered production of pellet feed in 2021

Pellet Plant (5)

- 4.51 million Mt: pellet production in 2021; 1.6 million Mt of self-fluxing pellets; 2.6 million Mt of pellet feed; 190 thousand Mt of pellet chips, and 77 thousand Mt of Huasco fines

Punta Totoralillo (1)

- 6.80 million Mt in shipments in 2021

Las Losas (4)

- 606 thousand Mt: volume moved in 2021

Guacolda II (7)

- 7.12 million Mt in shipments in 2021

Guayacán (8)

- 2.32 million Mt in shipments in 2021

Huachipato/Guarello Ports (10,12)

- 812,800 Mt: total shipments in 2021

Huachipato Steelmaking Plant (11)

- 791,936 Mt of finished steel in 2021



Aguas CAP Desalinization Plant (14)



Tecnocap Power Transmission Line (15)



Iron ore extraction: **Compañía Minera del Pacífico (CMP)**

With more than 55 years of history and with operations in the regions of Atacama and Coquimbo, CMP extracts iron ore and produces Pellet Feed, Self-fluxing Pellets and Sinter Feed, which it exports to markets in Chile and the world.

16.2 million Mt

shipments in 2021 (-2.4% v 2020)

98%

of the iron ore Chile exports is produced by CMP

Steel production: **Compañía Siderúrgica Huachipato (CSH)**

Since 1950, it is the largest steelmaking complex in Chile:

- The only integrated steelmaking company in the country: it manufactures products from basic raw materials guaranteeing high purity and quality.
- It supplies mining, the metal-mechanic industry and construction with long steel products.
- It extracts limestone from Guarello Island (Magallanes), raw material for the production of steel.

791,936 Mt

finished steel in 2021 (+8.8% v. 2020)

812,800 Mt

total shipments in 2021 (+7.7% v. 2020)

Steel Processing: **Cintac Group**

Since 1956, it is the leader in the manufacturing and trading of construction systems.

- It supplies the construction and industry markets in Chile and Peru.
- Wide variety of steel products: tubes, profiles, pipes, planks, covers, linings, structural elements, construction systems and road safety products.
- Consolidation in the solar energy market with photovoltaic systems and structures for panels.

306 thousand Mt

total shipments in 2021 (+16.1 v, 2020)

256 thousand Mt

production in 2021 (-1.7% v. 2020)

Tubos Argentinos S.A. (TASA)

Argentinian company focused on the production of construction systems and integral solutions via the transformation of steel, as well as logistic and innovation services.

It operates two plants, in the provinces of Buenos Aires and San Luis.

51 thousand Mt

total shipments in 2021 (+10.29 v. 2020)

Infrastructure: Puerto Las Losas S.A.

Owned by CAP S.A. (51%) and Agrocomercial A.S. Ltda. (49%).

It is the main multipurpose port terminal in the region of Atacama dedicated to the transfer of bulk minerals, project cargo and general cargo.

29 hectares are designated as primary customs zone, making operations of foreign trade easier.

606 thousand Mt

shipments in 2021

Cleanairtech Sudamérica S.A. (Aguas CAP)

Owned by CAP S.A. (51%) and Mitsubishi Corporation (49%).

Desalination plant located in Caldera, dedicated to the production of desalinated water in the region of Atacama.

It supplies desalinated water to CMP's operations in the valley of Copiapó and to other clients in the region.

7.9 million m³

desalinated water in 2021

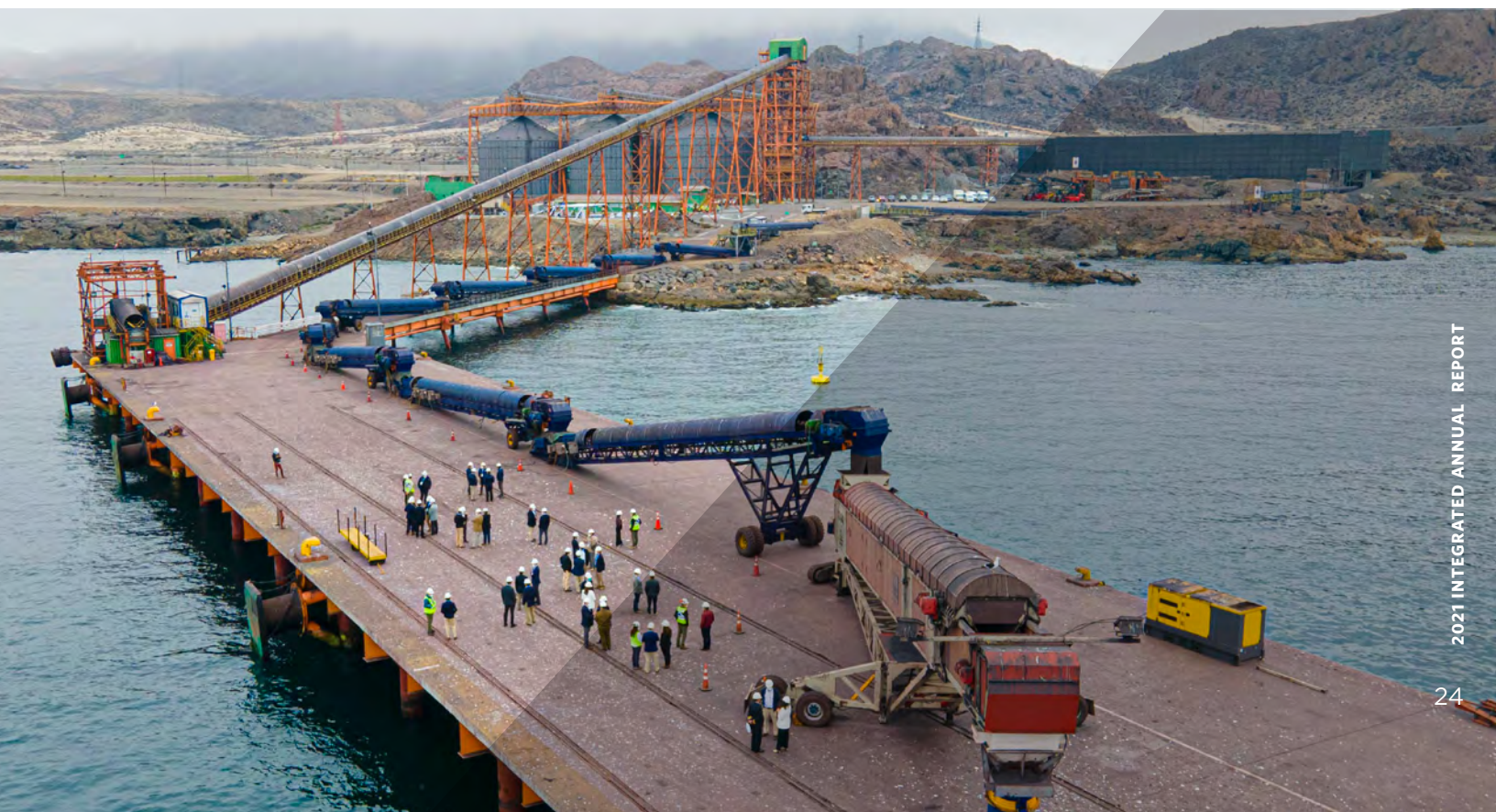
Tecnocap S.A. (power transmission line)

Owned by CAP S.A. (99%) , Others (1%).

Power transmission line in the region of Atacama that satisfies the energy demands of CMP's Cerro Negro Norte mine and Aguas CAP's desalination plant.

260 GW

in 2021

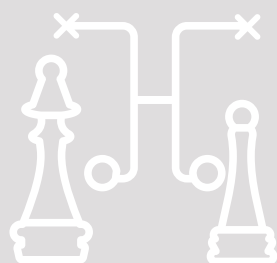


1.4 Sustainability Roadmap

During its 75 years of existence CAP Group has continuously adapted to the changing conditions.

The current context of accelerated changes - technological, social, economic, environmental and climate-related - encouraged us to review our business models with the aim of achieving sustainable growth. This has translated into the following milestones:

2019	2020	2021
<p>Implementation of a corporate governance plan.</p> <hr/> <p>CAP S.A</p> <p>Role of strategic investor, defining guidelines in key areas for the group.</p>	<p>Operational companies</p> <p>Greater degree of independence to define, operate and implement strategies and investments in its business areas.</p>	<p>Reformulation of the corporate purpose based on environmental, social and governance values (ESG), which the company has decided to promote in all its decisions and projects.</p> <p>Definition of a new corporate business strategy for the coming decade.</p> <p>Implementation of high-value initiatives that materialize the defined strategy.</p> <p>Corporate Governance improvements.</p> <p>Definition of the Sustainability Model that guides the group.</p>



Strategic planning process

After identifying the resources and capabilities that CAP Group has throughout its value chain, as well as the new reality of the external context in the industries in which it participates, four axes were developed. They gather investment initiatives and projects with the aim of ensuring the attainment of our purpose. For each investment initiative or project, definitions of success and goals were proposed, representing the strategic priorities that will strengthen the foundations of the business.



1. Corporate governance

To strengthen the Group's corporate governance, focusing on the promotion of an ESG culture and the development of talent and decision-making processes that allow us to successfully execute our strategy.



2. Investment project portfolio

To have a strong strategic project portfolio that continually provides the Group with opportunities for growth and that strengthens the foundations of the business maximizing its value.



3. Energy and green hydrogen (H2) strategy

To provide competitive energy resources and services, in order to boost the business and maximize its growth.



4. Water strategy

To provide sustainable and competitive water resources and services, in order to strengthen the foundations of the business and maximize its growth.

What elements define this new strategy?

- It features sustainability as central and inseparable from its guidelines.
- It includes the promotion of a corporate culture based on the ESG criteria as a goal in the corporate governance area.
- It considers adapting the business models of the Group's companies to establish virtuous interdependence relationships among them.
- It aims to achieve high levels of sustainability in the development of natural resources – such as water and solar power –, with new business models that complement current ones. This will allow to reduce costs and achieve a greater differentiation between products and services, in addition to increasing the shared value that CAP generates with the communities through the access to water and clean energy, the reduction of emissions and the development of high social and sanitary standards.
- It regards port infrastructure as a strategic asset to promote integration between operational companies.
- It considers the identification and development of projects that materialize CAP Group's decarbonization, through the development of less polluting fuels, such as gas and green hydrogen.

The strategy is being implemented, in a decentralized way, in two stages:

2021-2023

Strengthen the foundations of the business

To ensure sustainable operational and cost optimization standards, defining a portfolio of strategic projects for CAP.

2023-2030

Consolidate growth

To maximize iron ore and steel production sustainably, developing an expansion plan into new businesses that make our value chain.

By the end of the 2021 period, CAP Group and its operational companies were already evaluating and planning its growth strategies.



First steps

In 2021, the first initiatives designed for the new sustainable strategy materialized.

At the central level:

- Definition of a new sustainability model for a cultural transformation within the group. This model considers key indexes, with its respective goals and initiatives for improvement.
- Definition of processes for risk management throughout the group.
- Definition of the policy for human resources management and measurement of internal culture and values.
- Investment survey and definition of business plans for invigorating companies belonging to the Infrastructure sector.
- Development of investment in renewable energies in the zones of mining operation and for the reduction of CO₂ emissions in production processes.
- Analysis of new mining and steel processing investments abroad.

At CMP:

- Advancement in the stabilization of the operation, which allowed for high levels of safety for all workers and the optimization of operational costs.
- Survey and definition of LNG implementation for the decarbonization of the Pellet Plant and other relevant processes for the operations.
- Advancement in compliance and remediation programs.

At CSH:

- Positive returns after 14 years (not considering the positive results in 2018).
- Start of new contracts for electric power generation based on renewable energies.
- Beginning of development survey for new technologies and use of resources without CO₂ emissions for the strengthening of the new commercial and sustainability policy.
- Advancement in compliance and remediation programs.
- Survey of opportunities for greater integration among companies.

At Cintac:

- Development of the expansion of the steel products trading model to the supply of construction solutions that generate shared value.
- Corporate restructuring and strategic analysis of each of its companies.



CSH maintains and conserves two wetland areas located inside its facilities, where more than 50 species live.

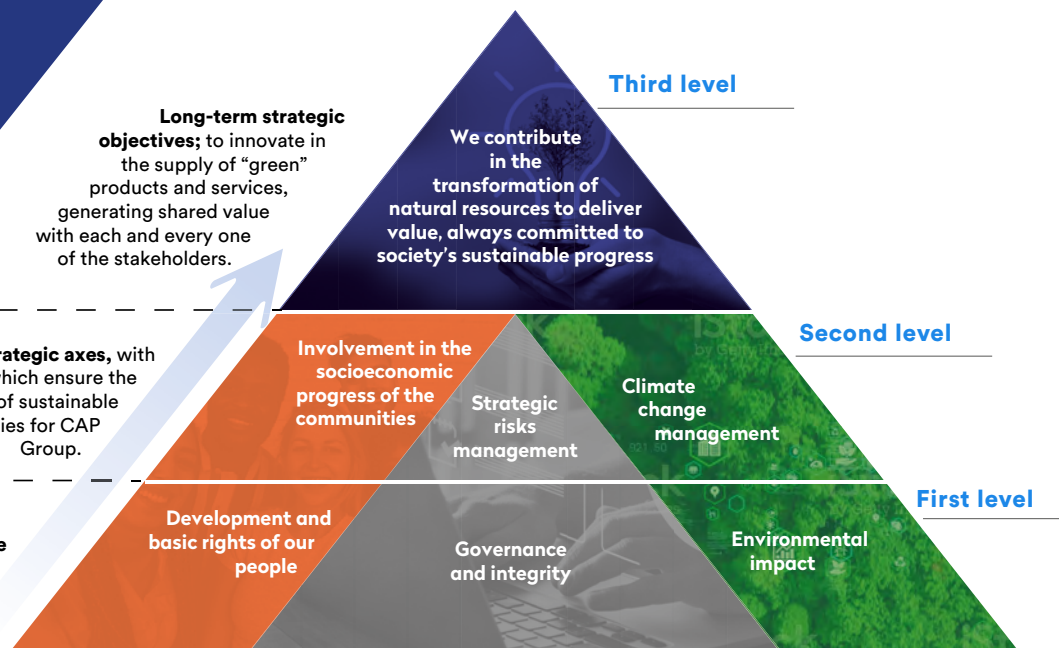
SUSTAINABILITY MODEL

In line with the new sustainable corporate strategy that we are implementing inside CAP Group, we have designed a **sustainable development model**, which cuts across all our companies and which defines the **fundamental guidelines** and the key objectives to achieve a **sustainable development**.

An operation of excellence, responsible and profitable, linked to compliance KPIs that can ensure the continuation of the **“license to operate”**.

Differentiating strategic axes, with specific KPIs, which ensure the development of sustainable growth activities for CAP Group.

Long-term strategic objectives; to innovate in the supply of “green” products and services, generating shared value with each and every one of the stakeholders.





Elements in the Sustainability Model

GRI 102-42

First level



The base of this model is supported by an operation of excellence, responsible and profitable, which comprises three fundamental axes:

1. Safeguard our people's development and basic rights.
2. Ensure an appropriate governance and integrity.
3. Strive to reduce our environmental impact.

An adequate management at this level allows us to continue to hold our license for operation.

Second level



In the second step of the pyramid, we have defined three other differentiating strategic axes, which are the seal of our operation and unequivocally point to the way in which we want to grow sustainably, in social, economic and environmental terms.

1. Focus on the relationship with socioeconomic progress of the communities in which we operate.
2. Achieve an optimal strategic risk management with a long-term view.
3. Manage the risks and opportunities derived from climate change adequately.

Third level



The aforementioned aims at our long-term strategic objectives, which seek to innovate in the supply of "green" products and services, generating shared value with each and every one of the stakeholders with whom we relate. Thus, we put into practice our corporate purpose of contributing in the transformation of natural resources to provide value, always committed to society's sustainable progress.



Identification of ESG issues that are key for CAP:

GRI 102-44

Analysis of the world and national context, considering demands and guidelines in relation to governance, the environment and community relationships, with an emphasis in the capital market's regulations and requirements.



10 key ESG issues



Data gathering and prioritization according to criticality of issues related to the four strategic focuses into areas:

- Relevance for the market, regulators and society.
- As enablers for the attainment of our strategic focuses' goals.



E.

- Energy and Emissions Reduction
- Water Footprint Reduction
- Green Solutions and Products
- Waste Management
- Environmental Compliance



S.

- Relationship and Impact in Local Communities
- Human Capital Development and Commitment
- Occupational Health and Safety



G.

- Identification and Management of the Business' Risks
- Integrity and Compliance

Monitoring and follow-up

To ensure that we are moving in the right direction, this Development Model is complemented by a dashboard that allows us to monitor sustainable management inside CAP Group, following up on indexes that have been established for each of the ESG issues underlying the model.

Sustainable Development Goals

The UN's Sustainable Development Goals (SDG) make up the roadmap to ensure sustainability for the planet and its population. CAP subscribes to the SDGs, as they provide a strategic guideline for directing the contribution to sustainable development in the territories and societies in which their operations take place.

Though the company seeks to support compliance with each of these objectives across the board, the main SDGs it contributes to are the following:



CAP Group is committed to the promotion of female participation in the work force. It is due to this that policies and actions have been made to allow the inclusion of more women in the companies' boards of directors, in senior management roles and at every level across the organization. This contributes to a comprehensive and effective women's participation.



By means of the Desalination Plant, as well as through the continuous efforts in the operations to generate a sustainable water supply and use, the company is contributing to the efficient use of water resources, in view of ensuring the sustainability of the extraction and supply of fresh water to face the scarcity of this resource, and thus reduce the number of people that suffer from lack of water.



CAP Group's operating companies have implemented programs to promote artisanal fishing, olive farming, construction and entrepreneurship, together with the continuous relationship with local suppliers in the different regions where the operations take place. Thus, development is promoted; by supporting productive activities, the creation of decent jobs, entrepreneurship, creation and innovation.



CAP Group's operating companies are incorporating the latest technology and the best practices in the industry in order to elevate productivity in the operations, reduce production costs and maintain our unreserved commitment with safety and sustainability. The adoption of advancements in tailings management, and the containment of emissions, and the green hydrogen prototype, among others, involve the development of reliable, sustainable, resilient and quality infrastructure.



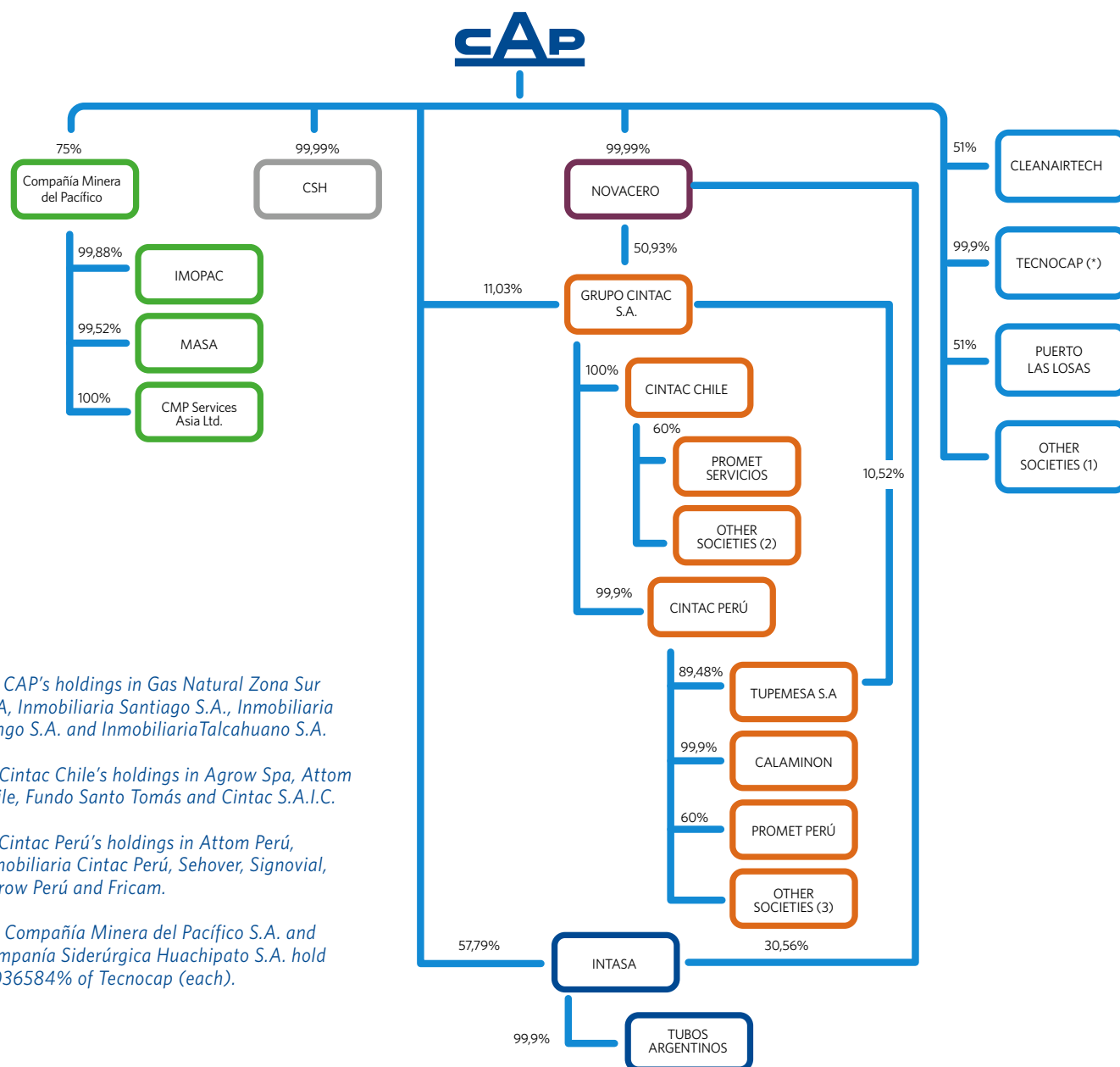
CAP is minimizing the environmental impact of its operations and, in 2021, 86.9% of waste was either reused or recycled. There was also progress in the movement towards a low carbon economy, by means of the renewable energy supply contract becoming effective for the steelmaking plant in Huachipato. In this way, the company contributes to an ever more sustainable production.



CAP Group takes on climate change management as one of its main challenges, for which it has set itself the first GHG emission reduction goal. Likewise, it is currently reviewing initiatives and projects for lowering its carbon footprint, which would allow it to seriously and responsibly commit to carbon neutrality by 2050.

As previously mentioned, although the outlined SDGs are the areas in which CAP Group has directed its greater efforts, the company considers the rest of the Sustainable Development Goals to be equally relevant as guidelines for actions that contribute to the wellbeing of its interest groups and the planet.

1.5 Corporate Structure



(1) CAP's holdings in Gas Natural Zona Sur SpA, Inmobiliaria Santiago S.A., Inmobiliaria Rengo S.A. and Inmobiliaria Talcahuano S.A.

2) Cintac Chile's holdings in Agrow Spa, Attom Chile, Fundo Santo Tomás and Cintac S.A.I.C.

3) Cintac Perú's holdings in Attom Perú, Inmobiliaria Cintac Perú, Sehover, Signovial, Agrow Perú and Fricam.

(*) Compañía Minera del Pacífico S.A. and Compañía Siderúrgica Huachipato S.A. hold 0.036584% of Tecnocap (each).

2. Governance and Integrity





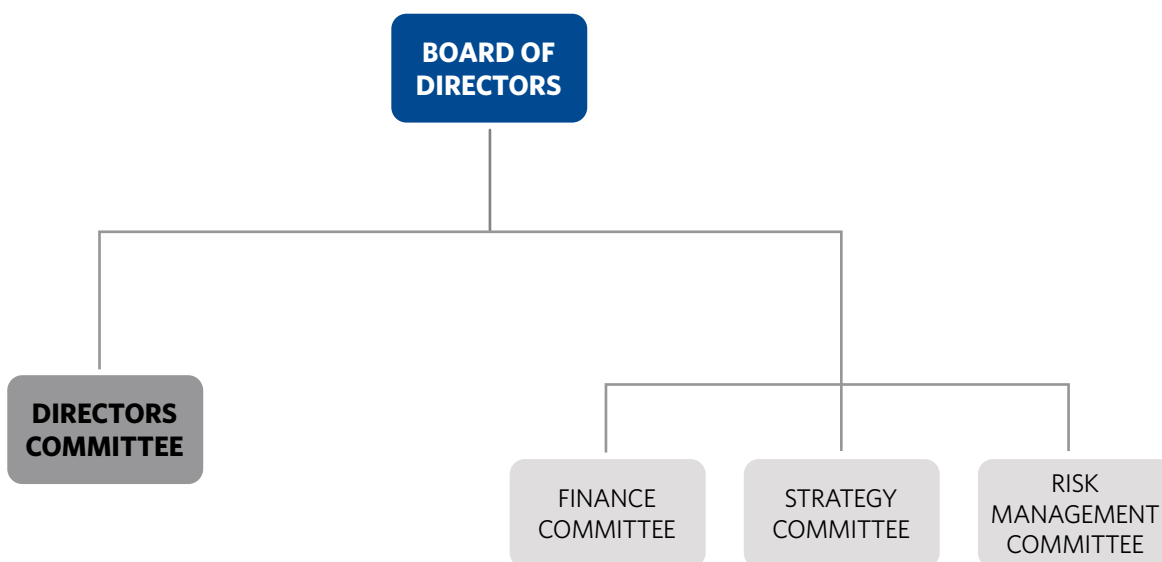
CAP Group operates six ports in Chile.

2.1 Corporate Governance

GRI 102-18

CAP's main Corporate Governance body is its Board of Directors, formed by seven members elected in the Ordinary Shareholders Meeting for a period of three years, with the possibility of reelection.

The Board of Directors delegates part of the society's management to the Chief Executive Officer. Moreover, the board of directors has three committees to execute its functions and which in 2021 were organized in the following way:



Duties of the Board of Directors' Committees



Directors Committee

Ruled by the Public Limited Companies Law, its main duties are to review reports by external auditors, balances and financial statements; to propose names of external auditors and credit rating agencies to evaluate operations among related parties; to examine remuneration systems and compensation schemes of main executives and workers; to prepare its annual report and follow the annual internal and external audit plan, as well as the compliance plan, through periodic reports.



Finance Committee

It analyzes the group's and its operational businesses' financial situation, including the review of merchant account statements and its cash flow and capital requirements, insurance matters, the composition of investment portfolios, the evolution of price curves of derivative instruments and hedging strategies, the review of the composition of CAP's debt portfolio, and the analysis of compliance with financial covenants; apart from the proposal of hedging and cash flow investment policies and the review of financial and results projections.



Strategy Committee

It monitors the development of the strategic focus as defined by the head office for CAP Group, including the analysis of each operating company's main projects, from their viability study to their implementation phases, in order to ensure consistency with the corporate strategy.



Risk Management Committee

It analyzes the survey of risks, it executes benchmarking activities to compare CAP Group's risks with those of other mining and industrial companies, it makes critical risk sheet for the group and the operational companies, it proposes the risk structure, matrixes and key controls, in addition to designing and developing the Corporate Risk Policy and Framework.

Other Committees that are part of Corporate Governance



Donations, Sponsorships and Memberships Committee

It reviews all requests for contributions received by CAP (donations, sponsorships or memberships) and decides whether they are approved or rejected, in accordance to the Donations, Sponsorships and Memberships Policy.



Integrity and Compliance Committee

It reviews the functioning of the Integrity and Compliance Program at the CAP Group level, proposing strategies for the continuous improvement of the compliance culture. Moreover, it approves policies, protocol or procedures proposed by the compliance officers, as well as being informed of and resolving claims considered as severe.

CAP Board of Directors as of December 31st 2021

On April 15, 2021, CAP Group announced a renovation in the composition of its Board of Directors, incorporating three women for the first time: María Olivia Recart, Patricia Núñez and Claudia Manuela Sánchez. Jorge Salvatierra was appointed as Chairman, while Tadashi Mizuno was named Vice-Chairman.

- **Jorge Salvatierra**

Tax ID: 6.557.615-5

Chairman

Civil Industrial Engineer with a major in Chemistry from Pontificia Universidad Católica de Chile, MBA from Saint Louis University, Chilean.

- **Tadashi Mizuno**

Tax ID: 27.453.031-6

Vice-Chairman

Bachelor in Economics from Rikkyo (Saint Paul's) University, Japanese.

- **María Olivia Recart**

Tax ID: 9.568.435-1

Director

Economist, Universidad de Concepción, Master's degree in Economics from the Ilades/Georgetown University program, Chilean.

- **Patricia Núñez**

Tax ID: 9.761.676-0

Director

Lawyer, Universidad de Chile, Master's degree in Law from Yale University, Chilean.

- **Claudia Manuela Sánchez**

Tax ID: 9.306.718-5

Director

B.A. in Business Administration, Universidad Adolfo Ibáñez, MBA from Harvard University, Chilean.

- **Roberto de Andraca A.**

Tax ID: 7.040.854-6

Director

B.A. in Business Administration, USACH, MBA from Universidad Adolfo Ibáñez, Chilean.

- **Juan Enrique Rassmuss R.**

Tax ID: 7.410.905-5

Director

Civil Industrial Engineer, Pontificia Universidad Católica de Chile, Chilean.



From left to right: Claudia Manuela Sánchez, Jorge Salvatierra, Patricia Núñez, María Olivia Recart, Tadashi Mizuno, Roberto de Andraca, Juan Enrique Rassmuss.

The following people were part of CAP S.A.'s Board of Directors during 2020 and part of 2021:

Rodolfo Krause Lubascher
Tax ID 4.643.327-0
Civil Chemical Engineer, Chilean
Chairman
Appointment: 04/16/2019
End: 04/15/2021

Juan Gerardo Jofré Miranda
Tax ID 5.672.444-3
B.A. in Business Administration, Chilean
Director
Appointment: 04/16/2019
End: 05/15/2021

Marcelo Awad Awad
Tax ID 6.374.984-2
Civil Industrial Engineer, Chilean
Director
Appointment: 04/16/2019
End: 05/15/2021

Tadashi Omatoi
Tax ID 21.906.212-5
Metallurgical Engineer, Japanese
Director
Appointment: 04/16/2019
End: 03/04/2021

Training for the Board of Directors

Corporate Governance and Risk Management Workshops: training was given to the Group's Directors and senior management about fundamental aspects regarding corporate governance and risk management, such as identifying and defining risks, the relationship between management and internal controls, and the definition of risk appetite.

Induction for the new directors: to achieve a quick incorporation to their roles, they were given presentations by CAP's different management units and from the CEOs of the operational companies. They also visited those companies' premises.

Assessment of CAP's Board of Directors in 2021

Internal mechanisms

- The board of directors has a formal procedure to continuously detect and implement improvements to the way it is organized and functions. Every year, the company submits a self-evaluation of compliance with the best practices of corporate governance under the General Standard No. 385 to the Financial Market Commission (CMF).

The mentioned annex has a total of 99 practices that refer to four greater focuses: a) functioning and composition of the board of directors; b) liaison with investors; c) risk management and control; d) third-party assessment

- Compliance rate with General Standard No.385 was 65.7% in 2021.
- In addition, CAP has a formal procedure for continuous development which is used to detect possible improvements in its organization and functioning, in order to establish those areas in which its members could strengthen and perfect.



External mechanisms

- The Board of Directors audited the responses in the General Standard No. 385 annex by means of an independent third-party, who had all the authorizations required by the CMF for those purposes.

The audit concluded that all answers proposed by the Board of Directors were sufficiently supported for them to be presented to the CMF.

CMP's Board of Directors

Restructuring of CMP Committees

In the Ordinary Shareholders Meeting that took place on April 8th 2021, the company's whole board was renewed, being now composed by:

- **Juan Enrique Rassmuss**
Chairman
 Civil Industrial Engineer, Chilean.
- **Julio Bertrand**
Director
 Civil Industrial Engineer, Chilean.
- **Vicente Irrarázaval**
Director
 Geologist, Chilean.
- **Tadashi Mizuno**
Director
 Bachelor in Economics, Japanese.
- **Marcelo Awad**
Director
 Civil Industrial Engineer, Chilean.
- **Victoria Vásquez**
Director
 B.A. in Business Administration, Chilean.
- **Ángel Milano**
Director
 Business Administrator, Venezuelan.

In 2021, the following changes were introduced to the governance system:

- Reinforcement of the strategic character of the Board of Directors' Committees
- The frequency of the committees was modified:
 1. **Projects and Contracts Committee** > every 2 months
 2. **Audit and Risk Committee** > every 3 months
 3. **Strategy, Talent and Culture** Committee > every 3 months
- It was determined that meetings with the technical teams of CAP Group would be held with the purpose of discussing specific aspects of relevant projects before their review by the Board of Directors Committee. This seeks to ensure that only strategic issues are dealt with at the Board.
- Finally, the presidency of the Strategy, Talent and Culture Committee was modified, leaving this responsibility to the Chairman of the Board.



Compañía Siderúrgica Huachipato's Board of Directors

In the Ordinary Shareholders Meeting that took place on April 28th 2020, the company's board was elected, being now composed by:

- **Roberto de Andraca**
Chairman
 B.A. in Business Administration, Chilean.
- **Julio Bertrand**
Director
 Civil Industrial Engineer, Chilean.
- **Catalina Mertz**
Director
 Economist, Chilean.
- **Alejandro Figueroa**
Director
 Mechanical Engineer, Argentinean.
- **Jorge Salvatierra**
Director
 Civil Industrial Engineer, Chilean.

Operation and Activities of CSH's Board of Directors in 2021

- During this period, the company's Board of Directors celebrated monthly sessions alternating in-person meetings (both in Talcahuano and Santiago) with remote meetings through Microsoft Teams.
- Like the year before, the Board of Directors kept management control as one of its main axes, besides guiding the company on sustainability issues.
- Throughout the year, the following committees operated: Audit and Risk and Investments.





Cintac's Board of Directors

As of December 31st, 2021, Cintac's Board of Directors is formed by:

- **María Cecilia Facetti**
Chair
Chemical Engineer, Argentinean.
- **Claudia Bobadilla**
Vice-Chair
Lawyer, Chilean.
- **Roberto de Andraca**
Director
B.A. in Business Administration, Chilean.
- **Julio Bertrand**
Director
Civil Industrial Engineer, Chilean.
- **Felipe Díaz**
Director
B.A. in Business Administration, Chilean.
- **Susana Torres**
Director
Civil Chemical Engineer, Chilean.
- **Abel Bouchon**
Director
Economist, Chilean.

Creation of the Risk Committee in Cintac Group

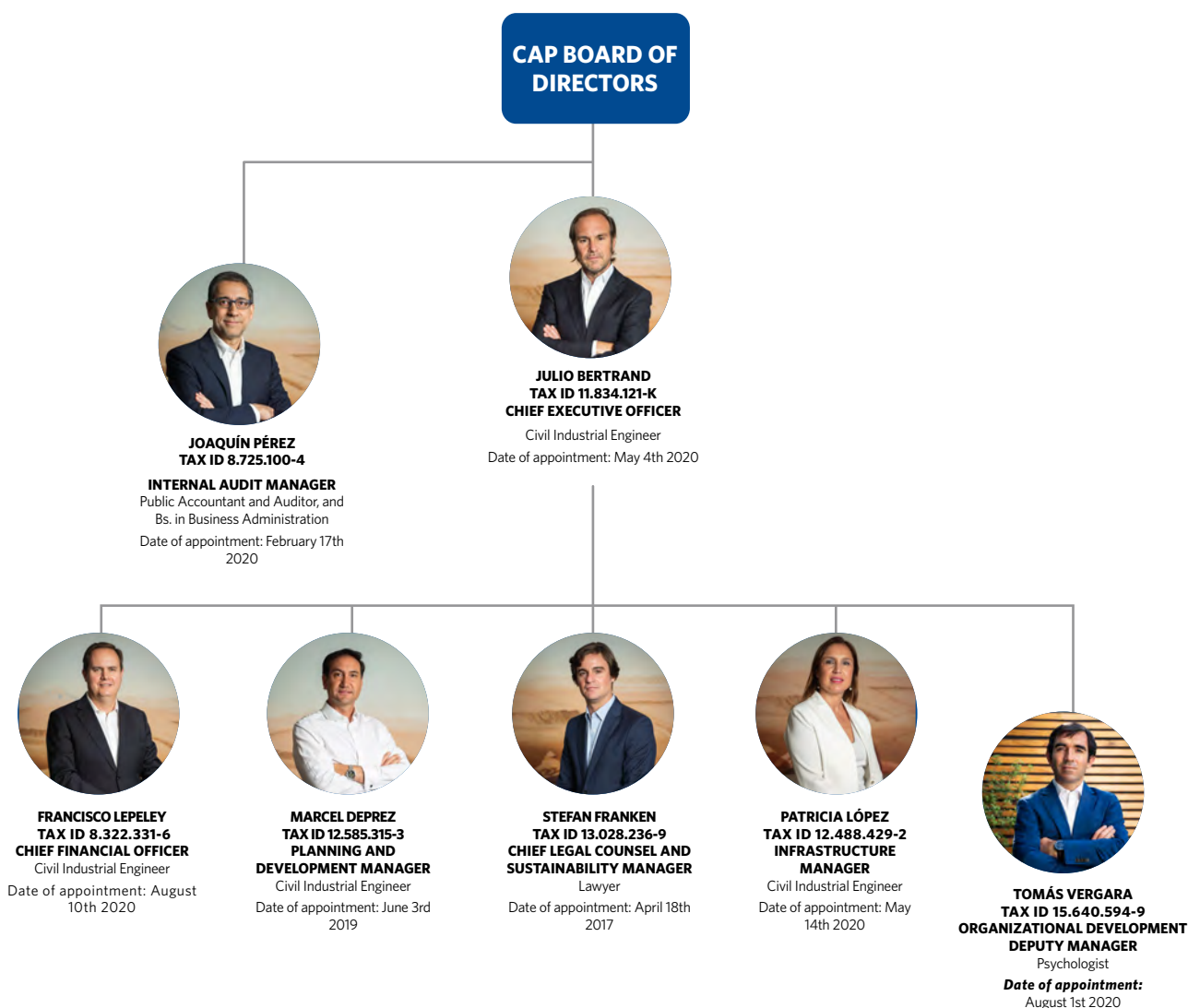
The 2021 period saw the creation of this Committee, on which Cintac's Board of Directors delegates the adequate management of risks. It is currently presided by Ms. Susana Torres and includes the directors Claudia Bobadilla and Abel Bouchon as members.

Main responsibilities:

- To propose the risk management policy and corporate framework to the Board of Directors.
- To challenge, validate and recommend Cintac's strategic risk dimensions to the Board of Directors.
- To provide feedback regarding strategic risks defined by subsidiaries.
- To ensure that an adequate strategic risk management is executed by Cintac Group's companies.
- To provide a report to the board after each Committee session.
- To report to the board diligently in case of contingencies or relevant alerts.
- To evaluate and draw conclusions regarding controls and action plans directly executed by Cintac for some of the risk dimensions.

CAP S.A. Management

GRI 102-18



Compañía Minera del Pacífico S.A.

Francisco Carvajal

Tax ID 9.047.354-9
Civil Mining Engineer
Chief Executive Officer
Date of Appointment: 11/01/2019

Compañía Siderúrgica Huachipato S.A.

Rodrigo Briceño

Tax ID 12.011.581-2
Civil Electronic Engineer
Chief Executive Officer
Date of Appointment: 10/01/2018

Cintac Group

Patricio Merello

Tax ID 10.653.986-3
Civil Industrial Engineer
Chief Executive Officer
Date of Appointment: 11/01/2021

Intasa S.A. (*)

Pedro Olivera

Tax ID 7.018.048-0
Civil Industrial Engineer
Chief Executive Officer
Date of Appointment: 10/28/2020
End: 02/25/2022

**On February 25, 2022, Mr. Pedro Olivera presented his letter of resignation to the role of Chief Executive Officer, and designated Mr. Christian Schmidt Almarza as new CEO of the company.*

2.2. Ethics and Compliance

GRI 102-16

Ethics and Integrity: GRI 103-1, 103-2

In the last years, the Company has strengthened its system for compliance management with the logic of going beyond current legal regulations. The goal is to move towards a corporate culture framed within ESG values as strategic axes across CAP Group, so that every decision is made within an integrity and sustainability framework.

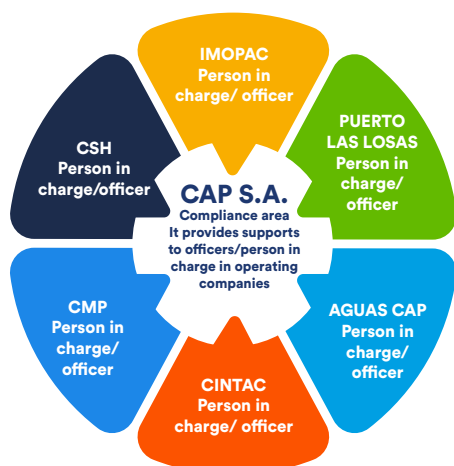
Legal framework

- Integrity Code
- Crime Prevention Manual
- Policies

Means of control

- Claims and reports channel
- Annual identification of corruption risks
- Pairing of the regulatory and ethical conduct system with the performance and remuneration assessment.

CAP Group's Compliance Structure



Integrity Code

This practical tool comprises the principles on which the relationships with the company's groups of interest must be based. It applies to directors, employees, suppliers, contractors and trade partners, and includes:

- CAP Group's commitment to the respect and promotion of human rights in our operations and the supply chain. This includes freedom of affiliation, the right to collective bargaining and nondiscrimination, among others.
- Acceptable business behavior and the guideline for ethical decision-making: anti-corruption, crime prevention, conflict of interest, gifts, free and fair competition, generation or truthful information, data management and use.
- Responsible relationship with interest groups.
- Workplace health and safety.
- Labor conditions and fair treatment of workers.
- Environmental responsibility and standards.
- Fair and responsible relationship with suppliers.
- Liaison with authorities, shareholders and communities.

Integrity and Compliance Corporate Committee

Formed by the CEOs of CAP Group and the operational companies, as well as CAP's Chief Legal Counsel and Sustainability Manager, its responsibilities include the promotion of a compliance culture within the group, knowing and resolving claims considered to be severe, ratifying proposed protocols by compliance officers and, when appropriate, recommend their approval to the Board of Directors.

Main duties of the Compliance Leadership:

- Lead the Compliance Program from the head office.
- Manage and implement the program in the company.
- Administrate compliance risk management.
- Create and implement an Awareness and Training Plan.
- Investigate claims at CAP and those deemed as severe in the operating companies.



Compliance Program's guidelines updates

All the policies framed within the compliance program were reviewed and updated in 2021. The procedure was informed and approved by the board of directors.

Anticorruption and Bribery Policies

Additionally, in December, the Board of Directors created and approved a Trade Partners Management Policy, whose goal is to regulate more comprehensively the Due Diligence process that must be practiced with these third parties.

Online Registry System

This year, the implementation of the Compliance Registry System continued. It allows to record conflicts of interest, gifts and hospitality, as well as meetings with public officials.

Digital registry advantages

The implementation of the system has contributed to the ongoing improvement of supervision and monitoring mechanisms of the functioning of compliance policies. On the one hand, it provides a tool that renders an automatized report to direct leaderships and compliance officers and, on the other, it provides a digital database that allows to verify compliance with said policies by means of a data analysis mechanism executed by the Auditing area.



El Romeral Mines is located in the region of Coquimbo.

Functioning of the Whistleblowing Channel

Ethics and Integrity: GRI 103-3
GRI 205-1

In 2021, the channel could be accessed via the Intranet and the corporate website, apart from the possibility of submitting reports via email to canaldeintegridad@cap.cl. It is worth noting that, in 2021, no incidents related to corruption were verified across CAP Group.

Ethical Compliance in 2021 ¹

- Percentage of reports received in 2021 which were resolved within the given timeframe:
- Percentage of newly activated suppliers in 2021 who were subjected to the due diligence check:
- Percentage of employees that completed the annual declaration of conflicts of interest:



100%

27%

71%

¹ It includes data from CAP S.A., Infrastructure and TASA.

Contribution to public debate

GRI 102-12, 102-13

CAP Group participates in various organizations in order to contribute with its experience to public policy discussion, national development and the industries sustainability.

International

ALACERO: Latin American Steel Association.

National

Acción Empresas

ACENOR

CEP

Fundación Chilena del Pacífico

CLG

Pacto Global

SOFOFA

SONAMI

Monetary contributions to trade associations and public debate organizations in 2021

US\$211.5 thousand

Total amount

CAP's Integrity Code and the Donations, Sponsorships and Memberships Policy explicitly forbid contributions to political campaigns and activities of any kind. Consistent with this, in 2021, no donations were made to political campaigns and activities of any kind.



Commitment to Human Rights and other global principles



In its Integrity Code, CAP Group declares its support to the United Nations Global Compact, the UN's Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights and the Fundamental Principles of the International Labor Organization (ILO).

Commitments assumed by CAP Group in this area:

1. To respect internationally recognized Human Rights in all our operations, as well as in our supply chain.
2. To implement programs to cover possible industry breaches regarding Human Rights.
3. To observe due compliance in the supply chain.
4. To monitor possible impacts to our operations.

These commitments are duly identified in CAP Group's Integrity Code.



Identification, analysis and assessment of possible risks regarding Human Rights

Between March and July 2021, the first stage of the Due Diligence Process regarding Human Rights in CAP was executed, focused on reviewing and assessing how these issues are integrated in the company's policies and management, through which strengths and challenges in the management of these rights were identified, as well as action plans for improvements.

In this context, a data gathering process was conducted to know the different views from the human rights perspective with frontline executives and support areas for human rights, accompanied by information related to CAP management in human rights matters.

The working approach was based on international sustainability standards and the project was executed in two stages:

1. Awareness Workshop
2. Human Rights Management

During the first stage, CAP's senior management was given a lecture on the Guiding Principles and the process of due diligence.

The second stage included an identification of the context, interviews and review of secondary information, relation of the strategic focuses defined in the strategic planning with human rights, and, finally, an assessment of human rights management and the creation of action plans.

Risks in operations or in the supply chain

To this day, the Due Diligence Process has not been conducted in the company's operations or its supply chains, but, according to the defined framework, it is expected to be executed in our operations by a third-party consultant who will evaluate human rights risks on the basis of documents and interviews.

Once the risks have been identified, mitigating action plans will be drafted and their compliance will be monitored. Likewise, online training opportunities will be made available in line with the Awareness Workshop done in CAP, and an informative campaign will be launched to report the main company's main results and actions on the subject.

2.3 Risk Management

Material Topic: Business Risk Identification and Management:
GRI 103-1, 103-2

Corporate policy and framework update

In the 2021 period, the CAP Board of Directors approved the update of its Corporate Risk Management Policy and Framework, which define the main guidelines regarding methodologies, roles and responsibilities that the Group's companies must comply with in their risk management.

To implement an appropriate governance structure, Risk Management teams at corporate level and at each operating company periodically report to their respective committees in charge of risks (or sometimes their Boards), who deal with issues such as risk management performance, the period's contingencies, and the analysis of possible emerging risks.

Decentralized management of lines of business

It is worth noting that each operating company has a team in charge of risk management, who reports to the CEO and their respective Committee and/or Board of Directors

In CAP, governance in risk management is defined in the Corporate Risk Management Framework, with the following structure and reportability:



CAP

The Deputy Control and Strategy Management Officer reports directly to the Planning and Development Manager, who reports to CAP's CEO. They, in turn, report to CAP Board of Directors' Risk Management Committee quarterly.



Operating Companies

There are people in charge of risk management who report to their CEOs and periodically present to their Committees and/or Boards (in addition, they are the main point of contact for the corporate level in risk matters). The role of officer in charge of risk management depends on each operating company's organizational structure. The roles of those in charge of risk management in the group's main operating companies are detailed below:

- **CMP: Occupational Health and Safety Manager**
- **CSH: Finance Manager**
- **Cintac: Risk and Internal Control Manager**

Promotion of a Risk Culture

During the 2021 period, and through different training options and other tools, important advancements were made in the promotion of a risk culture in CAP Group's companies.

Performance Assessment and Financial Incentives:

- The same system implemented in 2020 stands, assessing objectives in four factors in the operating companies and standardizing the variable income process. This system allows to match collaborators with their company's strategy and relate their work to the attainment of financial and operational objectives.
- Having operational objectives as part of the performance assessment system allows for collaborators to focus their strategic projects towards a better management of those operational risks.
- In 2021, training was incorporated for setting goals, management feedback techniques and reduction potential biases in performance assessment. This seeks to empower leaderships in their teams' professional development process.
- Strategic objectives in each area are related to the company's management of strategic risks, for example:

Operational objectives:

Operational risks are defined according to the group strategy and its sustainable implementation. This involves including indexes related to costs, health and safety, environmental compliance, among others, which are directly related to risk management as defined by the company.

Personal objectives:

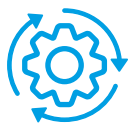
The attainment of personal objectives, depending on the department, is related to the management of strategic risks defined by CAP, such as: the Organizational Development Sub-Management's objectives are related to alignment and talent risks.

Financial objectives:

CAP has defined EBITDA and ROCE as financial indexes that reflect the company's adequate risk management. These indexes are directly related to economic sustainability risks, operational continuity, and others. The obtained results represent a percentage of the performance assessments of CAP's workers. The indexes have a greater percentage in the evaluations of the Chief Executive Officer and other senior level managers; deputies and leaderships are assessed under the same indexes, but with a lower relative weight.



Risks inherent to the business



Operational

CAP Group's businesses face a variety of operational risks, such as natural disasters, supply shortages or critical equipment failures, which could cause accidents in the workplace or prolonged unplanned interruptions.

- **Mitigation measures:** CAP has different mitigation measures that seek to ensure the correct operation of its sites. One of them is the system for Process Risk Management (PRM), driven by Compañía Minera del Pacífico (CMP) and which allows for the identification of hazards, assess and control existing risks in order to minimize or eliminate the occurrence of incidents and accidents in the company.
- **Other mitigation actions:** maintenance plans, safe work procedures, contingency plans, audit plans, insurance contracts, among others.



Environment and Communities

Due to the nature of CAP's mining and industrial activity, the company is exposed to risks that may affect its relationship with the communities and other interest groups, the environment, permit obtainment, compliance with regulations and environmental commitments, among others.

- **Mitigation measures:** CAP Group's companies have plans in place to ensure compliance with RCAs and environmental, social and workplace safety regulations, programs for community relations, and communications and public representation protocols.



Corporate Governance

The right organizational structure and policies in line with CAP's needs promote efficacy and efficiency in the company's decision-making processes.

- **Mitigation measures:** in 2021, advancements were made in the consolidation of a new corporate governance for CAP and its operating companies. This model includes formal instances of directors committees in each company, where apart from directors from each company, participants include representatives from partners, who review issues that are later validated by each Board.



Human Resources

This is a strategic pillar in ensuring the Group's long-term sustainability and, thus, its continuity in contributing to the country. Therefore, CAP strives to identify, retain, attract and develop talents that aid in meeting the Group's challenges.

- **Mitigation measures:** to ensure this, CAP has an annual process for setting goals that are aligned with the group's strategy, incentive systems, career path and succession plans, among others.



Compliance

Compliance with norms, laws, and regulations that penalize corruption, collusion and fraud is key to ensuring sustainability of the group's businesses, given that any situation of this kind may mean serious sanctions and risk CAP's reputation and image.

- **Mitigation measures:** CAP has implemented an Integrity and Compliance Program based on the mapping of risks and which includes, among other elements, the Crime Prevention Model, the Integrity Channel, periodic reporting to senior management, continuous team training, monitoring mechanisms and strategies for continuous improvement.

Market risks



Economic sustainability

Both the operating companies' and the holding's liquidity and solvency may be affected by operational incidents, poor investment portfolio management, market conditions, among other factors, which would negatively impact on the company's cash flow and its access to capital markets.

- **Mitigation measures:** CAP has implemented liquidity and debt policies, dividend policies, commodity insurance policies, permanent and continuous contact with the market's relevant agents, constant covenant monitoring and permanent reviewing of cash flow forecasts.



Competitive position

The competitive position of the group's companies may be weakened by sustained increases in unit costs of production and sales, new strategies from competitors, or other market-related factors.

- **Mitigation measures:** in order to prepare for possible negative market scenarios, CAP applies measures such as defining investment projects and plans to achieve cost optimization, defining commercial strategies, and establishing investment decisions that increase contribution margins and generate long-term competitive advantages.

More information on market risks coverage can be found in the Analysis of Financial Statements up to December 31st 2021.

Emerging risks



Regulation Changes

Changes in regulation have also been part of the business risks for CAP Group, making it adapt to new norms and requirements. However, the current political and social context in Chile may mean an increase in the magnitude and impact of these changes.

The reforms that may be implemented in the coming years may eventually generate changes in different areas, for instance: the role of private businesses in the exploitation of natural reserves and resources, the protection of the environment, the liaison with and impact on local communities, the use of water, among other factors. These may affect CAP Group's companies through the application of higher taxes or royalties, impact on production costs and/or capacity, or entail changes in operations due to stricter environmental, community and/or governance requirements.

- **Mitigation measures:** CAP is monitoring possible regulation changes.
- On the other hand, a model of sustainable development has been made, defining the fundamental guidelines and key objectives to achieve sustainable development in relation to social, environmental and governance matters, prioritizing energy efficiency and renewable energy projects, carbon and water footprint reduction plans, continuous monitoring of relationship with stakeholders, among others.



Climate Change Risk

For the past few years, there have already been physical manifestations of climate change, such as the long drought that has affected the north of Chile. However, it is to be expected that in the years to come these effects will intensify in magnitude and frequency. Likewise, as the countries in which we operate move into economies that are more aware of environmental protection, it can be expected that there will be greater restrictions for the use of coal, changes in the norms that regulate industrial water use, emissions of greenhouse gases, the use of non-conventional renewable energies or other factors that may impact on the company's costs, investment plans, to name a few.

- **Mitigation measures:** early measures have been advanced to face these challenges related to climate change. There has been progress in the identification of opportunities and risks and in the advancement of strategies for the improvement of energy efficiency and carbon and water footprint reduction.



Cybersecurity and Information Security

Although cyber attacks have been a latent risk for some years, especially in those economic sectors with a greater level of digitalization, this risk may become more relevant for CAP Group in the next few years. This is due to a greater dependence on the use of IT networks and systems for the analysis, processing and storing of data, in addition to the exponential development of new cyber crime techniques.

If this risk is not appropriately managed, critical information may be lost, confidential information may be leaked, or even, critical processes for the operation may be compromised.

- **Mitigation measures:** in order to mitigate these risks, several actions have been implemented, such as:
 1. Information Security Committee, led by CAP's Chief of Information Security and formed by the CFOs and IT Deputies/Chiefs of the operating companies. This Committee meets every month.
 2. New procedures were included in the legal framework
 3. A two-factor authentication was implemented for accessing key applications.

Actions to strengthen the Cybersecurity strategy

Training and awareness opportunities

- Specific courses for directors, managers and the Finance department.
- Training for all group collaborators continued.
- Program to reinforce and create awareness about the issue among people.

Mechanisms to identify and report suspicious activity

- Emphasis during training about the need to report in case of suspicion.
- Informative campaigns to educate and create awareness on users.
- Alerts based on security events that may take place.

Disciplinary measures in case of infringement

- There are secondary measures that allow to evaluate actions that breach the company's values, as well as established internal policies.

Contingency plans, business continuity and response procedures

- A supplier runs operational continuity tests annually, apart from carrying out SSAE-18 audits.

International standards certification

- The Information Security approach is aligned with the best international practices, such as ISO 27.001.
- CAP works with an 85% of external suppliers. They are certified and follow International standards (certificate holders: Entel and e-Money).

External audits

- It is worth mentioning that the Audit includes a review of general IT controls.

System vulnerability analysis

- Internal and external penetration tests, WIFI tests and Ethical Phishing exercises were carried out.

Cybersecurity attacks or incidents

There were no information security breaches nor cases that may compromise clients' personal information, in CAP during the year.

Moreover, 100% of the cybersecurity incidents were managed by CAP Group³ without any consequences.

³ This includes CSH, CMP and CAP S.A.

3. Generating Economic Value





The Magnetite Plant is one of the biggest circular economy facilities in the world.

3.1 Strategy that generates outstanding results



CAP Group closed the 2021 period with excellent results in all its lines of business thanks to the initiatives related to the implementation of the sustainable development strategy, together with favorable conditions in the iron ore and steel markets, both nationally and internationally.

Consolidated revenues:
US\$ 3,676.9 million **+37.2% v. 2020**

Gross income:
US\$ 1,711.9 million **+92.2% v. 2020**

Consolidated EBITDA:
US\$ 1,813.8 million **+86.2% v. 2020**

Consolidated net profit:
US\$ 741.4 million **+146.8% v. 2020**

Results per business segment

CMP

The mining company had extraordinarily high results, boosted by the price of iron ore as it reached an average monthly peak of US\$215/t in June in its reference index (Platts CFR China Fe 62%). Added to this, the company had a high amount of shipments, which totaled 16.2 million tons and reduced its unit operational costs (from US\$61.4 to US\$58.2 per ton).

Revenue:	US\$ 2,399.1 million	+32.1% v. 2020
EBITDA:	US\$ 1,601.9 million	+83.1% v. 2020
Net profit:	US\$ 938.5 million	+109.3% v. 2020
Total iron ore production:	15,978,599 tons	+9.0% v. 2020

CSH

The rise in the price of iron ore and the increase in its shipments had a positive effect in the steelmakers' results, reaching the highest EBITDA and profit figures in 14 years. On the other hand, CSH re-oriented its product mix to one with better margins, as are the grinding bars, which in 2021 represented 60% of the product portfolio, compared to 52% in 2020.

Revenue:	US\$ 772.9 million	+58.3% v. 2020
EBITDA:	US\$ 56.6 million	+US\$ 88.7 million v. 2020
Net profit:	US\$ 11.3 million	+US\$68.3 million v. 2020
Total steel production:	791,936 tons	+8.8% v. 2020

Cintac Group and TASA

Similar to what happened in the steelmaking sector, Cintac in Chile and Peru and TASA in Argentina, experienced a strong recovery in the demand for processed steel products. This, together with the capacity of keeping up production in the context of scarcity of construction materials due to the pandemic, allowed both companies to obtain very positive results by the end of 2021.

Revenue:	US\$ 650.1 million	+46.2% v. 2020
EBITDA:	US\$ 108.8 million	+92.2% v. 2020
Net profit:	US\$ 44.2 million	+167.9% v. 2020

Infrastructure

Infrastructure revenues were similar to those of the previous year, reaching US\$99.0 million. Cleanairtech Sudamérica (Aguas CAP) achieved a production of 7.86 million m³ of desalinated water, and Technocap transmitted 260.62 GW of electric energy. Greater operational costs, as a consequence of the rise in energy prices, resulted in an EBITDA decrease and also a lower net profit.

Revenue:	US\$ 99.0 million	+3.1% v. 2020
EBITDA:	US\$ 57.9 million	-7.8% v. 2020
Net profit:	US\$ 22.1 million	+16.0% v. 2020

Factors that explain the results



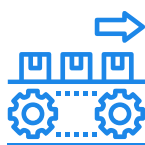
International prices: good market conditions were reflected in the rise in price of iron ore and steel globally. The average price of CMP's product basket was US\$ 147.2 per metric ton -an 35.7% more than that recorded in 2020. In the case of steel, the average price reached US\$ 892.4 per ton -54.8% more than that of 2020.



Management and optimization: At CMP, it was key to ensure both production and shipments of more than 16 million tons thanks to the stabilization efforts of processes. In CSH, it was crucial to have a good margins management, despite the price hike of iron ore and coal, main role materials used in the steel making process.



Greater added value: In the case of the steel making business, it was also very important to have an increase in production and sales of products with a greater added value, such as special steels for grinding used in mining, as well as the energy cost reduction due to a new contract based on 100% renewable energies.



More production and high demand: In the steel processing segment several favorable market conditions worked together with good levels of production and supply of our products to the market, in the context of high local demand and disruptions in the international markets.

Main challenges in results for the years to come

CAP Group is firmly willing to continue to move forward in the productive order to maintain highly stable operations, with strong levels of safety and low accident rates. In the mining business, among the greatest challenges for the coming years is element of projects for growth, for which we are already working on the service for mining sites owned by CMP. In the steelmaking business, the positive results obtained in 2021 need to be consolidated, making the presence of said business segment possible for the long term. Hence, it is fundamental to achieve high levels of competitiveness, especially in priority steel markets.





3.2 Performance by operating company

3.2.1 CMP: Focus on Premium Products

Consolidated sales of iron ore in 2021 reached 16 million 151 thousand metric tons, which represents a 2% drop compared to total sales in 2020. The main reason for this was the lower production which, in turn, makes greater shipments impossible due to lack of inventory.

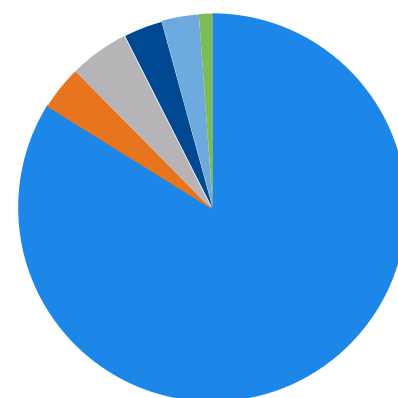
	2021	2020	VARIATION	
	Th Mt	Th Mt	Th Mt	%
TOTAL SALES	16,151	16,549	(398)	(2%)
ELQUI VALLEY	2,519	2,876	(357)	(12%)
External Market	2,518	2,749	(231)	(8%)
Internal Market	0	127	(127)	(100%)
HUASCO VALLEY	7,121	7,017	104	1%
External Market	6,339	6,348	(9)	(0%)
Internal Market	781	669	112	17%
COPIAPÓ VALLEY	6,511	6,656	(145)	(2%)
External Market	6,496	6,656	(160)	(2%)
Internal Market	16		16	0

Sales to the external market reached 15.35 million metric tons, and 798 thousand metric tons to the internal market, representing 95.1% and 4.9% of total sales, respectively.

In aggregate figures, the Asian market represented 93.9% (15,166Tt Mt) of CMP's total exports, with China concentrating 84% of total sales.

Regarding product destinations, in 2021, CMP supplied 6 different geographic markets.

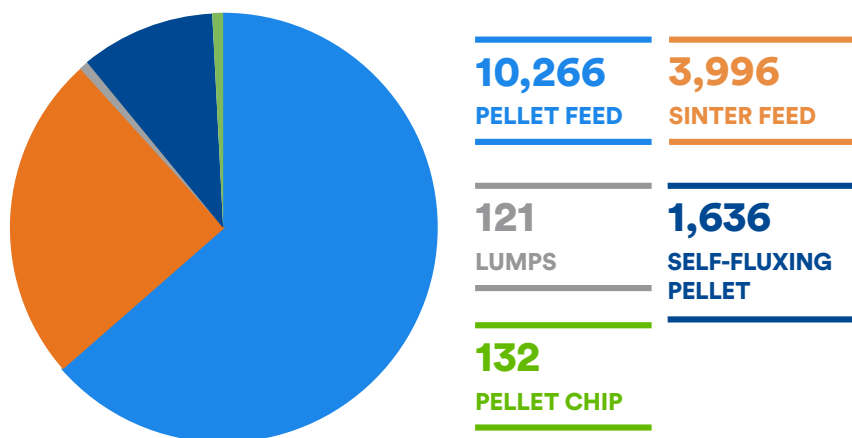
2021 SALES PER MARKET (Th Mt)



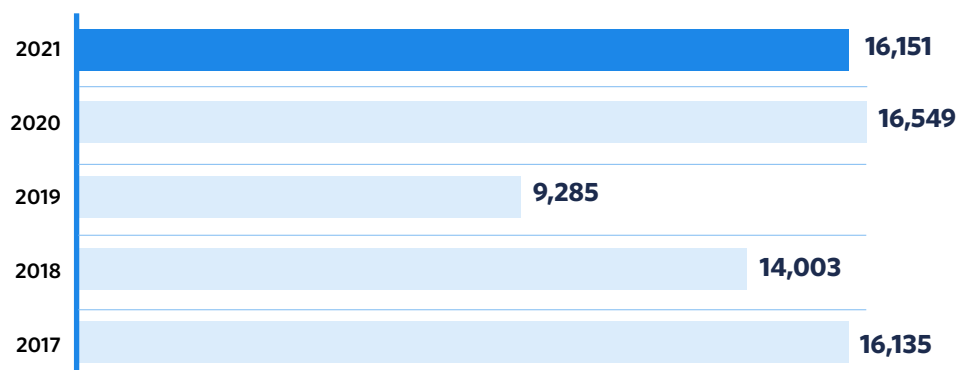
13,545 CHINA	602 KOREA	798 CHILE
519 BAHRAIN	500 JAPAN	187 USA

Noteworthy are the reincorporation of Bahrain (country in the Persian Gulf) as a regular destination for the company and the increase in shipments to Japan.

2021 SALES PER PRODUCT (TH MT)



TOTAL SHIPMENTS CMP THOUSAND METRIC TONS



CMP'S CUSTOMERS IN 2021

COUNTRY	CUSTOMER
BAHREIN	BAHREIN
	CSH
CHILE	QUÍMICA DEL SUR
	REDOXI
	ECOMETALES
	BAOSTEEL
CHINA	CARGILL
	GLENCORE
	GMG
	HEBEI
	JIAHE
	JIANLONG
	MERCURIA
	NINGBO
	RGL
	RIZHAO
	RTM
	SHENGLONG
	WUHU FUXIN
XINYU	
JAPAN	JFE
	KSL
KOREA	POSCO
USA	UMI

In terms of the product portfolio, pellet feed is the main product in sales, followed in quantity by sinter feed and the pellet for blast furnace. These three products combined represent 98.4% of all shipments.

Next came the sales of pellet chips and lumps.

Focus on premium products

Iron ore is the mineral with the largest productions in the world, was around 1,700 million tons per year, while the global production of copper, for instance, only which is about 22 million tons per year.

In this context, CMP represents 0.7% of the world's iron ore production. However, the company produces a high-grade magnetic iron and pellets with very few impurities, which has several advantages in the production chain, especially in steelmaking, as it is a better product for reducing carbon footprint.

- Sinter feed with 62% to 64% Fe
- Pellet feed with 65% to 69% Fe
- Pellets with 65% to 67% Fe

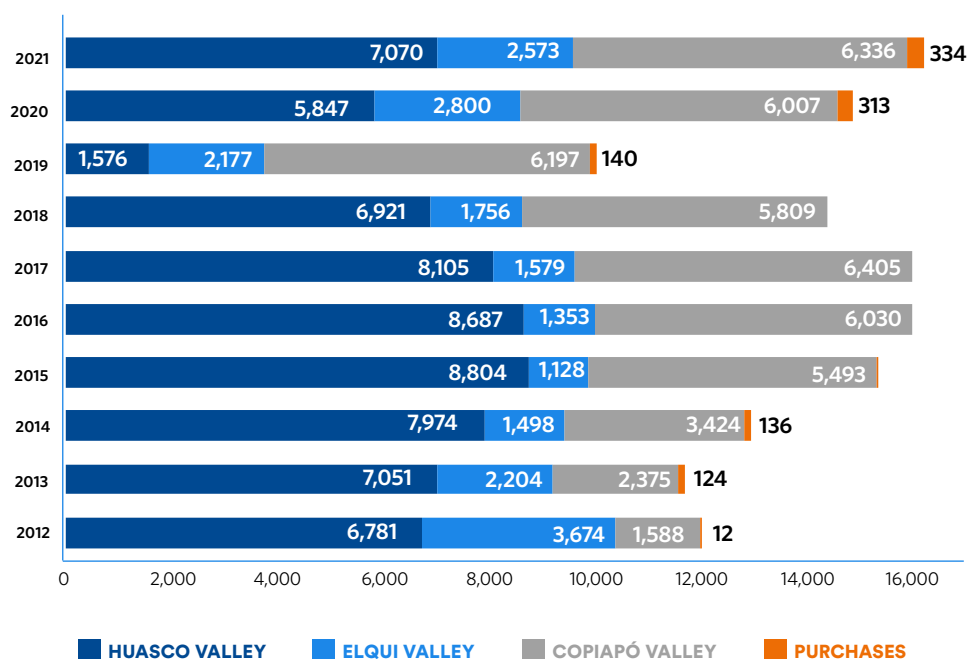
More sustainable iron ore

The magnetic iron ore produced by CMP is exothermic, i.e. it generates heat and, therefore, it avoids a greater consumption of fuel for steel makers. It is because of this that CMP's Pellet Feed is a highly sought-after premium product, positioning the company among the 10 largest producers worldwide.

Production

CMP's total production and purchases in 2021 reached 16 million 312 thousand metric tons, of which 7 million 70 thousand metric tons came from Huasco Valley, 6 million 336 thousand from Copiapó Valley, and 2 million 573 thousand from Elqui Valley. During this period, purchases of sinter feed from third parties were made, totaling 334 thousand metric tons.

Production and Purchases by Valley in the 2012-2021 period (Th Mt)



Production and purchases for the year 2021 was 9% larger than that of 2020; that is, 1,344 thousand metric tons more of production. This figure is the result of a greater production by 1 million 223 thousand metric tons from Huasco Valley, added to a greater production in Copiapó Valley by 329 thousand metric tons, and countered by a decrease of 227 thousand metric tons from Elqui Valley. As for iron ore purchases to third parties, we saw an increase in 20 thousand metric tons compared to the previous year.



The Pellets Plant was inaugurated in 1978 in Huasco, Atacama region.

	2021	2020	VARIATION	
	Th Mt	Th Mt	Th Mt	%
TOTAL PRODUCTION AND PURCHASES	16,312	14,968	1,344	9 %
TOTAL PRODUCTION	15,979	14,655	1,324	9 %
ELQUI VALLEY	2,573	2,800	(227)	(8) %
Lumps	115	162	(47)	(29) %
Fines	42	120	(78)	(65) %
Pellet Feed	1,897	1,829	68	4 %
Sinter Feed	518	688	(171)	(25) %
HUASCO VALLEY	7,070	5,847	1,223	21 %
Pellet Plant	4,511	3,942	569	14 %
Self-fluxing Pellet	1,603	1,714	(111)	(6) %
Pellet Feed	2,640	2,098	542	26 %
Pellet Chips	190	130	60	46 %
Huasco Fines	77	0	77	-
Sinter Feed	2,559	1,905	654	34 %
COPIAPÓ VALLEY	6,336	6,007	329	5 %
Magnetite Pellet Feed	1,956	2,207	(252)	(11) %
Sinter Feed	477	423	54	13 %
CNN Pellet Feed	3,903	3,377	526	16 %
TOTAL PURCHASES	334	313	20	6 %

CMP: Reserves and Resources

DEPOSIT		RESOURCES, DECEMBER 2021 (million tons)							
Name	Location	Measured	%Fe	Indicated	%Fe	Inferred	%Fe	TOTAL	%Fe
El Laco	Antofagasta							733.9	49.2 *
Cerro Negro Norte	Copiapó	570.9	29.6	37.8	26.9	2.2	27.5	611.0	29.4 ©
Candelaria	Copiapó							616.9	11.4 n/c
Los Colorados	Vallenar	749.6	34.2	39.7	29.2	18.1	30.1	807.4	33.9 ©
Los Colorados District	Vallenar							26.0	43.3 *
El Algarrobo	Vallenar							141.7	44.7
Algarrobo		116.2	46.4	8.5	40.1	1.6	41.8	126.4	46.0 ©
Stockpiles		5.8	36.1	6.3	33.6	3.2	32.7	15.3	34.4
El Algarrobo District	Vallenar							1,120.4	30.3
Alcaparra D		92.4	32.6	234.3	29.7			326.7	30.5 ©
Alcaparra A		67.4	28.6	181.5	29.1	383.8	31.9	632.7	30.7 ©
Domeyko II								107.0	28.0 *
Charaña								42.0	27.5
Ojos de Agua								12.0	34.5 *
Cristales	Vallenar							149.0	32.8
Tofo	La Serena							3,148.3	27.1
Pleito (Tofo Norte)		937.2	25.4	454.6	23.4	189.7	22.5	1,581.5	24.5 ©
Sierra Tofo		188.4	22.6	199.7	22.3	44.6	23.2	432.8	22.5 ©
Pleito Este		187.5	24.7	232.8	23.7	90.5	22.6	510.8	23.9 ©
Chupete		156.8	34.5	253.4	37.4	213.1	45.5	623.2	39.4 ©
Romeral	La Serena							553.4	27.4
Low grade stockpiles								1.6	20.3
Romeral		414.3	28.8	114.2	24.1	23.3	20.2	551.8	27.4 ©
TOTAL								7,908.0	29.7

Comments:

© The resources stated are certified in accordance with Law 20,235 by Competent People (CP) registered with the Competence Qualification Commission in Mining Resources and Reserves (Mining Commission) who do not work in CMP or in any related company.

The competent person who certified the information is Mr. Marco Alfaro S., whose Mining Commission registration number is 218.

The certification dates are the following:

Sector	Certification date
Pleito (Tofo Norte)	January 2014
Algarrobo	October 2014
Alcaparra D	January 2015
Cerro Negro Norte	July 2015
Chupete	March 2016
Alcaparra A	March 2016
Sierra Tofo	October 2016
Romeral	April 2019
Los Colorados	April 2019
Pleito Este	October 2019

* The stated resources will be certified during 2022 and 2024.

n/c "Deposit not considered in the certification process. Candelaria is a third-party copper deposit and CMP extracts iron ore content from their fresh tailings in its facilities at the Magnetite Plant, in accordance to an agreement that grants it this right until 2022. The stated value is that of the tons of Fresh Tailings generated according to the Long-Term Plan informed by Candelaria".

CMP: Reserves and Resources

DEPOSIT		RESOURCES, DECEMBER 2021 (million tons)					
Name	Location	Proven	%Fe	Probable	%Fe	TOTAL	%Fe
El Laco	Antofagasta					376.3	56.7 *
Cerro Negro Norte	Copiapó	276.9	33.7	7.3	31.3	284.2	33.7 ©
Candelaria	Copiapó					616.9	11.4 n/c
Los Colorados	Vallenar	354.7	36.7	14.8	30.7	369.6	36.5 ©
El Algarrobo	Vallenar					76.8	49.4
Algarrobo						71.8	50.2 *
Stockpiles						5.0	38.6 *
El Algarrobo District	Vallenar					118.4	35.5
Alcaparra D						118.4	35.5 *
Pleito (Tofo Norte)	La Serena	711.1	26.0	204.9	24.6	916.0	25.7 ©
Romeral	La Serena					85.7	30.9
Low grade stockpiles						1.6	20.3 *
Phase 5		78.5	31.3	5.5	27.3	84.1	31.1 *
TOTAL						2,843.9	30.1

Comments:

© The reserves stated are certified in accordance with Law 20,235 by Mr. Orlando Rojas V., who is a Competent People (CP) registered with the Competence Qualification Commission in Mining Resources and Reserves (Mining Commission) with registration number 118.

Mr. Orlando Rojas is an independent professional and does not work for CMP or any related companies.

Sector	Certification date
Los Colorados	November 2013
Cerro Negro Norte	December 2015
Pleito (Tofo Norte)	December 2015

* The stated resources will be certified during 2022 and 2024.

n/c "Deposit not considered in the certification process. Candelaria is a third-party copper deposit and CMP extracts iron ore content from their fresh tailings in its facilities at the Magnetite Plant, in accordance to an agreement that grants it this right until 2022. The stated value is that of the tons of Fresh Tailings generated according to the Long-Term Plan informed by Candelaria".

Mining Concessions

The following table shows the exploration and exploitation concessions as of December 31st 2021:

	YEAR 2021	
	Quantity	Area (ha)
Exploitation concessions	1,899	436,112
Constituted	1,864	429,408
In process	35	6,704
Exploration concessions	23	8,300
Constituted	15	6,100
In process	8	2,200



3.2.2 CSH: Products with added value

Material Topic: Green Solutions and Products
GRI 103-1, 103-2, 103-3

Constant innovation of products and services for mining was a strong point for CSH in 2021, positioning as a leading actor both with bars for mills and for the manufacture of grinding balls, as well as in the reinforcement of tunnels. Likewise, with the development of the helical bolt with high-resistance steel that allow to save lives, assets and operational continuity in underground mining.

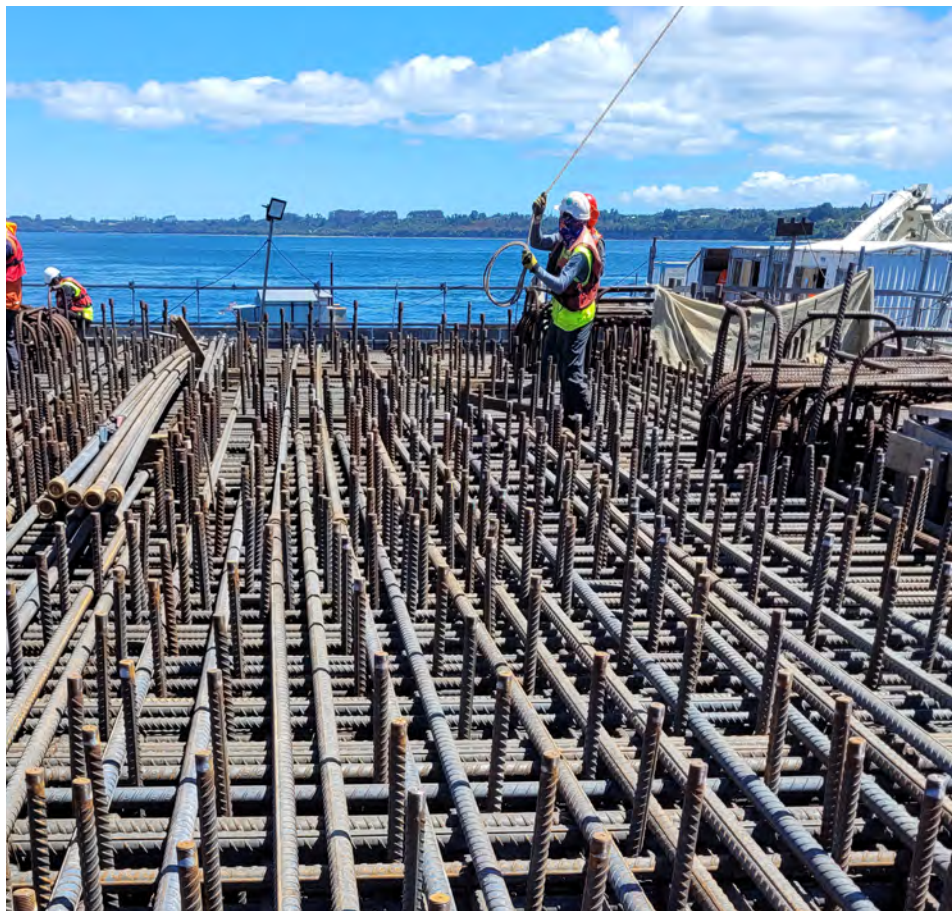
As a result of the optimization strategy, **72% of the shipments in 2021** were high quality products. The difference in the contribution margin of a top-range product compared to a standard one is around **US\$ 150 per ton.**

Special steels development

- **Mining:** Different basic engineering studies were carried out to develop Bars for Grinding Media with the manufacturers of Milling Balls.
 - Progress was made into testing phases with new clients, both in the development of Chrome Bars as in Bars for Semi-Autogenous Grinding Milling Balls (SAG), which represent 30% of steel demand in mining in Chile and Peru.
 - Sustainability perspective as a new strategic approach to contribute to the mining industry.
- **Circular economy:** Work in association with clients who manufacture Milling Balls to develop circular economy processes, participating together in tenders that incorporate this service as part of the value proposal where the unused balls manufactured by the company are reused.
- **Automotive industry:** Strengthening of the supply of steel products in this important segment, catering for manufacturers like Fiat, Volkswagen, Mercedes Benz and Toyota.

What does the production of special steels imply?

To develop them, CSH invested in more efficient and high quality production processes, besides promoting knowledge. Beyond their having different price points, the key is that they are markets based on innovation and development in association with the client, given that they are tailor-made products and made especially for their needs.



Steel 80 under Chilean Norm

It is important to point out that, in 2021, high resistance steels (like grade 80) were included in the new version of Chilean Norm 204, which will allow its use and advantages in all types of buildings in the country.



Special steels for the Chacao Canal Bridge

As of the end of the period, CSH had shipped around 20,000 tons for the construction of the bridge over the Chacao Canal - project that is to unite the continent with the island of Chiloé by means of a 2,750-meter-long viaduct. The product, especially made for this project (ASTM A706 grade 80), fulfills a series of quality and safety requirements because it consists of concrete reinforcement bars that have greater resistance and which allow to reduce the need of steel in 30%.

This means an immediate 30% reduction of the direct carbon footprint and a number of indirect benefits brought by less transport, labor and related work. Thanks to these innovations and services we have managed to maintain supply of 100% of the needs of the project.

CSH: Production, clients and markets

	2021	2020
Production	Th Mt	Th Mt
Liquid steel	833	801
Finished steel	792	728
Shipments	Th Mt	Th Mt
Internal Market	541	535
External Market	271	220
Total	813	755
Prices	US\$/t	US\$/t
Internal Market	869.48	572.62
External Market	937.99	585.25
Total	892.36	576.31

Main Clients

- Aceros Chilca S.A.
- Acma S.A.
- American Screw
- Carlos Herrera Ltda.
- Cementos Bío Bío S.A.
- CMPC
- Consorcio Puente Chacao
- Construmart S.A.
- Corporación Nacional del Cobre de Chile (Codelco)
- DSC
- Easy S.A.
- Full Acero
- Ideal Alambrec
- Inchalam S.A.
- Kupfer Hermanos S.A.
- Magotteaux
- Moly-Cop
- Oxy Chile
- Prodalam
- Productos Siderúrgicos
- Sodimac S.A
- Soproca

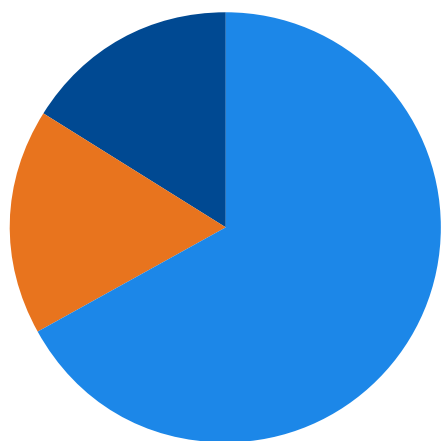
Main Suppliers

- Compañía Minera del Pacífico S.A.
- BHP Billiton Mitsubishi Alliance
- Teck Coal Limited
- Vale International S.A.
- Ronly Limited
- Naviera Ultrana Ltd.
- Concemet SpA
- Icdas Turquía
- Hidroeléctrica Río Lircay S.A.
- NYK Bulk & Projects Carriers Ltd.





2021 CSH Sales per industry



67%
MINING

17%
CONSTRUCTION

16%
METALLURGY

Th Mt	2016	2017	2018	2019	2020	2021
Liquid Steel Production	815	794	789	724	801	833
Finished Steel Production	745	729	776	714	728	792
Total Shipments	720	729	750	695	755	813
Internal Market Shipments	655	635	581	488	535	541
External Market Shipments	65	94	169	207	220	271

3.2.3 Cintac Group: Diversification

In the past years, the steel processing group has diversified its offer, targeting different markets and industrial sectors.

Mining

Projects in engineering and modular construction for sale or rent for mining camps, civic neighborhoods and water treatment plants. Through its own modular hotels, it incorporates a wide array of services such as administration, security, catering, cleaning, laundry, periodic sanitizing, refuse collection and recreation.

Residential, educational and healthcare construction

Design and development of solutions that seek to simplify and optimize the work of clients like construction and property development companies, construction professionals and end users.

Product lines:

- KIT Warehouse and adaptable structures
- Multi-purpose Houses and Modules for residential use
- Metalcon CNC Prefabricated Panels
- Modular Toilets

Agriculture

Galvanized steel structures used for construction and as support for fruit trees. Open Gable trellis system for table grapes.

Highway

Products for the markets related to road safety, infrastructure, maintenance and signposting.

Energy generation

It designs, develops and installs photovoltaic solutions for industries, small businesses, single-family houses and projects in residential compounds. In addition, it installs rooftop and ground photovoltaic plants in large industries, logistics centers and company buildings.

New products and services

- **Rental:** for companies of different sectors that require space solutions for their activities by means of design and innovation in products and materials.
- **Residential:** to develop housing projects that are highly industrialized with a focus on innovation and quality.
- **Industrial:** to develop non-mining businesses in sectors like education, retail, infrastructure and healthcare.

CINTAC Group

	Thousands of Tons shipped					
	2016	2017	2018	2019	2020	2021
Chile	212.6	222.7	220.0	206.0	190.7	218.1
Peru	68.0	81.6	87.0	96.7	73.1	88.0
Total	280.6	304.4	307.0	302.8	263.8	306.2

3.2.4 TASA

The Argentinean company focuses on the manufacturing and wholesale distribution of steel products, such as structural tubes, heat conduction pipes, C profiles and dry building systems. All its processes are certified by the quality management standard ISO 9001.

TASA Solar

Solar panel systems that are adaptable to any type of cover all the ground and structures for the generation of renewable energies.

TASA Vial

Galvanized steel road defenses and other structures for road and mining use. Water storage tanks.

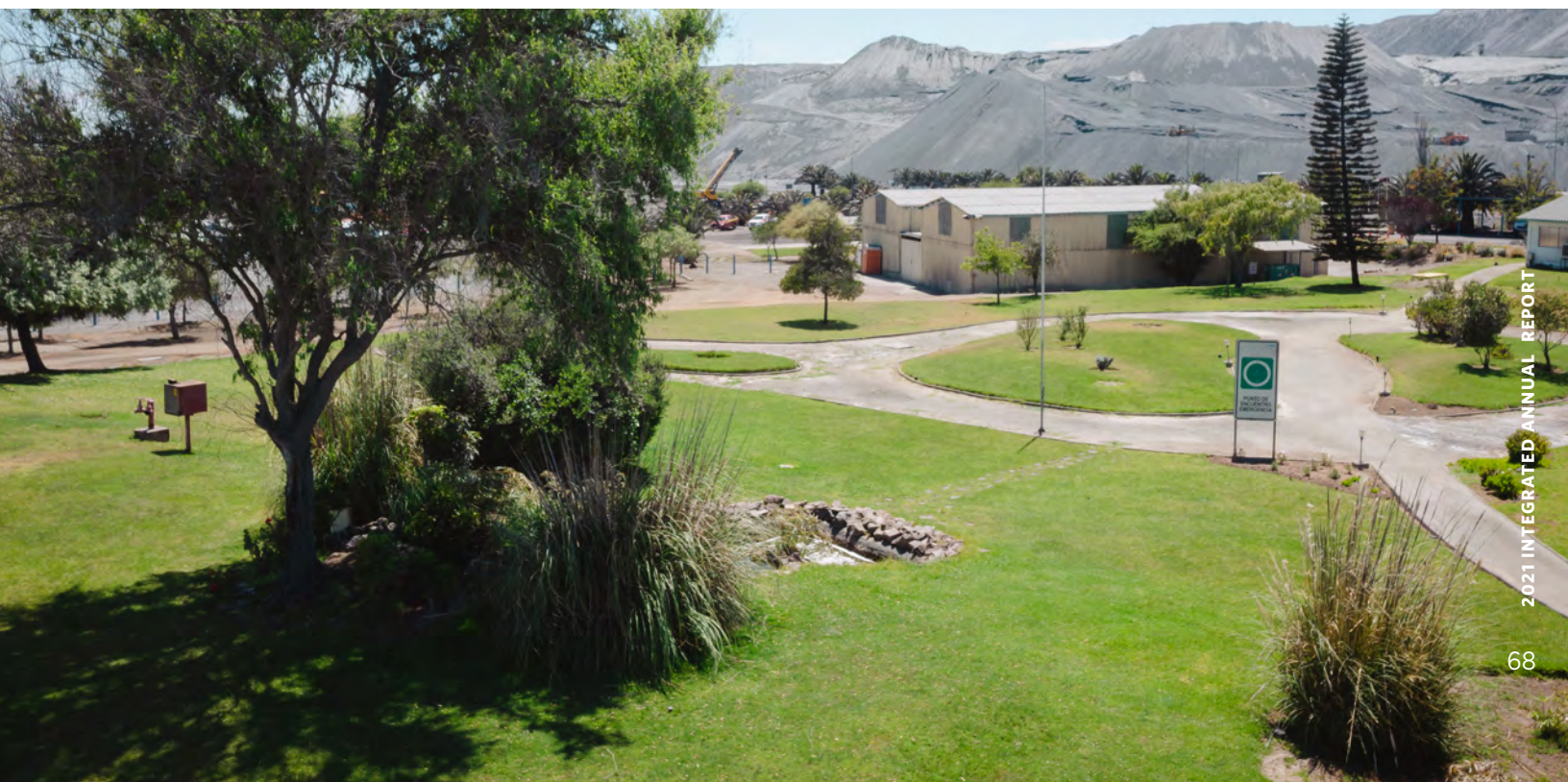
Steel House

Simple and innovative architectural solution that allows to build durable houses, warehouses and storage rooms that are resistant to earthquake and fires and have flexible designs. It provides greater thermal insulation, saving energy when used.

3.2.5 Aguas CAP Production

Desalinated water production by Aguas CAP (m3)

	2020	2021
Desalinated water	8,030,000	7,857,332



3.3 Customer satisfaction

CAP group companies periodically measure the level of satisfaction of the clients. In 2021, two of them carried out surveys and others will do so during the first quarter of 2022.

Company	Mechanism / Tool	Frequency of application / measurement	Main Results (% of customer satisfaction)	Coverage (surveyed customers / total of the customer sample)	Proposed % goal of customer satisfaction
CMP	Survey	Annually	To be carried out Q1 2022		100%
CSH	IRS 85.14	Annually	In progress		Over 80%
TASA	Survey	Annually	96%	18%	No goal
PLL	Other	Annually	100%	100%	100%
Aguas CAP	ESG Compass	Annually			100%

3.4 Suppliers: fair and responsible relationship

GRI 102-9, 102-10

CAP Group's Integrity Code sets the commitment of maintaining a fair and responsible relationship with suppliers. In addition, the global principles to which the group subscribes are based on the search for relationships that are consistent with the company's sustainability view, especially regarding its activities' social and environmental impacts.

US\$2,420 million	CAP Groups total expenses paid to suppliers
8,054	Total number of suppliers
US\$1,819.3 million	Total expenses paid to national suppliers
7,665	Number of national suppliers



Puerto Punta Totoralillo is in the town of Caldera, region of Atacama, and provides services to CMP and other companies in the area.

Compliance: Continuity in the Due Diligence Process

In 2021, the Due Diligence Process was given continuity in the hiring of suppliers from a Compliance perspective. In that context, CAP and the operating companies continued to use the due diligence forms that have to be filled in by potential suppliers, contractors or Service providers. The information gathered is related to their business structure, main executives, controls management, conflicts of interest and possible relationships with public servants.

In parallel, search is done internally on the Compliance Tracker platform in order to gather the same information. This whole procedure can be found in the User Handbook: Due Diligence.

Other assessment or selection criteria

The operating companies have a formal risk identification process for their suppliers, in line with CAP's Crime Prevention Model, which includes an evaluation in the following areas:

- Compliance with occupational health and safety regulations
- Compliance with environmental laws
 - In CSH, it is part of the KPI that affect payment to suppliers.
- Compliance with salary payments
 - CMP and CSH hire an external labor certification service that monitors this.
 - Cintac applies a comprehensive control on contracts of on-site suppliers.
- Child labor prohibition
- Adherence to CAP Group's Integrity Code

Consolidated CAP Group suppliers	Direct suppliers total	Critical indirect suppliers
Number of suppliers assessed in the last 12 months	1,718	154
Number of suppliers assessed in at least the last three years	2,043	80
Number of suppliers identified as high risk in sustainability	27	35
Number of suppliers identified as high risk with action plans	66	22
Number of providers with action plans that have improved their performance in the last 12 months	9	51



Signo Vial, part of Cintac Group, is constantly seeking to design and create different products that provide value and benefit infrastructure, industrial, road maintenance and safety projects.



Aguas CAP's desalination plant supplies water to industrial clients and the community of Caldera.

Sustainability Risk Management in the supply chain

CMP, CSH, Cintac, Tasa and Infrastructure have criticality definitions for their suppliers, including: high volumes, critical components, unsustainable goods and services.

In CMP

Once the suppliers have a high level of risk have been identified, the company applies correction plans, areas of improvement and coordination aspects with those that show greater breaches in their assessment.

- Hired companies that present labor infringements are subjected to sanctions.
- For companies that show transitory financial risks, CMP offers support like the partial reimbursement of retentions through partial fulfillment of contracts, access to insurance instead of bank guarantees, adjustments in invoice payment timelines, all of which are evaluated in a case by case basis.

The definition of **criticality in CMP** also **considers suppliers related to collaborators'** well-being (food, buses), as well as transport providers in Huasco Valley.

In CSH

In some strategic categories, such as manufacture suppliers, periodic visits and evaluations are carried out to the suppliers' facilities. These evaluate different areas on site, for instance: safety, planning, new investments and real capacity. Finally, each supplier gets a weighted grade that serves to measure capacity and sustainability of each of those that belong to this category.

Criteria to identify high-risk suppliers in terms of sustainability

- **Safety:** established processes, workplace accidents.
- **Anti-corruption:** Compliance forms

	Total and critical suppliers					
	CMP	CSH	Cintac	TASA	Aguas CAP	PLL
Total number of suppliers	2,326	1,345	3,486	663	115	119
Total expenses paid to suppliers (US\$)	1,149,922,842	738,451,414	442,082,047	73,720,000	11,511,300	4,106,062
Number of direct critical suppliers	30	ND	219	8	6	34
Number of indirect critical suppliers (Scope 2)	0	ND	1,174	39	0	3
Expenses paid to critical suppliers (US\$)	549,889,510	ND	308,831,209	ND	10,802,385	951,148
Number of national suppliers	2,243	1,154	3,378	659	115	116
Expenses paid to national suppliers (US\$)	1,113,881,377	472,325,541	144,017,522	73,690,000	11,511,300	3,916,923

Sustainability goals for the supply chain

In CMP

Goal description	Indexes or associated KPIs	Goal
To contribute in an integral way to the development of economic and social capitals in the territories where it operates	Percentage of local purchases (US\$) out of the total of purchases (only types of purchases that can be acquired locally) > 30%	2021-2025
	Percentage of local suppliers (Q) out of the total of suppliers > 40%	

In CSH

Goal description	2021	Goal
Increase of local purchases out of the total of purchases	US\$95 millions	Additional US\$5 million to the moving average of the last 5 years
Percentage of local suppliers (Q) out of the total of suppliers	35%	Additional 5% to the moving average of the last 5 years
SME payments	100% of payments before 30 days after billing	Permanent



In 2021, the Desalination Plant, located in Caldera, produced 7.85 million m³ of desalinated water

Support to suppliers and contractors

The main support measures taken by CAP during the year were devoted to protecting the health and safety of our external service providers, cleaning and security. These were the following:

- Division of staff into two shifts so that, in case of infection of one group, there would be the possibility to still have the second group and keep the service functioning.
- Shortening of the morning cleaning shift in one hour to allow them to have lunch at home and not in the building facilities.
- Shortening of the afternoon cleaning shift, earlier clock in than the usual established hours and earlier clock out by two hours in order to privilege less busy transport times (currently in place).

Actions in CMP

- Bank insurance instead of bank guarantee of the fulfillment of service contracts, freeing working capital for contractors.
- Support campaigns and guides to facilitate the accreditation process and adoption of the PRM model in contractor companies.
- Prioritization in tender processes for hiring local businesses and labor.
- For companies that show transitory financial risks, CMP offers support measures on a case-by-case basis, such as:
 - partial reimbursement of retentions through partial fulfillment of contracts
 - adjustments in invoice payment timelines

Actions in CSH

- Work in collaboration with suppliers to implement sanitary measures that allowed safe operations.
- Contractor staff used CSH's buses to avoid exposure in public transport. The amount of buses had to be increased.
- Commitment to pay SMEs within 30 days.

In Cintac

- The Document Control Platform was created for contractors in our plants with the purpose of facilitating the submission of current legal documents remotely and not in person.
- PCR and antibody testing to contractor staff that work on site to detect Covid-19 and prevent infections of more workers.

In Aguas CAP

- The support service for contractors and suppliers continued, as well as preventive testing at the start and end of shifts.
- For those experiencing greater difficulties, support was provided prioritizing their goods or services over others'.
- Priority of local suppliers and reduction of invoice payment times to less than 30 days.



3.5 Investments

The most relevant investments in 2021 were mainly related to the mining segment, where the focus was on sustainability, growth, operational continuity and cost reduction. The other operational companies also carried out or initiated investments, though at a smaller scale and focused on new equipment and infrastructure.

These investments were financed through a combination of debt and own resources.

In 2021, investments in CMP totaled **US\$353.9 million**, amount associated to a portfolio of **147 studies and projects**.

Most relevant investments in CMP

- Slurry Pipeline Project (US\$73.7 million):** the purpose of this project was to have a new concentrate transport line of 82 km to replace the current 10" one for a new 12" pipe with HDPE lining, with a safety and integrity screener. This allows to transport iron ore concentrate in a safe and reliable way.
- Electrostatic Precipitator 2B Project (US\$65.2 million):** in the context of the Ministry of Environment's goal to reduce concentrations of type MP10 particulate material in Huasco and its surroundings, CMP pledged to reduce SO2 emissions by installing an electrostatic precipitator and a desulfurizer in line 2B.

Progress in 2021: An Industrial Liquid Waste Treatment Plant is added to this system in order to treat the muds from the desulfurizers in line 2A, the new line 2B, and the chemical laboratory.
- Filtered Tailings Deposit Project (US\$184.5 million):** The project seeks to fulfill the Environmental and Social commitment taken by CMP to end with the tailings dumping in the sea before September 2023, and, therefore, ensure operational continuity in the Pellet Plant.
- Purchase of Loading Equipment Project (US\$63.5 million):** Production continuity in Los Colorados Mine requires the acquisition of two Electric Shovels to, thus, maintain long-term development in Huasco Valley.
- Fase 5 Norte Project (US\$48 million):** Projection of the Romeral Mining-Port Compound that considers pre-stripping of 15.2 m and the use of the mine, plant, train and port existing assets, with the necessary adaptations.

Progress in 2021: The pre-stripping was finished in October.
- Magnetite Plant (US\$22.2 million):** Installation of magnetic flotation and high-intensity separator drums in the plant, which was done to reduce costs by increasing production.

Future investments

In the coming years, starting in 2022, the focus will be on stabilizing the company's operations, investing in their optimization, maintaining sustainability as the main goal. Hence, preliminary viability studies of different mining projects in the valleys where CMP operates will continue, and the investment on the prototype for a green hydrogen plant in CSH will be prioritized, as well as other investments in renewable energies and water.

CMP: Key projects to double growth

The FEL 1 and 2 engineering phases (options study or conceptual engineering) are close to being finished in the whole development of the area of La Higuera (region of Coquimbo) and Huasco Valley.

- **Development of the historical iron ore mining site el Tofo.**
- **New facilities in Puerto Cruz Grande.**
- **Underground Romeral (FEL1), which is expected to be ready by mid-2022.**
- **Service life extension of Los Colorados (FEL1).**
- **Puerto Cruz Grande (PCG) US\$255 million:** it is a project that, since its conception, is being developed with the sustainability viable as core element. The goal is to develop a high tech port with zero environmental and social impact – decarbonized, respectful of the marine environment and of local communities.

Progress in 2021: this year, the FEL2 engineering phase was developed, including a bathymetry update (already carried out), as well as the marine and land ground engineering verification with probes, which is in an accreditation period. In addition, a base lines update is being executed.

In the context of engineering development, the total Capex of the development of this project was updated, reaching US\$231 million in direct costs, while US\$24 million correspond to studies and early works. Studies consider the criteria of sustainable development and value of the presence of CMP in the territory through the plan for tourism development and the APP.

All of these projects incorporate sustainable goals:



Zero use of continental waters (100% sea water)



Local labor



Zero carbon footprint

CSH: Investments with a focus on sustainability

The Biobío company carried out projects to ensure the reliability of its operations, with investments and productive infrastructure.

- **Improvements to oxygen converters**
 - automatization system of some elements, such as slag control, in both of the oxygen converters. The investment began in 2018 and ended this year (**US\$13 million**).
- **Improvements in Guarello Island facilities**
 - installation of new diesel storage tanks to comply with current regulations (**US\$370,000**).
 - Replacement of belt, due to the end of its service life, and associated structures for the loading of materials on ships (**US\$302,000**).

These investments guarantee an adequate supply of limestone for the company's internal processes and its direct clients.

Infrastructure

Also worth noting is the investment in Puerto Las Losas to grant the port flexibility and allow the loading and shipment of pellets to CSH (US\$7 million).

CSH: In the route to decarbonization and green steels

- ### Prototype green hydrogen plant

This year, the company began the implementation of a great challenge: the development of a prototype for a green hydrogen (H₂) plant which will only use renewable energy. In March, a technological cooperation agreement was done with the company Paul Wurth Italia SpA, world leader in low carbon technologies for the steel industry, for the development of engineering projects that allow to use the hydrogen in the steelmaker's own processes in the medium or long term as a reducing agent or as a source of green energy.

Progress in 2021: CSH was awarded a Corfo grant for US\$3.6 million for the development of a green hydrogen plant of up to 12 MW, with the purpose of producing 1,550 tons of green hydrogen a year. This will allow CSH to progress in direct engineering and explore production alternatives of high-quality green steels towards the year 2027. The plant's energy supply will come from 100% renewable and certifiable sources.

- ### Technological improvement in Blast Furnace 2

CSH is also considering other projects and technology in support of the decarbonization strategy, particularly in the Blast Furnaces in order to provide them with a higher level of automatization and better energy consumption.

- ### Special steels

Likewise, and with the purpose of promoting economic sustainability in the coming years, engineering studies began for the development of investments in products with a greater added value, as is the case of some special segments in the grinding media market.

Advantages of the production of green H₂:

Paul Wurth specialists believe that Chile offers the perfect conditions for the introduction of renewable energy and hydrogen in the value chain of steel and mining operations.



3.6 Direct Economic Value Generated and Distributed

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED		
In thousand US\$	2020	2021
Consolidated income	2,679,003	3,676,883
EBITDA	974,037	1,813,801
Direct operational costs	1,160,480	645,351
Total amount distributed to employees in remunerations and benefits	195,210	245,933
Amount paid to collaborating companies	461,508	480,683
Amount paid to the State via taxes	93,396	464,784
Amount paid to shareholders	82,737	462,258
Amount paid to financiers	63,584	63,358
Amount retained by the company	622,088	1,314,515

TYPE OF TAXES PAID		
In thousand US\$	2020	2021
Income taxes	57,065	344,611
Mining-specific taxes	32,977	63,062
Municipal permit taxes	1,081	1,733
Other taxes*	2,273	47,065
Total taxes paid in Chile	93,396	456,470
Total taxes paid in other countries	-	8,314
Total annual taxes paid	93,396	464,784

* It includes third-party VAT retention, labor fee tax retentions, real estate taxes, and others.

4. Our People



4.1 Commitment with the Group's purpose and strategy

Objectives that align the organization

In 2021, the objectives for performance assessment and variable income continued to be implemented, including financial, operational and leadership dimensions. This generates an organizational alignment by promoting collaboration among people, teams and group's companies, as well as a sense of shared responsibility for the organization's objectives.

Strategy communication and management

Three sessions took place for the communication of the strategy with senior management and collaborators of the operating companies (3 in the year under the name Juntos CAP), encouraging a common purpose and the reinforcement of the organization's culture.

Leadership for performance management

According to the ESG standards embraced in all the organizational development policies, training sessions regarding performance management to management and collaborators continued, making tools available for goal setting, feedback and identification of biases in performance assessment.



4.2 Talent development

Material Topic: Commitment and Talent Management.
GRI 103-1, 103-2, 103-3. GRI 404-1, 404-2

Objectives that align the organization

One of the axes in CAP Group's sustainability strategy is to ensure the building of skills and the promotion of the basic rights of the people who comprise this varied Group of companies, in each stage of the worker's employment life cycle.

One of the stages in the employment life cycle is precisely the development of talent and skills, which is inspired by the following principles: training aligned with the strategy, promotion of leadership in all levels and career planning or succession planning in critical roles.

Training aligned with the strategy

Kirkpatrick's 4-level model

From this definition, CAP includes the alignment between the company's strategic challenges and the needs of the role with people's preferences in professional development in its training needs detection policy and processes.

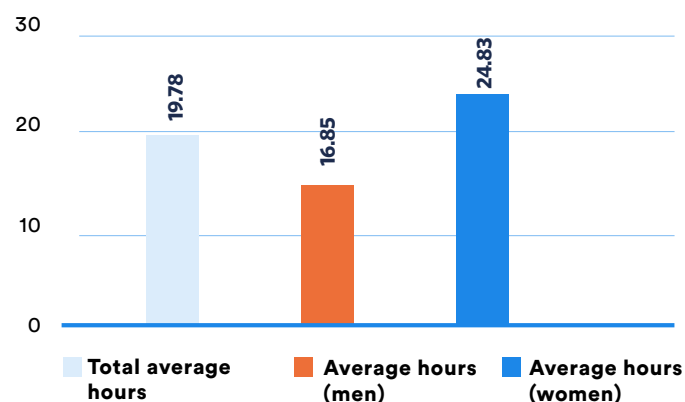
The programs with the greatest strategic relevance, such as those devoted to preventing accidents or regarding induction, are starting to be evaluated in the remaining levels, 3 (implementation of new behaviors in the workplace) and 4 (impact on operational objectives).

The 4-Level Training Model



Having an impact chain logic allows the team to detect in which level the training objectives are facilitated or obstructed. Yes grants human resources management real time data to intervene at the necessary level identifying why a course has impact or not (for example: due to the course's format or difficulty in applying behaviors in the job).

Average hours of training for workers



During 2021, a total amount of **US\$1.44 million** was invested in employee development, which implied a total of **135,433** hours of training.

Leadership Curriculum 2021

CAP proposes a model of leadership development in three levels: personal, organizational and systemic. The dimensions establish that, to lead their teams, self-knowledge and the development of personal skills are essential for leading others successfully and sustainably, regardless of the role. This allows, in times of a pandemic, to emphasize again the importance of self-knowledge and socio-emotional development for leading. The same principle applies for reading large teams and/or communities. Thus, irrespective of the role, leadership is conceptualized as an attribute to be developed and executed by workers in CAP, where the first step is personal development.

Implementation formats: Online, certified and self-guided

Each employee was able to choose, during the year, training courses and/or programs available in academic platforms, with a cost of up to \$10 million pesos and a duration of three weeks to six months. The goal was to acquire skills – determined with management – to develop professionally and which were aligned with the logic of impact generated by the Organizational Development area.

Open applications for Master’s programs:

An open competition was carried out among employees to present to a talent committee their needs for professional training with potential impact in the business and in their career. This allowed to expand training possibilities beyond critical roles, contributing to the personal and professional development of those who work at CAP.

Training for CAP’s digital transformation:

There is a plan, based on the corporate strategy, to implement new technological projects – an effort that considers training and accompaniment of all users of the digital tools.

Career and succession plans

In 2021, the corporate program for the identification of critical positions and development of succession plans was launched. It identified:

1. Critical positions (high impact in the operation and highly difficult to replace)
2. Potential successors (capacity to assume position: immediate; 1 to 3 years; or more than 3 years)

With this information, a plan is defined for closure, development or certification of competences of critical positions and academic/professional programs are determined for successful with real potential of assuming leadership positions in the future.



4.3 Corporate culture

ESG Policies for Organizational Development

In 2021, progress was made in the communication and implementation of the Organizational Development policies that set ESG standards for the group's companies in matters of recruitment, selection, training, performance management, compensations, diversity and inclusion, among others.

The guidelines included in the policies were defined based on DJSI quality standards, better practices in organizational psychology, employees' needs and CAP Group's strategy.

Measurement of sustainability in collaborators

CAP includes as parameter in the measurement of its sustainable culture and what place climate the Stakeholder Sustainability Index tool, which allows to measure itself against international standards in human resource management and prioritize the work of each of the Group's organizations.

CAP Group's results reflect **an ongoing improvement in the last three years, bringing its companies increasingly closer to the national 25th percentile.**

In 2021, the results of different internal workplace climate surveys delivered a global result of **80.1%**¹ **commitment** among CAP Group employees.



¹ Includes data from CSH, TASA, Infrastructure, CAP SA and Tupemesa.

4.4 Diversity and Inclusion

In 2021, three women were incorporated to CAP's Board of Directors –María Olivia Recart, Patricia Núñez and Claudia Manuela Sánchez–, becoming, thus, one of the three businesses that form the IPSA selective index of the Bolsa de Comercio de Santiago with greater female presence in their boards. Beyond this position of leadership regarding gender, which the group promotes in all its operating businesses, these are professionals that contribute valuable experience and technical knowledge to the whole of CAP Group.

Master's Program

CAP launched an open competition for training through Master's Programs of over US\$20 thousand. This action provides an opportunity, for positions that are less visible, to access training due to lack of exposure to leadership roles and/or in situation in which the leadership does not agree with or does not promote the person's professional development. The opening was informed with the message encouraging applications from women.

These guidelines are accompanied by a series of measures that CAP Group companies have deployed in order to attain its diversity and inclusion objectives.



CMP: at the forefront of the mining industry

During the period, CMP continued to give relevance to diversity in each of its recruitment and selection processes, allowing it to increase its female staff compared to 2020 to a total of 11.2% of women as of December 2021. These same policies are applied in early attraction programs, such as:

- SENCE Apprenticeships Program: 42 women participated in 2021 (100% from the province of Huasco)
- Trainee Engineers: 100% of the women who finished this program were hired.

Female executives at CMP

43%: The greatest percentage of decision-makers.

The mining industry records an average of 14%.

- **5 women in senior management:** with a hierarchy of two levels with the CEO at the top level.

26%: in the second line.

The industry's average is 11%.

- **13 women in junior management:** it is the remainder of management positions under the senior tier.

Promotion of inclusion

In order to comply with the Labor Inclusion Law (1% of staff must have a disability), CMP reviewed all its staffing and recruitment processes in the three valleys where it operates, making sure that this is not a differentiating element in decision making.

More diversity in contractors

In 2021, an increase in the female staff was also observed in the external businesses that provide services to the company, especially in decision-making positions. Likewise, it is worth noting that there was an incorporation of a high percentage of workers that live in cities or areas that are near CMP's sites.

A diverse group

10 workers with a disability from contractor companies at CMP

28 workers identify as belonging to an indigenous group at CMP

83 foreign people at CMP, including employees and contractors

A more diverse CSH

In 2021, CSH gave continuity to its inclusion policies, initiatives and programs, for which it has found support in the following initiatives and actions:

1. Incorporation of the company in the Public and Private Council for Gender Equality, created by the Ministry of Women and Gender Equality (SernamEG).
2. Design of the 2022 Quality of Life Plan, with a focus on the following aspects: gender, inclusion, personal, family and work life balance, and recognition.

Diversity in CSH	Men	Women
1. Senior management: management roles with a two-level hierarchy with the CEO at the top level.	28	5
2. Employees: remaining staff that do not hold management positions.	1,083	69
3. STEM positions: roles related to the areas of science, technology, mathematics and engineering.	7	1

- During the year, **20 women were hired** in different areas of the company, reaching a total of 75 as of December 2021.
- In 2022, a larger number of women will continue to be drawn to recruitment and selection processes, with the purpose of increasing the number of women in all the areas of the company and achieve the goal of having **12% of female presence by 2025**.
- **15** people of foreign nationalities were part of CSH during the year.
- **10** collaborators have a disability.

CSH signed a work placement agreement with Universidad Andrés Bello for the Diploma in Work Skills, a program devoted to socio-occupational training for young people with intellectual disability, who will begin their practicum processes in 2022.

Cintac Group

The group's companies ratify the importance of equal opportunities and non-discrimination, and promote awareness of the value of diversity. Inclusion is understood in a wide sense, but always evaluating competences. Recruitment and selection processes are followed without biases.

- **CINTAC SAIC:** the indicator of feminine hiring achieved 6% during 2021. Two women hold Vice-Manager roles, reporting directly to the General Manager..
- **Promet Perú:** During 2021, hiring of women increased in 50% across the company, both in operational and administrative areas. This was done through assessment of competences and validation of their experience, in coordination with municipalities of the region, referred personnel and different job networks.
- **Tupemesa:** Recruitment and selection processes are focused on selection with no biases or any type of discrimination. In total, 30 of the 63 closed processes were occupied by female staff
- **Sehover:** The company focused on keeping at least 25% of female staff at the executive level.

Promet Chile stands out in inclusion

- Paid leave to attend medical appointments due to disability.
- Reimbursement of travel expenses for medical appointments.
- Follow-ups from the Benefits and Quality of Life team, represented by professional social assistants, who provide support to their needs.
- Panel discussions on the need to debunk myths related to the term "disability" in order to:
 - Promote an appropriate use of language related to disability.
 - Avoid biases related to disability consisting only on the physical aspect.
 - Awareness video to generate spaces for a diverse and inclusive culture.



Diversity in CAP Group

Operating company	New female hires
CSH	27
CMP	19
TASA	3
Cintac Group	643*

CAP Group has

0.15%

of workers that have **some kind of disability**

Wage gap by corporate level	Average percentage representing women's wages v. men's wages (women's wages / men's wages)
Senior executive	92.60%
Management	91.24%
Workers	91.92%
CAP Group	91.92%



Freedom of association

CAP Group and its operating companies strive to maintain good relationships with all existing trade unions. Hence, collective negotiation processes constitute relevant milestones that reflect the permanent effort and dialog that exists with union committees.

69.0%

of CAP Group workers are covered by agreements achieved in collective negotiations.

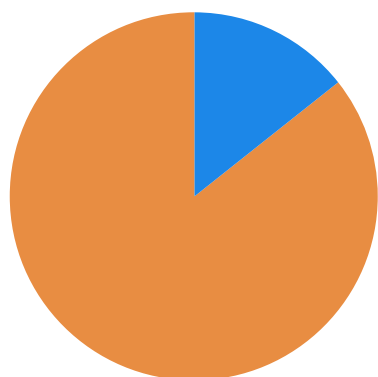
* The high number of new hires is explained by the modality project hiring that is used in the steel solutions sectors.

4.5 Organizational structure

GRI 102-7, 102-8

CAP Group is comprised by a total of 6,848 own workers, as of December 2021.

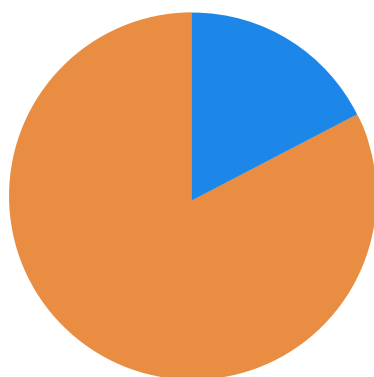
Workers by gender



86.23%
Men

13.77%
Women

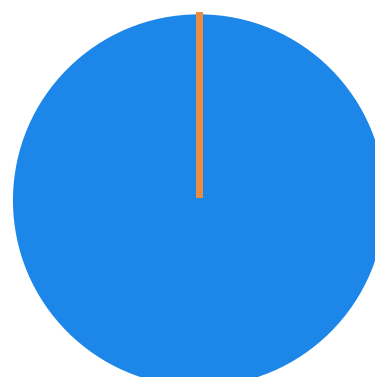
Workers by type of contract



82.32%
Permanent

17.68%
Fixed-term*

Workers by type of hours

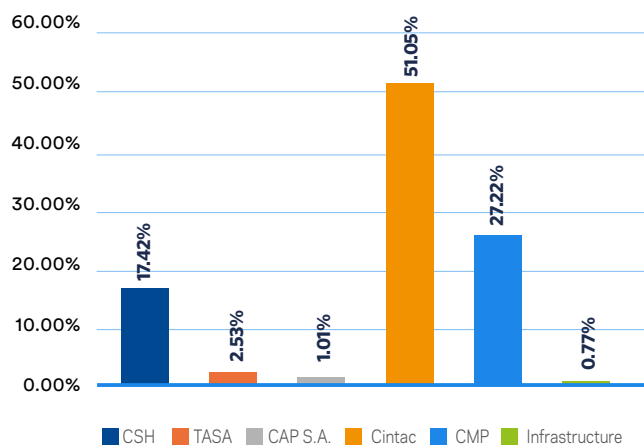


100%
Full time

0%
Part-time

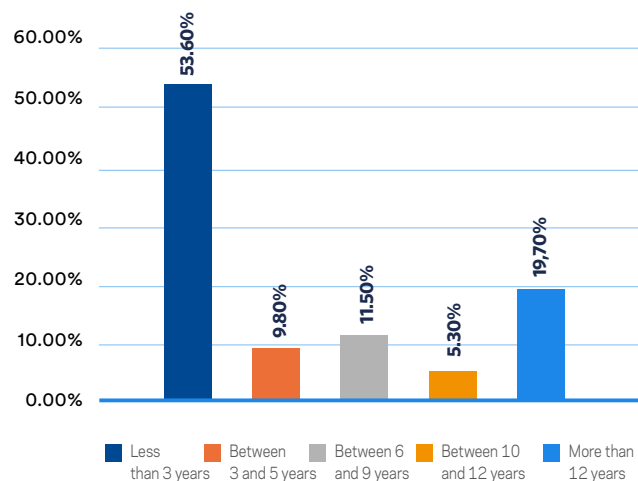
Staff by Operating Company

Own workers, as of the end of the period



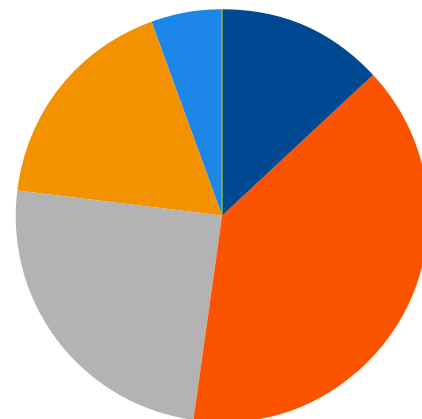
Staff by time in the Company

Own workers, as of the end of the period



* The high number of new hires is explained by the modality project hiring that is used in the steel solutions sectors.

Group workers by age



Companies with a local seal

6,424 people (own workers and contractors) work at CMP

98% local staff

In its operations in the regions of Atacama and Coquimbo

0.8%: regional commuting

v. 28.6% in the industry and 17.8% in the Small North area

CMP is the company with the least long-distance commuting- i.e. the amount of people that live far away from their place of work - in the country. Almost the entirety of its staff resides in the areas in which the company operates.

- CMP has the first executive mining team in Chile to live where the mining sites are located.s.

2,419 people (own workers and contractors) work at CSH

Own staff

Men: **1,118** – Women: **75**

98% local staff

In its operations in the regions of Biobío and Magallanes



4.6 Health and Safety

Material Topic: Occupational Health and Safety
GRI 103-1, 103-2, 403-1, 403-5, 403-7

Programs

Occupational Health and Safety Management (OHS)

For CAP Group, occupational health and safety are the consequence of a job well done, that is, carried out with absolute control of the processes. From this perspective, the employee and their supervisors are responsible of ensuring the right execution of previously planned tasks. In addition, there are departments in charge of providing them with support and build the different teams related to the topic, systematizing the information gathered on site in order to update their policies.



CMP: Health and Safety in line with the PRM

In 2021, further work was done on risk management through the permanent accompaniment of processes in order to map all of the company's activities, advance in the adherence to the PRM model (Process Risk Management) by contractors and maintain operational continuity, minimizing the risks by means of managing lessons learned and ending breaches to reduce variability.

Promotion of Health and Safety

- Legal training
- Protocol interventions by MINSAL (Ministry of Health)
- Traceability and isolation course
- PRM 1-1, personalized instance for reviewing maps and matrixes



In 2021, CMP continued to reduce its accident Frequency Rate (FR).



Initiatives for contractors to promote OHS

There has been an effort with collaborating companies to execute their occupational health and safety plans in accordance with the law, and in the development of CMP's PRM and Notification Obligation induction courses.

The Frequency Rate (FR) continues to drop

After CMP closed the 2020 period with the lowest accident Frequency Rate (FR) in its history, in 2021, this index lowered even more after the turning point of the fatal accident that affected the company in 2018. The main factor that explains these excellent results is personal involvement from the processes to risk management and not the sole responsibility of the areas that produce and areas that create security.

CSH: Promoting individual responsibility

GRI 403-2, 403-4

The whole supervising level is responsible of ensuring workers' safety and health, always supported and guided by the Occupational Health and Safety (OHS) unit through their Safety Advisors, Occupational Health Advisors, Safety Inspectors and Process Control Engineers (PCE) appointed in the contractor companies.

Occupational Health and Safety Management System

In 2021, a maintenance audit of ISO 45,001 norm was done.

DOCSE Committee

Additionally, the company has the support of the DOCSE Committee, formed by a group of workers and also by the Hygiene and Safety Joint Committee, all under the coordination of the OHS unit. The team is in charge of training observers of safe and risky behaviors, as well as systematizing the information gathered to report supervisors of the identified risky behaviors.

CAP Group's 2021 Health & Safety Statistics

GRI 403-9, 403-10



1 fatal injury of Cintac Group worker Frequency rate⁷ of 2.33 in 2021

Accident rate⁸ of 5.49 in 2021 8 cases of professional illness suffered by workers in 2021

The toughest lesson

In over 30 years of history, there had never been a fatal accident in the facilities of Promet Servicios (a Cintac Group company). Sadly, on November 1st 2021, we regretted the death of a maintenance electrician. The factors that explained that irreparable loss were associated to behavior, supervision and leadership, communication, resources and engineering design. The company immediately activated training protocols, as the constant effort for raising awareness on how safety is everyone's duty had also failed.

Operating Company	Worked Hours in 2021	Lost time accidents	2021 Frequency Rate
CSH	1,926,034	4	2.08
CMP	4,085,617	1	0.24
TASA	350,661	8	22.81
Grupo Cintac	5,416,735	15	2.77
CAP S.A.	146,219	0	0
Puerto Las Losas	61,237	0	0
Aguas CAP	30,159	0	0

⁷ Lost time accidents per million of worked hours.

⁸ Total accidents per million of worked hours.

5. Contribution to Local Development



5.1 Economic Development

CAP Group companies stand out not only because of their presence in five regions of the country, but also because of their involvement with the communities in the places where they operate. In its over 7 decades of history, the Group has prioritized hiring locally and supporting local industries and entrepreneurs when acquiring goods and services.

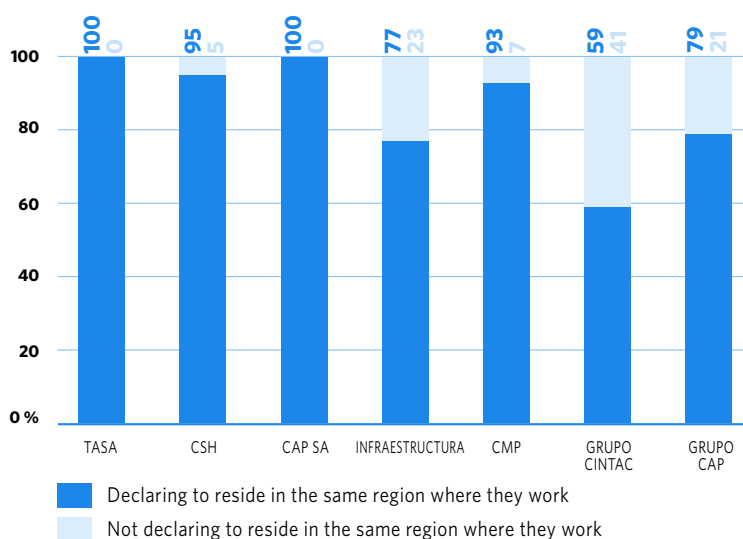
Local talent

CAP Group's recruitment, selection and induction policy for hiring priorities establishes the following order:

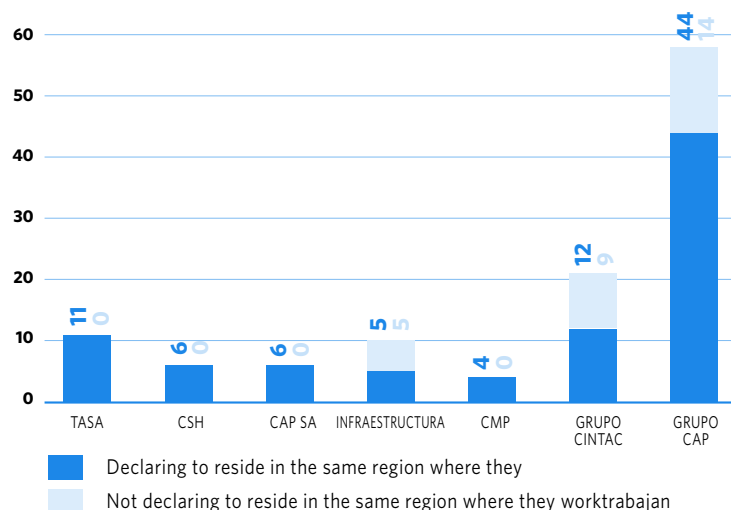
- Internal successor from the company
- Communities
- General public

This policy has different levels of impact, depending on the operating company's geographical location, its scope and strategic objectives.

% of local workers in 2021 (CAP Group)



CAP Group: Local Executives in 2021



2021 Local Contractors and Suppliers		
Operating Company	Percentage of contractors that declare to reside in the same region	Percentage of suppliers with a headquarters address in the same region
TASA	100%	99.3%
CSH	100%	30.0%
INFRASTRUCTURE	63.1%	46.7%
CMP	40.8%	39.3%
Cintac Group	87.3%	46.4%
Total	74.9%	47.4%

CMP: Growing together with Atacama and Coquimbo

- **98.5%** of own workers and contractors reside in the areas where the company operates.
- And generates **41%** of local employment.
- **73%** of the total amount of purchases corresponds to local suppliers.

Apprentice Programs: for young people joining the workforce, helping them in preparation and training and technical and operational subjects.

Relocation incentives: CMP consider as relevant that the employee can build their family and life project in the cities that are near the sites. Therefore, it supports its collaborators by granting loans for buying houses and moving expenses.

Success story: the installation of the electrostatic precipitator 2B in the Pellet Plant required a very sophisticated operation of electronic precision due to its automatized control system. It is a source of pride for CMP to see that 90% of the staff responsible of this task was formed by local workers, whom, with satisfaction, shared this achievement to their social media and before the community.

Boost for local entrepreneurs

In 2021, a strong campaign was done to prioritize the participation of local suppliers in tenders and service hiring processes. Moreover, there was an active participation in business rounds with local SMEs, organized by CIDERE in Coquimbo, as well as FODERE and CORPROA in Atacama. .

US\$213 million allocated to tenders and service hiring with local suppliers, which equals 52% of the assigned contracts.

US\$441 million on goods and services paid to suppliers in the regions of Atacama and Coquimbo. This amount equals 40% of the year's global expenses.

US\$738.45

million: Total amount in purchases to suppliers.

US\$472.32

million: Total amount in purchases to national suppliers.

US\$126.75

million: Sum of purchases to regional suppliers.



Award for timely payments

In 2021, CMP was recognized again by the Santiago Commodity Exchange in the Mining category, achieving 1st place in the ranking for timely payments to SMEs.

CSH: Contributing to the development of Biobío

- More than **95%** of staff (own workers and contractors) is local.
- **100%** of operational plant executives are local.

The cities of Concepción and Talcahuano are among the most prominent and varied higher education hubs in the country, with more than seven universities and several higher education institutes. This allows CSH to attract workers that have the necessary knowledge.

Initiatives for recruitment promotion

Due to the pandemic's impact on the scarcity of labor, which did not only affect CSH but also contractor companies who provide services to it, some initiatives were carried out with the Municipality of Talcahuano and other businesses in the area.

- Recruitment fair in the Main Square of Talcahuano, with the purpose of attracting possible employees and offer positions that needed filling. More than 70 CVs were received and among them, 30 continued to participate in the hiring process.

Boost for local entrepreneurs

In 2021, in line with the company's sustainability strategy, CSH pledged to be an articulator of value chains. With this roadmap, it held meetings with different companies in Talcahuano so that, together, they could go out and search for services and, hence, generate scale economies, such as development and certification of potential suppliers in the area.

Recognized for payments to SMEs

In 2021, CSH was recognized once more as one of the two top companies in the country in paying SMEs before 30 days.

Puerto Las Losas: In 2021, the PLL staff doubled, giving priority to local labor (87%) with the commissioning of the bulk mineral loading system.

Aguas CAP: In the context of improvement of the pipeline that provides water to Cerro Negro Norte mine, 33km of 20" diameter steel pipes, with outside and inside lining, were changed and put into operation. This project meant the hiring of local services, goods and labor in 2021.

CSH's shared value in 2021

1,130: Own workers who declare to reside in the same region.

1,226: Contractors who declare to reside in the same region.

713: SME suppliers that had monetization receivables and who are covered by the Propyme seal of timely payment.

403: Suppliers whose headquarters' address is in the regions of operation.



5.2 Social Investment

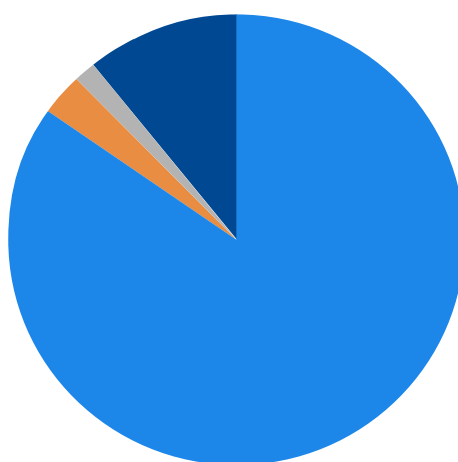
CAP Group companies have built a relationship with their communities based on a shared history and joint development of the territories where they are, which has allowed for the creation over trust capital under permanent relationship over time. Along the same lines, we consider that the relationship with these communities is only possible as long as our operations coexist in harmony with the environment.

Therefore, social investment is the way to liaise with the communities in the group's different companies, contributing to the territories' sustainable development, always with a focus on the concern for people and the environment.

Donations, Sponsorships and Memberships Policy

This year, CAP Group has materialized the companies' commitment with their surroundings through donations, sponsorships and/or memberships. To guide these, general guidelines were established considering reach and objectives, as well as the perspective of compliance with the law and internal regulations.

CAP Group: 2021 Social Investment (US\$)



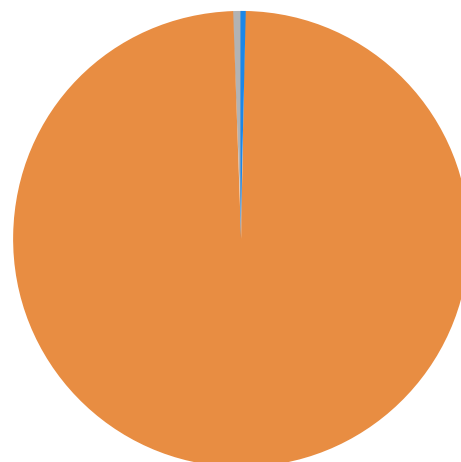
3,401,611
US\$ in cash contributions

63,007
In-kind donations

24,737
Volunteering costs

735,659
Program management general expenses

CAP Group: Philanthropic donations (in US\$)



65,826
Donations to charity

3,338,083
Community investment

58,667
Commercial activities



CMP and CSH: New approaches of territorial management

Strategy focused on sustainability

CMP made progress this year in the consolidation of a Territorial Management Strategy that arises from the company's focus on sustainability and its purpose of creating a new kind of mining from the core of its processes to achieve a sustainable development of the territory in which its operations are located –the valleys of Copiapó, Huasco and Elqui– and its inhabitants.



Unit responsible for Territorial Management

As part of this new strategy, a super intendants of territorial management was established. It oversees across all its operations and is answers directly to the Sustainability Management. In turn, the Chiefs of Management in each valley answer to the Superintendencia. This structure's mission is to transmit CMP's purpose, achieve an early approach and smooth dialog, always prioritizing the needs of the communities.

Strategy aligned to the UN's Sustainable Development Goals

- ✓ Local economic growth: in line with SDG 8
- ✓ Territorial Management Plan (care for the environment, urban development and heritage): SDG 11
- ✓ Training and employability (Alfadeca and High School program): it contributes to SDG 4

CMP's 2021 Social Investment Focuses

4 focuses stem from the Growth pillar of the Territorial Management Strategy: (1) Local Employability and Education, (2) Productive Development, (3) Quality of Life, and (4) Identity and Culture. This allows to guide CMP's social investment plans with a collaborative perspective. This way, the development with the neighboring communities is aligned with the corporate challenge and sustainability strategy.

CSH: Building a new way of relating

In 2021, the company focused on the development of initiatives that arise from the community with the support of the company, prioritizing entrepreneurship and integration to the workforce as tools for local development.

Thus, the field of action in Talcahuano was reinforced, with a special emphasis in the neighboring communities of Libertad and Gaete. The actions were materialized through Comisión Tripartita Libertad-Gaete, alliances with companies (Companies Working Group) and the articulation with the territory's social organizations, such as sports club and emerging leaders.

Strategy aligned to the UN's Sustainable Development Goals

- ✓ Education and local employability: aligned with SDGs 1, 4 and 8
- ✓ Strengthening of the work of Neighborhood Boards: contributing to SDG 11
- ✓ Promotion and concern for the environment: addressing SDG 15
- ✓ Quality of Life, sports and culture: contributing to SDG 3



Social Investment Programs carried out by CAP Group in 2021



1. Productive Development

Following a strategic and long term approach, 2021 saw the consolidation of several projects that support artisanal fishing, across all three valleys where CMP operates.

Copiapó Valley

▪ Zenteno Creek Project:

In the context of the "Coastline Improvement and Port Infrastructure Construction for Artisan Fishing, Atacama Region" Programming Agreement of the Ministry of Public Building and Works.

Allotment of Mobile Process Plant:

CMP and Aguas CAP gave the facility to the Independent Workers Trades Union of divers and seafood harvesters in the port of Caldera.

Huasco Valley

▪ Clam Repopulation Project:

It has allowed for the design of the Area Management And Exploitation Plan, based on updated information on the situation of the resources and the benthic community.

Elqui Valley

▪ Ships and Equipment Project

It is one of the first in the area for the development of small-scale and surveillance aquaculture activities.

▪ Guayacán Management Areas:

The Trade Association of Fishermen of Guayacán acquired areas for cultivation and exploitation of benthic resources. CMP has contributed with the supply of equipment.

Other initiatives for productive development by CMP, CSH and Cintac Group

2nd version of the Caldera Impulsa Program:

This collaboration agreement between the municipality of Caldera, CMP and Aguas CAP provides sustainability to the formal and regulated commerce of the tourism sector.

Conciencia Lab Caldera Project:

Driven by Aguas CAP and CMP, it focused on the development of an entrepreneurship and innovation system in the town of Caldera.

Terrazas del Emprendimiento:

As part of the Acción Emprende Program, it seeks to continue growing with local entrepreneurs through and exposure, promotion, advertising and networking, training and experience exchange platform.

AGAH Olive Fund Agreement:

With the progress of 49% it seeks to promote the development of olive farming in the lower area of Huasco Valley through the productive development of 158 medium and small olive growers, by means of grant applications and co-financing projects.

Entrepreneurial Skills Development:

CSH program that provides micro-entrepreneurs with tools to improve their skills to administrate their businesses and discover new trading strategies.

Training Courses for the Communities:

430 people were trained by CSH to increase their chances to join the workforce and become entrepreneurs in different areas.

Technical Training and Employability School:

Shared value scheme between Cintac SAIC and the municipalities of Casablanca and Recoleta, social organization and community leaders. It included training programs on the Metalcon construction solution.

Healthy Kiosks:

Calaminon, in collaboration with the NGO Aynimundo, is building healthy food kiosks in schools and universities, served by people with disabilities and their family members in South Lima.



2. Educational Development

Alfadeca Program:

Product of the alliance between CMP and the Sara Raier de Rassmuss Foundation, the Alfadeca Program extended to different schools in the regions of Atacama and Coquimbo. This is an innovative method for literacy education.

Jaime Charles Scholarship Program:

since 2013, a total of 80 students from the regions of Atacama and Coquimbo have been benefited by this program.



Young Talent Program: it is executed by collaborating company of CMP in the Elqui Valley. Senior high school students of José Tomás Urmeneta school in Guayacán will do their job placements in the areas of Mining Operation and Equipment Maintenance and Plant.

Supply of Tablets for Libertad School: CSH and the Companies Working Group gave tablets to Libertad school in Talcahuano.



3. Social Wellbeing Development

Open House: CMP program that looks for participation and transparency instances by means of visits to its sites, where operational improvements and progress in sustainability, apart from the new projects, can be found.

Fast Hyperbaric Chamber for Public Use in Atacama: Installed in Caldera with contributions from CMP and Aguas CAP, it allows to treat patients with different illnesses, becoming a significant advancement in preventive care.

Forestry Program: developed in the first quarter of 2021 by CSH with the goal of increasing the amount of trees in the areas of Libertad and Gaete.

Quality of life improvements for a neighbor: I was CAP continued to deliver groceries and desalinated water for the humidification of neighbor Angel May's work area.



4. Promotion of Culture and Sport 2021 Culture Fund:

For the first time, CMP launched a support fund of \$20,000,000 to finance cultural activities in Guayacán.

Sports Working Group and Sports Development Project Fund:

The first sports working group was formed in Guayacán web for social organizations to create activities in the territory.

Cruz Grande Architecture Project:

CMP began the execution of the construction project or a Cultural Exhibition Hall for the community of Chungungo.

"Dinosaurs beyond extinction" Exhibition:

Traveling exhibit by the Natural History Museum and CIAHN Atacama, which was held thanks to the support of CMP and which had more than 10,000 visitors.

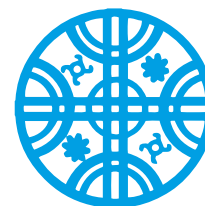
"Tesoro Vivo" Project (Heritage Day):

CMP made testimonial videos of 16 people who represent the peoples' cultural legacy.

Artistas del Acero reopened its facilities:

after being closed to the public for 17 months, offering only online courses and workshops, it re-opened its doors on August 16, 2021.

Boys and Girls Club: Program developed by CSH with the goal of entertaining the boys and girls of the community, reinforcing different values by means of a variety of activities developed by teachers.



5. Support for Indigenous Communities

Development of 14 indigenous associations of Copiapó Valley: through the indigenous working group, CMP sought to promote the generation of autonomous income, enterprises and associativity.

Colla Inti Wañuy Community Agreement:

Collaborative work between the Colla Inti Wañuy Indigenous Community in Caldera and Aguas CAP, in the context of the Hydroponic Crops Project. In the year, a total of 60 m³ of desalinated water was delivered bimonthly.

5.3 Community Support during the Pandemic

Given that the sanitary crisis has continued, the companies of CAP Group maintained their support for the communities to face this situation during 2021. The support to communities to help them face the Covid-19 pandemic helped nearly 55,000 beneficiaries in 2021.

Economic support Gift Cards for Fishermen in Caldera:

\$58,400,000

in CMP contributions to 27 sea-related organizations in Caldera.

Entrepreneurial Skills Development:

25 entrepreneurs from the areas of Libertad and Gaete were benefitted by the Companies Working Group, formed by 8 companies in the industrial sector in Talcahuano, including CSH, in an agreement with IRADE.

Caldera Impulsa Project.

80 entrepreneurs and independent workers received funding from Aguas CAP and CMP, in collaboration with Desafío Chile Foundation.

Rapid tests:

80 thousand

SARS-CoV-2 antibody rapid tests were donated to coast municipalities of the region of Valparaíso and CSH staff.

Supplies to combat the pandemic

15,000 were benefited with different donations from CMP in the valleys in which it operates.

Essential food supplies:

438 beneficiaries from the areas of Nuevo Amanecer, Gaete, Libertad and Libertad Norte with food baskets delivered by CSH.

Disinfecting Truck

10,000 people were benefitted by CSH in different areas of Talcahuano.

Oxygen tank loan.

In 2021, Calaminon provided this vital support not only to its collaborators who fell ill but also their family members. In addition, and provided psychological support to the community of Matucana (Province of Huarochiri, Peru).

Improvement of infrastructure and supply of construction materials:

Sehover delivered materials and improvement works in the Departments of Huanuco, Paso and Lima

Supply of Sodium Hypochlorite in Caldera:

12,000kg of sodium hypochlorite were delivered by Aguas CAP to the Department of Environment, Cleaning and Maintenance of the Municipality of Caldera for the sanitization of streets and public spaces.

Contributions to the community due to the Covid-19 pandemic	
Operating Companies	2021 Contributions (US\$)
CSH	73,452
TASA	515
CAP SA	80,000
Aguas CAP	51,778
CMP	374,743
Cintac Group	2,700
CAP Group total	583,188



5.4 Participation and social impact

Material Topic: Community Liaison and Impact.
GRI 103-1, 103-2, 103-3
GRI 413-1, 413-2

CAP Group companies have become economic growth hubs in the areas where they are located, both due to the generation of local jobs as well as the magnitude of goods and services purchases.

Therefore, maintaining the operational continuity of CMP and CSH –declared essential industries – made possible that local productive chains continued working normally, which shows the key part played by mining and the steel industry in resilient value chains.

Claims, inquiries and suggestions system

CAP group has made available various channels for members of the community or other interest groups to express their concerns, questions or complaints. This way, it is possible to deal with them in a timely manner thanks to an efficient internal coordination process that ensures they are treated adequately and given a prompt response.

CMP: Clear and direct connection

The first pillar of CMP's Territorial Management Strategy is Information, which is materialized with the main stakeholders through meetings, newsletters to databases, the use of social media, and the use of CMP's corporate website.

Each area of territorial management has a Facebook page, where it advertises the activities, improvements and changes that the community needs to know of. Moreover, the aforementioned Open House program also contributes to the effort of maintaining informed and connected communities. The company is currently in the building stage of a complaints and suggestions platform that allows to follow up and report situations that are brought forward, connected to the critical processes of the company and the PRM model.

Fulfilled commitment in Huasco Valley

In 2021, CMP achieved 100% of progress in the Compliance Program of Huasco Valley. With the end of the minor hydraulic work in sterile dumping sites of Los Colorados Mine (Action 61) and with the environmental approval of the Filtered Tailings Deposit in the Pellet Plant, 101 pledged actions were completed.

CSH: Active listening

The company participates in three 3-party working groups, representing the largest quantity of the city's population. In the year, it also widened the range of social organizations with which it liaises: sports clubs, senior citizens circles, environmental committees and emerging social leaders. This relationship allows to gather initiatives that arise from the community, regarding the environment as well as entrepreneurship and recreation

- Email set-up (vecinoscomunidades@csh.cl), for communities to maintain a direct channel of communication with the company.

CAP Group	
Total number of productive operations	26
Productive operations that have required community consultations	1
Productive projects in progress	5
Productive projects in progress with a community consultation process	5

Community consultation in Sehover

The authorities on each community, village and or town near the road executed by Consorcio Oxapampa, which Sehover (Cintac Group) is part of, were identified. The information campaign was carried out regarding the contract and the responsibilities that the collaborator will have during the execution of the project located in the province of Oxapampa, Department of Pasco (Peru). The strategy is direct communication with the communities of Oxapampa and Acobamba.



CMP and Aguas CAP actively collaborate with the Caldera Impulsa program, focused on supporting SMEs.

6. Environment



In line with our corporate strategy, in 2021, we designed the Sustainability Model, which cuts across all our companies. In it, the fundamental guidelines and key objectives to reach sustainable growth are defined.

And in order to ensure that we move in the right direction, the Sustainability Model is complimented by a dashboard that allows to monitor sustainable management within the Group, observing all the indexes that have been established for each of the ESG key issues that underlie the model.

In particular, the environmental dimension focuses on to axes:

Key Issues		
Differentiating strategic axis	Climate Change Management *	Energy and Emissions Reduction Water Footprint Reduction
Fundamental axis	Environmental Impact	Waste Management Environmental Compliance

6.1 Climate Change Management

Material Topic: Energy and Emissions Reduction.
GRI 103-1, 103-2, 103-3. GRI 305-1, 305-2, 305-3, 302-1

6.1.1 Energy and Emissions Reduction

Consolidated measurement of Carbon Footprint

In 2021, the carbon footprint of all CAP Group was measured, including those operating companies that until then had not quantified their emissions. Likewise, progress was made in the consolidation of the measurement methodology and raising of the baseline (2020).



* A third key issue in climate change management is the development of green solutions and products, whose progress will be reported on in future periods.

CAP Group Carbon Footprint GRI 305-1/2/3

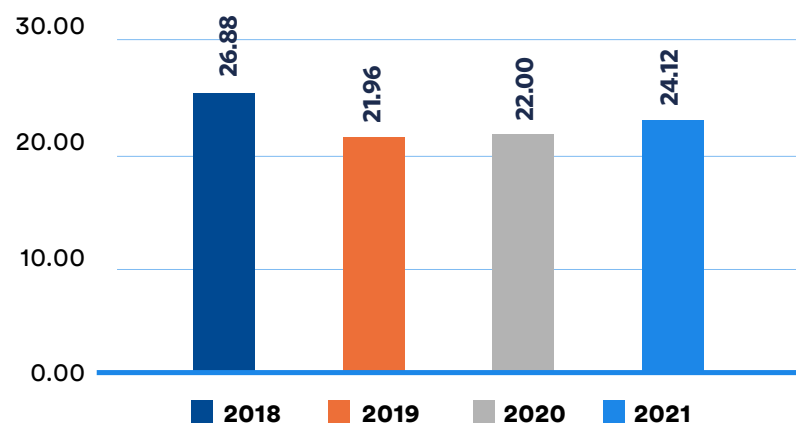
Base year 2020 (ton CO₂e)

Scope 1	1,837,826
Scope 2 (location based)	428,381
Scope 2 (market based)	428,381 ¹
Scope 3	25,796,831
Total: scopes 1,2 (market based) and 3 ²	28,063,038

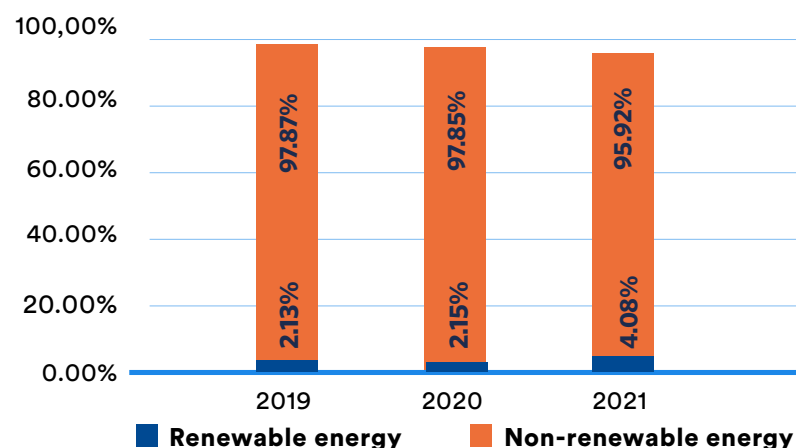
As of the date of publication of this Report, the 2021 carbon footprint was being verified by an independent third-party, for which it will be published during the first quarter of 2022.

Energy consumption

CAP Group total energy consumption (million GJ)



CAP Group energy consumption by type



CMP has incorporated electric buses and its operations and the regions of Atacama and Coquimbo.

¹ In the cases in which traceability of renewable attributes or type of energy of supply contracts is not available, Scope 2 market-based emissions are reported as equivalent to location-based ones, in accordance with the GHG Protocol Scope 2 Guidance. This is due to the fact that there is currently no residual mix emission factor to measure electricity emissions of the network that remain after eliminating the quantities hired directly between parties; this can result in doubling the count from contributions of renewable or low emission electricity among consumers supplied by the network.

² Scope 2 refers to indirect GHG emissions that come from the generation of electricity, steam, heat or refrigeration, purchased or acquired, which are consumed by the operated assets. Scope 2 GHG emissions are calculated according to the Scope 2 handbook of the Greenhouse Gas Protocol Scope 2 Guidance. For the market-based method, specific emission factors from the providers are used, and for the location-based method the National Electric Network emission factor was used. In line with the strategy of increasing the renewable attributes of electric supply contracts, the total carbon footprint is reported with a market-based Scope 2.

Climate change management in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations

CAP group has acknowledged the challenge of managing the risks and the opportunities brought by climate change. In 2021, the recommendations by the TCFD were incorporated across the operating companies. For this, they consolidated the efforts that had already been initiated regarding carbon management and they advanced towards new initiatives.

Below is the detail of progress made in 2021 regarding the four pillars of TCFD: Governance, Strategy, Risk Management, and Metrics and Targets.

1. Governance

In 2021, the different aspects related to climate change were addressed in the groups different instances of corporate governance. Both when reporting on the management of the operations as well as in the continuous labor of supervising strategic risks, aspects such as the measurement of carbon and water footprint and the importance of an adequate climate change management were addressed.

2. Strategy

In 2021, a new Corporate Risk Management Framework was implemented. It evaluates the risks identified based on their probability of happening and their expected impact: economic, reputational, environmental, and on people. Thus, climate related risks have been gradually incorporated in the administration of the business, facilitating its management and opportunities for a transition that is low in carbon.

TCFD is an international organization whose objective is to develop standards for voluntary financial disclosure is focused on climate change.

Sustainability strategic axis

An important milestone was CAP Group Board's approval of the Sustainability Model, which includes climate change management as a strategic axis.



3. Risk Management

Across CAP group, risk management, including those that are climate related, is done independently in each line of business, which have dedicated teams that report to their CEOs and committees.

4. Metrics and Targets

The Sustainability Model has an associated dashboard that allows to monitor the indexes that have been defined. In the case of climate change, it observes carbon footprint (scopes 1, 2 and 3) and water footprint (WiiX and WSF).

Sims measuring its carbon footprint baseline, CAP Group has defined **a goal of reducing its Scope 1 and 2 emissions in 24% by 2030**. This is the first GEI emission reduction target, based on carbon footprint reduction initiatives studied during 2021. In the next few years, CAP group will continue studying and defining new projects that will allow us to responsibly commit to carbon neutrality by 2050.

The reduction initiatives studied were analyzed together with the operating companies, especially those that have a greater impact on the carbon footprint.

• Incentives for management and employees

In line with CAP group strategy, CSH has established incentives related to climate change.

Recipient	Type	KPI
Engineering Manager	2021 Bonus	Index related to energy efficiency project execution.
Sustainability and HR Manager	2021 Bonus	Index related to energy efficiency project execution

Climate-related risk training

In 2021, there were five training instances, with participants from across the group, on carbon footprint measurement, physical risks, transition risks, mitigation measures and emission target setting.



CSH: Physical and transition risk survey

This year, opportunities and climate change physical and transition risks were identified and analyzed in CSH. In this case, the main physical risks were established using climate data from Arclim, model based on the RCP 8.5 scenario of the Intergovernmental Panel on Climate Change (IPCC). The businesses vulnerability from potential impacts was analyzed and the temporary horizons for them to materialize were identified.

Physical risks in CSH

- Water scarcity
- Raised sea level
- Forest fires

Main transition risk in CSH

This risk is the eventual application of a tax for GHG emissions from fossil fuels, which was evaluated considering different price scenarios, current regulation proposals and the Long-Term Energy Plan (LTEP; PELP in Spanish) by the Ministry of Energy, among others.

CSH represents 72% of the Scope 1 and 2 carbon footprint of the whole group and holds a key position in the value chain. We expect to replicate this analysis in other operational companies.

CSH: Clean energy and decarbonization

• Green energy supply contract

On January 1, 2021, the contract that CSH signed in 2020 with Engie began to operate: 420 GW of certified renewable energy for 15 years. This renewable energy will reduce CSH's carbon footprint in 160,000 tCO₂e a year.

• Decarbonization agenda

Having an integrated steelmaker that is low on carbon emissions is the vision that drove the company to work with Paul Wurth Italia SpA to explore the viability of transitioning the steelmakers' operations to production that uses renewable energies and green hydrogen (H₂V).

CMP: Investments to reduce emissions

- Chimney 2B Precipitator in the Pellet Plant:** This technology allows to reduce particulate material (PM) emissions in 81%, contributing to the improvement of air quality in Huasco. This measure is complemented by the use of a desulphurizer, a device that reduces SO₂ emissions in 64%. This new system of emission abatement is monitored online through CEMS equipment, which are validated by technical entities of environmental assessment (EFTA in Spanish).
- Replacement of coal by natural gas (LNG) in the Pellet Plant:** In 2021, the viability assessment for a fuel replacement in the pellet plant was carried out in order to execute the dismantling of all coal equipment in the furnaces and the replacement of all pieces and parts to transform it enter a facility that operates with liquefied natural gas (LNG) from 2023 or 2024.

This fuel replacement will generate an increase in the production costs of CMP, difference that the company will absorb, considering it as part of a productive process that respects the environment.

Impacts of the investments in the Pellet Plant:

Reduction of 99% of PM emissions from its chimneys

Reduction of 97% of sulphur emissions

Reduction of 65% of a NO_x emissions

- Preventative Alerts:** to maintain and reinforce the implemented controls the particulate material monitoring stations network has been strengthened. Along the same lines, meteorological prediction systems have been developed to address the risk of tidal waves and wind gusts in port processes, as well as performing diagnostics for sensitive areas to protect, such as desert bloom zones and wetlands.



- Compliance with the actions contained in the VH Emissions Compensation Plan and the Integral Control Plan:** pledged in the Huasco Prevention Plan, where CMP has actively participated in the Huasco Environmental and Social Recovery Council (CRAS in Spanish). It has been observed how PM levels have decreased from the limits according to regulations for a latent zone.
- Electric Bus Fleet:** CMP has reinforced its commitment with the reduction of emissions and the mitigation of climate change impact with the launch, between July and November 2021, of a pilot project of electric buses, with an initial fleet of four vehicles, for the workers of the whole organization. The strategic alliance that the company formed with Atacama and La Serena Universities will have a relevant role in studying the results obtained with the pilot project regarding the environment (carbon footprint), in technical terms (energy consumption versus performance), and on economic matters (business model).



Electric v. conventional buses:

They reduce the carbon footprint by 50%.

They emit 10% less noise.

We reduce 70% of maintenance costs.

- Electric shovels in Los Colorados Mine:** the company bought two electric shovels for Los Colorados Mine, the first of their type in Huasco Valley. They will allow greater productivity, better reliability and lower emissions and costs per ton of moved material.

New initiatives for reduction in study phase at CSH and CMP

- Minimize coke residue for the steelmaking process – CSH**
 - Vegetable charcoal injection in blast furnace production – CSH**
 - Electric or green-hydrogen-powered extraction (CAEX) trucks – CMP**
-



CAP Group: investment in renewable energies

This year, investment in solar renewable energy projects and the study of sites for future projects (400 MW in 2 stages of 200 MW) was encouraged at a group level. With these initiatives, it is expected to drive the transition to the point of reaching 100% of renewable energy contracts by 2030.

Financial opportunities of climate change

CSH's advancements stand out in this area. In 2021, the company carried out several studies in search of a more sustainable production and, with it, grant the steel produced an environmental seal. Among the destinations of the main steel products, two sectors were identified as relevant: construction and mining.

- **Construction:** the development of more resistant steels implies that constructions will require lower quantities of steel and, therefore, that the carbon footprint of this industry will be lower..
- **Mining:** the use of local steel in the manufacture of grinding balls implies a reduction in carbon footprint, given that if these are made with imported steel the final product's footprint will be higher than when using locally made steel.

6.1.2 Water Footprint Reduction

Material Topic: Water Footprint Reduction
GRI 103-1, 103-2, 103-3, 303-1, 303-5

In 2021, CAP Group began the study of the baseline of the Water Footprint measurement (2020) for the operating companies CMP, CSH, Cintac S.A.I.C, Aguas CAP, PLL, Tecnocap and CAP S.A. (corporate building). This measurement has been carried out both for direct and indirect consumption and, from these results the Water Impact Index (WiiX) and the Water Scarcity Footprint Index (WSF) have been calculated. These are water footprint indexes that are recognized by the scientific community, the industry and governments and can be monitored overtime.

Green steels

In line with these areas of action, in March 2021, studies related to the production of green H2 and then later use in as a blast furnace began. This will allow the company to explore alternatives for producing high-quality green steels towards 2027.





- **WiiX (Water Impact Index):** it reflects the impact (in m3-eq) buy water used, which also considers utilized volume, the source is water stress and the quality of the water that is captured and returned.
- **WSF (Water Scarcity Footprint):** it is interpreted as the source's water availability after satisfying human and the ecosystem's demand by unit of surface for a given period of time, evaluating the potential of depriving another user from water due to the use of the resource for an activity.

Currently, the baseline results are being reviewed by the operating companies, for which we expect to have the consolidated results in the first quarter of 20 22. On this date, the measurement process of the 2021 carbon footprint will begin and, in parallel, the abatement targets for the footprints of each operating company and CAP Group as a whole will be set.

Water availability change predictions

A temporary analysis is being done for all operating companies, with the exception of Aguas CAP, in which three climate projections are built (2030, 2014 and 2050) for a RCP 8.5 scenario (pessimistic Representative Concentration Pathway). This analysis allows to obtain estimates on water availability in the future, at a local level.

Scenario analysis

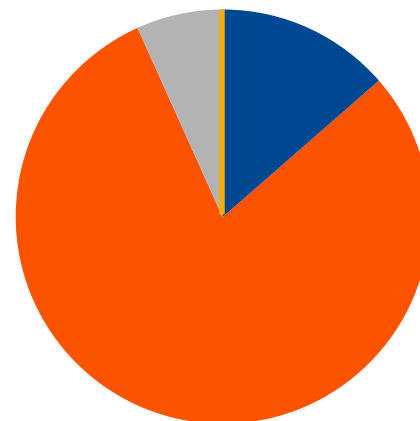
Thanks to the temporary analysis, with its climate projections for 2030, 2014 and 2015, an estimate of the variations but the water footprint indexes of each operating company will have is done, also estimating potential impacts in the operations.

CAP Group's total water consumption was:

57.89

million m³ in 2021 – a 7.3% reduction compared to 2020. From the total in 2021, 7.94% was extracted from continental waters in areas of water stress.

Water consumption by source (thousand m³)



7,907.6
Desalinated
water

46,111.7
Surface
water

3,755.4
Underground
water

106.8
Water
supplied by
third parties

Water efficiency in operating companies

GRI 303-2, 303-3, 303-4

CMP's and CSH's operations are water intensive. In both companies, plans are executed for greater optimization, ways to reduce its consumption and reutilization of this key resource.

CSH: Monitoring and reutilization

Steelmakers consume an important amount of water and, in order to have a sustainable water matrix, making responsible use of water, the company develops plants for greater optimization even though it does not have productive facilities in areas suffering water stress.

The water that Compañía Siderúrgica Huachipato uses is extracted from the last leg of the Biobío river, resource that is consumed in the different production processes and wastes dumped in the sea in the bay of San Vicente by means of three Submarine Outfalls. In general, there are no associated impacts identified because it complies with applied regulations.

- Water extracted from the Biobío river: **44.9 million m³** consumed in 2021.
- Amount of water returned to the sea: **44.0 million m³** in 2021.

Systematic monitoring

In terms of future changes and water availability at a local level, during 2021, Biobío saw lower water availability in spring, which used to only happen in summer. In the face of a sustained decrease of water level in the river, and preventing a potential impact on operations, there is a larger number of submersible pumps to ensure the supply. Since drops in the levels of water were recorded, the pumps had to be activated earlier than the year before.





2021 Water management

- During the year, training activities were carried out addressing the control of potential environmental impacts to the water environment.
- Devices were installed to measure consumption in specific areas of CSH, given that before only global volumes were registered.
- Three projects for the reutilization of water for the next two years were identified in order to reduce freshwater consumption, two of which have been preapproved:
 - Blast Furnace 2 water recirculation
 - Rolled bar laminator water recirculation

Risks associated to water resources

Regulation changes	Through permanent monitoring of legislative news
	In 2021 the preliminary design was published of DS 90, related to liquid waste dumping.
Conflicts with interested parties	Currently there are no conflicts due to water issues, and no possible ones have been identified.

CSH goal by 2025

Reduce specific water consumption by **50%**, thanks to reutilization projects.

CMP: minimize consumption and seek alternatives

The company's immediate priority is to minimize consumption, seek alternatives to reduce the use of continental water and attain the set reduction goals.

CMP uses water for its processes from different sources, from rivers and wells to desalinated water, which is employed in its more modern sites. These different sources have the corresponding environmental and sector authorizations.

Reduction goals

In 2021, goals for reducing the consumption of water were set:

- Every new longtime mining project (LOM) must have 100% desalinated water.
- Decrease and 30% of territorial water by 2024.
- Incorporation of monthly water footprint measurement.
- Improvements in the implementation of instruments in the different operations.

Progress in reutilization

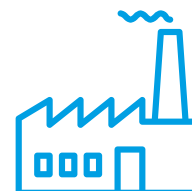
The company stands out for its high level of reused water and its sites, well hi amounts of reutilization in most of its processes and minimizing outflows from the system. The Copiapó valley operations used desalinated water for its processes, extracted from Aguas CAP's desalinating plant located 25 km to the north of the city of Caldera. This supply source gives the process an important focus of sustainability.

Another contribution to the sustainability of this variable is the use of water extracted from tailings in the Magnetite Plant (Tierra Amarilla), which has generated a focus of water management with territorial integration, given that it has as main supply source the tailings from Minera Candelaria, which are recycled in CMP facilities.

Identification of impacts in the use of the resource

Regarding water extraction, CMP keeps raccoons instruments and permanent reportability to the different operations, comparing them with environmental requirements and water rights held by the company. Moreover, risks are assessed according to the GRP model in consumption projections, both in LOM as in the annual budget and the monthly planning of the operations. Likewise, controls are implemented with the aim of avoiding any type of impact on the sources.

In 2021, 23% of the desalinated water in the processes was recycled water. The utilization of treated used water per ton dropped 24% (from 167 cubic meters/ton to 0.135 cubic meters/ton).



CMP has

8 productive plants

located in areas with water restriction.



In the case of Cerro Negro

Norte mine, **100% desalinated water**

is used in its processes.

6.2 Environmental Impact

Material Topic: Environmental Compliance.
GRI 103-1, 103-2, 103-3. GRI 307-1

CMP: Management based on three challenges

1) Comply with environmental commitments:

- Minimize breaches.
- Incorporation of environmental and sector permits in mining planning, improving project allotment.
- Reinforcement of baselines, incorporating new technologies to the monitoring of critical environmental variables.
- Audits related to environmental obligations.
- Compliance with standards of certain critical variables.
- Accompaniment of contractors with drills so that contingency instruments are effective.

2) Include the sustainability attribute to processes:

- Review of risk matrix is, where the incorporation of socio-environmental risks must be ensured.
- Controls (operational performance environmental standards), reinforcing competences in critical roles seeking early incorporation of the attribute.
- Accompaniment of contractors for the incorporation of sustainability in their processes.
- The Contract Committee includes social aspects in the evaluation, such as the hiring of local suppliers.

3) Minimize climate change impact:

- Diagnostic of the situation of the current carbon footprint, water footprint, energy consumption, sensitive and potentially protected areas (biodiversity).
- Survey of management plans for the attainment of targets (already defined sustainability goals), which have already been included in the mining plan.
- Initiatives for the reduction of the carbon footprint (valorization of waste, electromobility, server migration to Google cloud, electric shovels, approval of the decarbonization of the Pellet Plant).
- To go from a reactive involvement to a collaborative involvement: liaison with authorities to coordinate actions related to the territory and definition of the territorial management strategy.

Progress in the Huasco Valley Compliance Program

The program had a deadline of March 2021, date in which the milestones of reportability to the environmental authority (SMA) were achieved and an extension for December 2021 was requested, in order to complete the minor hydraulic work in sterile dumping sites in Los Colorados Mine (Action 61) and with the approval through Environmental Qualifying Resolution (RCA) of the Filtered Tailing Deposit project in the Pellet Plant. Therefore, all of the pledged actions were completed (101 actions) as well as the quarterly reportability, carried out since 2019. To this day, the final revision and approval from the authority is pending.



CSH: Audited and certified system

CAP Acero's environmental management system is audited internally through the company's Studies and Management Unit and is verified and certified through an external audit by the certifying company DNV. The certification covers 100% of CSH staff and the whole productive process.

Progress in Environmental Compliance

In 2021, it complied with different information aspects required by the Decontamination Plan of Concepción/Talcahuano, which of the company is part of, including some voluntary measures with the purpose of reducing the impact of particulate material emissions on the atmosphere.

Executed initiatives:

- > Structural improvements project in the Coke Quenching Tower (coal), which allowed to reduce the emissions of particulate material from this source of emissions.

- > Progress and studies related to the control of emissions of the Blast Furnace Cast floor and capture of emissions in the Coke Battery.

- > Swift Communication with authorities and an adequate planning for the management of Critical Air Quality Episodes for Metropolitan Concepción.

- > In the year, there were three pre-emergencies, during which the source of a mission that is regulated was stopped. This was done without inconvenience, given that the whole organization was prepared for it, making adjustments and production that would not involve the need of steam produced by this source.



Cintac Group: Integrated management across its processes

And all of the groups companies there are policies that define the scope, the reduction of impacts, consultations and, in some cases, training for workers.

2021 Progress and milestones in Cintac SAIC:

- Since May, it is supplied by energy from 100% of renewable sources.

- Cintac's Maipú plant obtained the certificate of compliance with the Zero Waste Clean Production Agreement, by the Sustainability and Climate Change Agency, and the Zero Waste Seal, Level 1 (advanced) with 92%.

- Two generators that used diesel were replaced by two use natural gas.

- Progress is being made in the recirculation of underground water, with a deadline for the first quarter of 2022.

- Progress is being made in the stage 1 project: replacement of loans for hard landscaping in the Lonquén plant, which will help reduce water consumption.

- The Life Cycle of the following products is calculated in the SAMI Metrics platform: Metalcon, Vine Stake and Collaborating Plate.

Puerto Las Losas (PLL): integrated environmental management system

The port terminal located in Huasco establishes the protection of the environment through the identification, assessment and control of environmental aspects in order to prevent pollution. Constantly, through the Environmental Aspect and Impact, evaluations are done and control measures are taken for each impact.

Moreover, PLL develops methodologies for communication, consultation and participation of workers and interested parties, promoting responsible attitude in environmental, safety and occupational health issues.

Waste Management: adding value

Material Topic: Waste Management:
GRI 103-1, 103-2, 103-1. GRI 306-2

Both in the mining and steelmaking areas, as well as CAP Group's steel processing areas, its companies are carrying out studies and strategies not only to reduce the generation of waste at the origin, but also to increase recycling and even give them alternatives for commercial use.

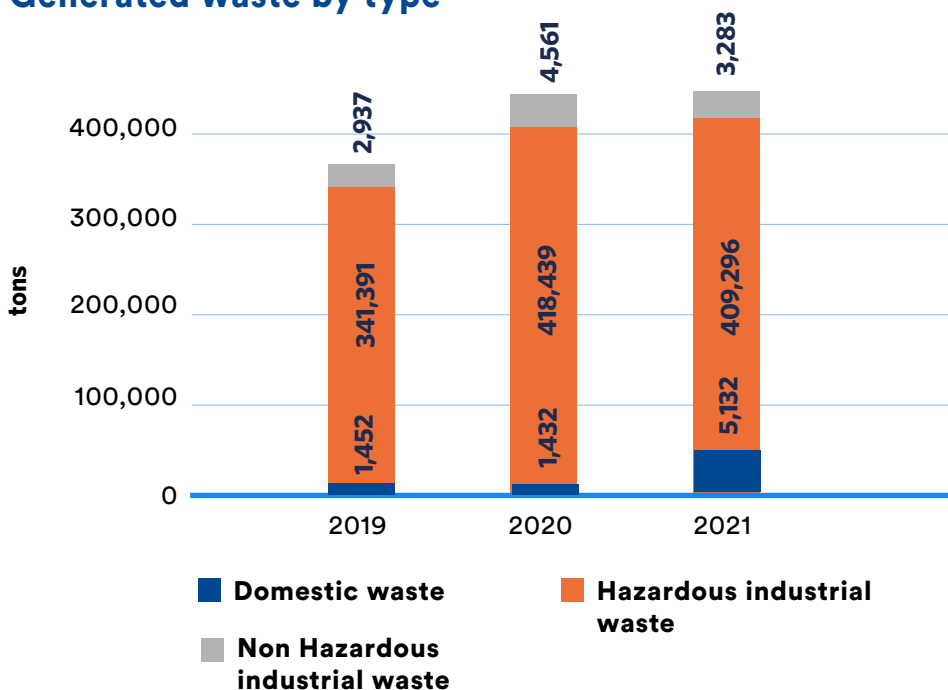
CAP Group: Generated, recycled and discarded waste (tons)

	2018	2019	2020	2021
Total generated waste	383,400	345,793	424,691	445,279
Total used, recycled or sold waste	368,978	324,067	401,929	387,072
Total discarded waste	14,421	21,726	22,762	58,207

Central Viña is a profile designed to help in the support and guidance of vines. It resists mechanized labor processes, providing a firm and light solution.



Generated waste by type



Leader in circular economy

CMP has one of the largest circular economy facilities in the world: the Magnetite Plant. This unit processes tailings, a mass mining liability, and with this contributes to the environment and ground recovery. In 2021, the Magnetite Plant processed 19.1 million metric tons of tailings from Compañía Contractual Minera Candelaria (CCMC) in Tierra Amarilla.



Initiatives in CMP

- Increase of scrap iron recycling, which is transported to the Huachipato steel plant (CAP Acero), promoting CMP's circular economy strategy.
- Strategy for implementation of the REP (Extended Liability of the Producer) law in its sites, where clean points will be installed to make recycling spaces available.
- Valorization of electronic waste, by means of a campaign in all CMP, through our collaboration agreement with Chilenter. More than 2,000 electronic components were recovered, which equals the reduction of more than 400 CO2 tons.

Mass Mining Waste Generated by CMP

CMP	2021	Compared to 2020
Steriles (tons)	86,605,531	+ 145%
Tailings (thousand m ³)	3,380	- 22.5%
Volume of reused environmental liabilities (tons)	6,323,784	+ 29.3%

Initiatives in CSH

- > Recycling of some waste continued in the Extruder Plant.
- > Dilation of a compactor of used raw material bags that allows to recycle them later.
 - In 2021, the shipment of 49 tons of this material was avoided.
- > The I&D Area is in search of use alternatives for waste in the steelmaking process:
 - Work with the Innovation Working Group of CIDERE Biobío.
 - Application for CORFO funding for the manufacture of adocretes, studies that will be done with Universidad San Sebastián.
 - Production of agricultural lime stone from rejected limestone as a result of the process.
 - Use of waste for the production of green cement and that replace the clinker (main cause of cement's carbon footprint).
 - Research on the use of waste in pavement repair (high ways).

Initiatives in CAP

- > The Corporate Building in Santiago has one clean point where domestic waste is disposed of, and which are then classified and processed for compacted storage in the place of origin to, finally, be transported and sold to a recycling company.
- > 2021, 1,159 kg of domestic waste was recovered. This consisted in: cellulose (791 kg); plastics (79 kg); glass (271 kg) and metals (17 kg).
- > Likewise, 634k of electronic waste was recycled during the year.

Initiatives in CINTAC SAIC

- > Hazardous waste that used to be sent to confinement are now used in processes that turn it into alternative fuels for cement producers.
- > Organic waste from canteens and gardens are used for composting.
- > Progress is being made that will allow to use cardboard cylinders, which are part of the packaging of steel drums, to roll painted steel plates.

Biodiversity: protect, avoid, mitigate and compensate

In the context of the Environmental Management Policy, CAP Group established its commitment with the protection of biodiversity in its operation's surroundings, carrying out its activities with full respect to the mitigation hierarchy principle, according to which the group gives priority to avoiding any negative impact on biodiversity. If this is not possible, generated impacts are mitigated or, failing this, the environmental elements affected are restored.

Finally, in those cases in which mitigation or restoration are not viable, waste impacts are compensated. Moreover, the group's companies participate, together with bodies of the State, academic institution and NGOs in initiatives dedicated to the protection and preservation of biodiversity.



In 2021, CAP Group had

172 hectares¹

of important biodiversity with biodiversity management plans.

As of the end of 2021, CAP Group had

240.74 hectares

that are protected by its different operating companies.

¹ Information includes data from CSH and CMP.

Protection initiatives

- In 2021, the special monitoring with permanent surveillance of eutrophication continued.
- The service "Diagnostic studies of the adjacent wetland, Compañía Siderúrgica Huachipato" was commissioned, with the Centro de Ecología Aplicada, entity specialized in wetland systems.

CSH: Protection of wetlands

The company has a public commitment to maintain, improve and conserve the ecosystems that are under its responsibility, as is the case of the two wetlands inside the plant in Talcahuano, with an extension of 40 hectares. There is a census of 50 species that usually live in those wetlands which are being monitored.

The protection of wetlands was voluntary commitment until 2011 when the RCA 26 was established in relation to the "Refurbishment of the Industrial Waste Management Zone" project. The area that is protected cannot suffer any interventions. There is an agreement with SAG, CODEFF and Universidad San Sebastián.

CMP: Protection of marine ecosystems

It has commitments on matters of biodiversity associated to permits and their Environmental Qualifying Resolutions. Currently, work is being done with the Environment Ministry, CONAF, SAG, Sernatur and other organizations to carry out risk diagnoses for the Desert Bloom area and the elaboration of a Biodiversity Book of the region of Atacama.

2021 Biodiversity protection initiatives

- Census and monitoring of marine mammals in Cruz Grande port.
- Reinforcement of the Environmental Surveillance Plan (ESP) in Cruz Grande, Ensenada Chapaco, Guayacán and Puerto Punta Totoralillo. These actions are complemented with specific studies.
- Diagnosis of sensitive areas in the region of Atacama.
- The same diagnosis is being planned for the region of Coquimbo.

Aguas CAP: Marine medium, flora and archaeology

Company has safeguarded the preservation of the ecosystems linked to the desalinization plant in Punta Totoralillo, carrying out all the environmental monitoring measures determined by the authority in the project's assessment process. On the other hand, independently to what is required by the authority, it monitors the marine ecosystem that surrounds the discharge area.

In 2021, all of the commitments related to the monitoring of marine medium, flora and archaeology components were fulfilled, resulting, in general terms, in the compliance of all the authorized parameters for discharges, therefore safeguarding the preservation of the marine ecosystem.

7. General Information of the Society



7.1. Legal Information

CAP S.A. was established by Public Deed on April 27th 1946, before Notary Public Mr. Pedro Cuevas, in the city of Santiago. Its existence and corporate statutes were authorized by Treasury Decree N° 2,004, on May 3rd 1946. The extracts were registered on the Commercial Record, on May 18th 1946, on pages 1.356 and 1.358, N° 983 and N° 984, respectively, published in the Official Newspaper on May 20th 1946. Treasury Decree N° 3.418 declares de Company as legally established.

Since its establishment, CAP S.A.'s corporate statutes have gone through several modifications. The most recent are detailed below:

- The April 26th 1991 Extraordinary Shareholders Meeting agreed to replace the company's name by "CAP S.A.". The minutes were probated by the Public Deed from May 3rd 1991, before Notary Public Mr. Félix Jara Cadot
- The July 24th 1992 Extraordinary Shareholders Meeting agreed to increase capital from US\$ 427,087,725.34 to US\$ 690,293,847.93; increase the number of Board members from seven to nine; accept the resignation of the directors on that date; and designate by acclamation and unanimity the new proposed Board. The minutes from said Board meeting were probated by the Public Deed from July 27th 1992, before Notary Public Mr Félix Jara Cadot.
- The July 29th 1994 Extraordinary Shareholders Meeting agreed to divide CAP S.A; to reduce its capital from US\$ 690,293,847.93 to US\$ 379,443,645.64 and distribute its estate among itself and the two new companies, Invercap S.A. and Forestal Terranova S.A., constituted for the division; to modify its clause related to the company's duration and to approve the new companies' statutes. The minutes of the meeting were probated by the Public Deed from August 2nd 1994, before Notary Public Mr Félix Jara Cadot.
- The April 7th 1995 Extraordinary Shareholders Meeting agreed to reduce the number of Board members, making the necessary statutes modifications. The minutes of said meeting were probated by the Public Deed from April 13th 1995, before Notary Public Mr. Félix Jara Cadot.
- The Extraordinary Shareholders Meeting held on August 4th 2008 agreed to increase the capital from US\$379,443,645.64 divided into 149,448,112 shares with no nominal values, to US\$929,443,645.64 divided into 162,698,889 shares with no nominal value, through the issuing of 13,250,777 shares, modifying the status accordingly. The minutes were probated by the Public Deed from August 4th 2008, before the Santiago Notary Public Mr. Félix Jara Cadot.



- The April 13th 2009 Extraordinary Shareholders Meeting agreed to dismiss the capital increase mentioned above. The minutes of said meeting were probated by the Public Deed from April 30th 2009, before Santiago Notary Public Mr. Félix Jara Cadot.



Company objective

The Company has a main objective to invest its capitals in any type of intangible property, such as shares, bonds, debentures, savings and capitalization plans, shares or rights in companies or mutual funds, and any other type of titles or transferable securities, as well as managing said investments.

In addition, the Company has the following specific objectives:

- a. To promote, organize and establish companies of any kind and purpose, and buy and sell shares and rights.
- b. To provide management, financial and legal consulting, audit and other necessary services for the best possible development of the companies of which it is shareholder or associate, or third-party companies.
- c. To coordinate the management of the companies of which it is shareholder or associate, in order to obtain the best productivity and profitability possible.

The Company has an indefinite duration.

Comments and motions from the Directors Committee and shareholders

There were no comments or motions from the Shareholders or the Directors Committee, in accordance to section 3, article 74 of Law No. 18,046.

7.2 Legal Framework

The Company, as an open limited company, is regulated by laws No.18,045 about the securities market and No.18,046 about limited companies. In addition, the Company and its subsidiaries must abide by the norms applicable to all activities and businesses that they carry out.

7.3 Main Shareholders

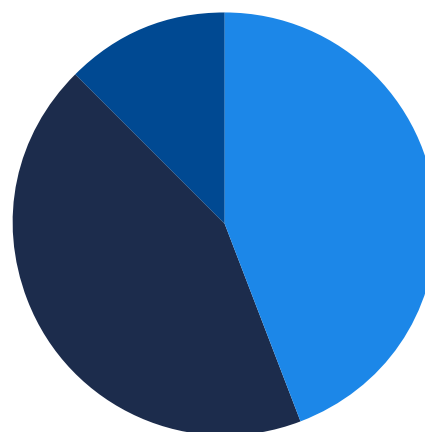
The twelve largest shareholders of CAP S.A. as of December 31 2021, by number of shares and percentage of holdings, are as follows:

Name	Nº of shares	% of capital participation
Invercap S.A.	64,731,088	43.31%
M.C. Inversiones Ltda.	18,681,015	12.50%
Banchile Corredores de Bolsa S.A.	7,036,873	4.71%
Banco de Chile on behalf of State Street Bank	6,573,527	4.40%
Banco Santander Chile of foreign investors	3,469,759	2.32%
Fundación CAP	3,299,497	2.21%
BCI Corredores de Bolsa S.A.	3,094,122	2.07%
Banco de Chile on behalf of non-resident third parties	3,029,019	2.03%
South Pacific Investments S.A.	2,860,970	1.91%
Larraín Vial S.A. Corredora de Bolsa	2,365,204	1.58%
Santander Corredores de Bolsa Ltda.	2,230,338	1.49%
Banco Itaú Corpbanca on behalf of foreign investors	1,719,014	1.15%
Other	30,357,686	20.32%
Total	149,448,112	100.00%

CAP Ownership

GRI 102-5

As of December 31 2021



44.2%
Free Float

43.3%
Invercap

12.5%
Mitsubishi

The total number of CAP S.A. shareholders as of December 31 2021 was 5,458

As per articles 97 and 99 of the Securities Market, Invercap S.A. is the controller of CAP S.A., Tax ID N° 96,708,470-0. The controller of Invercap S.A. is Inversiones Hierro Viejo Limitada, Tax ID N° 76,051,930-8, owner of 39.30% of its share capital. This company is controlled by Mr. Juan Enrique Rassmuss Raier, ID N° 7,410,905-5.

In 2021, Invercap S.A. acquired shares in CAP S.A., increasing its holding, which by the end of 2020 was 34.88%. In March 2021, it's bought shares representing 6.77% capital in CAP, ending with a holding of 41.65%. In turn, between September and November of the same year, it acquired 2,487,771 shares of the company, reaching a percentage of 43.31%.

Identification of majority shareholders

The following are the shareholders, as distinct from controllers, who by themselves or with others with whom they may have joint action agreements, can designate at least one member of the company's administration, or who hold more than 10% or more of capital or capital with voting rights in the case of a joint-stock company:



Name	Tax ID nº	Nº of shares	%
M.C. INVERSIONES LTDA (*)	79,866,800 -5	18,681,015	12.50%

(*) M.C. Inversiones Limitada (MCI), is a subsidiary of Mitsubishi Corporation, which is the largest trading company in Japan, with over 200 offices all over Japan and about 90 countries.

There are no shareholders under the following condition:

Natural persons that hold less than 10% of the shared capital, and who, together with their spouse and/or relatives, have more than said percentage, whether directly or through a legal person. Relatives are to be understood as those up to a third degree of kinship.

7.3.1 Transactions by related parties

2021		Purchases		Sales	
Name or trade name	Relation to the company	Nº shares traded	Traded amount	Nº shares traded	Traded amount
Javier Romero Madariaga	Executive management	-	-	27,000	266,342,924
Felipe Bertrand Planella	RCEO*	640	4,963,777	-	-
Invercap S.A.	Controlling company	12,606,699	97,015,457,813	-	-
MC Inversiones Ltda.	AM**	-	-	10,124,928	76,911,120,000

** Relative up to a 2º degree of kinship to the CEO.

** MA: Main non-controlling shareholder.

2020		Purchases		Sales	
Name or trade name	Relation to the company	Nº shares traded	Traded amount	Nº shares traded	Traded amount
Javier Romero Madariaga	Executive management	27,000	184,872,875	-	-
Sociedad de Inversiones Santa Luisa SPA	CEORE*	18,152	109,980,430	-	-
Invercap S.A.	Controlling company	5,317,025	21,851,709,168	-	-

* EPGG : Entity controlled, directly or through third parties, by a relative up to a 2º degree of kinship to the CEO.

7.3.2 Traded CAP S.A. shares

Below is a summary of the company's share transactions:

Period	Nº of shares (thousand shares)	Traded amount (thousand pesos)	Average price (pesos per share)
2021			
Jan-Mar	23,994	248,194,367	10,344
Apr-Jun	29,261	381,418,595	13,035
Jul-Sept	18,458	190,557,788	10,324
Oct-Dec	26,312	203,666,169	7,740
2020			
Jan-Mar	34,074	146,397,201	4,296
Apr-Jun	29,497	136,241,783	4,619
Jul-Sept	26,377	167,046,055	6,333
Oct-Dec	21,217	162,309,771	7,650
2019			
Jan-Mar	24,792	180,559,207	7,283
Apr-Jun	21,254	160,665,322	7,559
Jul-Sept	21,996	147,835,477	6,721
Oct-Dec	23,909	135,627,086	5,673



The Tupemesa team celebrated 365 days without accidents.

7.3.3 Shares held by related parties

Board of Directors

ID	Name	Role	CAP shares	Percentage of shares in companies related to CAP	#
6.557.615-5	Jorge Salvatierra Pacheco	Chairman	-	-	
27.453.031-6	Tadashi Mizuno	Vice-Chairman	-	-	
7.410.905-5	Juan Rassmuss Raier	Director	-	-	
9.306.718-5	Claudia Sanchez Muñoz	Director	-	-	
9.568.435-1	Maria Olivia Recart Herrera	Director	-	-	
9.761.676-0	Patricia Nuñez Figueroa	Director	-	-	
7.040.854-6	Roberto De Andraca Adriasola	Director	-	9%	1
				50%	2

#Company	Nº of CAP Shares
1 South Pacific Investment S.A.	2,860,970
2 Ko Investment LTDA.	4,000

Management

ID	Name	Main Executive Role	CAP shares
11.834.121-K	Julio Bertrand Planella	Chief Executive Officer	2,500
9.047.354-9	Francisco Carvajal Palacios	Compañía Minera del Pacífico S.A. CEO	-
12.011.581-2	Rodrigo Briceño Carrasco	Compañía Siderúrgica Huachipato S.A. CEO	-
10.653.986-3	Patricio Merello Hitschfeld	Cintac S.A. CEO	-
7.018.048-0	Pedro Pablo Olivera Urrutia	Intasa S.A. CEO	-
8.322.331-6	Francisco Lepeley Contesse	Chief Financial Officer	1,540
13.028.236-9	Stefan Franken Osorio	Chief Legal Counsel and Sustainability Officer	10,510
12.585.315-3	Marcel Deprez Mateljan	Planning and Development Manager	-
12.488.429-2	Patricia Nicole López Manieu	Infrastructure Manager	-
8.725.100-4	Joaquín Pérez Urbina	Internal Audit Manager	-

7.4 CAP S.A. share and IPSA

The following is the price behavior of the CAP S.A. share in the Santiago Stock exchange compared to IPSA, between January 2020 and December 2021.



Jan.
Feb.
Mar.
Apr.
May.
Jun.
Jul.
Aug.
Sep.
Oct.
Nov.
Dec.



7.5 Trademarks

The main trademarks registered on behalf of CAP S.A. are the following:

1. CAP

which identifies the industrial establishment for the manufacture of iron bars and laminate steel; as well as identifying practically all products; commercial establishment of the purchase and sale of practically all products; and, to identify services related to mining, and importation, exportation and representation of class 06 products; it also includes radio or televised transmission services; programs on radio, TV, shared in writing, spoken or performed; maritime port services; vessel, traveller and maritime cargo reception and shipment; dockage, towing and salvage; product and goods storage; and it includes customs and insurance services; insurers; management and placement of capitals and funds; loan studies; financing, bonds and cautions, mutuals, bank and financier operations in general; in addition to extraction, melting, lamination, wire drawing, tempering, testing, and general industrial processing of metals and minerals by any means, industrial processing of non-metallic minerals by any means, mineral extraction and mining; technical assistance services and legal consulting.

2. CAP

it identifies products like metals, machinery and tools, oils and greases for industrial use, fuels and lighting materials; as well as import, export and representation services for class 06 products; bulldozing and earth movement services, supervision over construction works, and reception and loading of vessels, dockage, towing and salvage, storage of products and goods.

3. CAP-75

to identify metal bars.

4. Del Pacífico

to identify commercial establishments for the purchase and sale of all types of products in regions III, IV and XIII; to identify among mining, steelmaking or metalworking company services, or storage services for the industry or commercialization on its own or from a third party of products of all types; as well as mineral extraction services and product commercialization, and to identify the industrial establishment for mineral extraction and mining.

5. Huachipato


to identify the industrial establishment for the manufacture of metals and their alloys, metallic construction materials; mobile metal constructions; metallic materials for rails; non-electrical cables and threads; metallic locksmith and hardware articles; metal tubes and pipes; safes; metal ores.

6. Dur CAP

to identify the anti-abrasive steel product.

7. Zinc CAP

to identify metals and their alloys; metallic construction materials; mobile metal constructions; metallic materials for rails; non-electrical cables and threads; metallic locksmith and hardware articles; metal tubes and pipes; safes; metal products that are not included in other classes; mineral ores, and non-metallic construction materials, non-metallic rigid tubes for construction; asphalt, pitch and bitumen; non-metallic mobile constructions; non-metallic monuments.

8. “(.)”; “(..)”, “(...)”	to identify metals and their alloys. It includes metallic manufacturing, forge, hardware, pieces for metallic constructions and metallic cables, metal formworks and pipes, (class 6).
9. Galvalum y Galvalume	to identify metals and their alloys; metallic construction materials; mobile metal constructions; non-electrical cables and threads; metal tubes and pipes; mineral ores and import and export services for those products. * In process of renovation, under Compañía Siderúrgica Huachipato.
10. ZINC-ALUM	to identify the commercial establishment for metals and their alloys, and construction materials, metallic and non-metallic class 6.
	* In process of renovation, under Compañía Siderúrgica Huachipato.
11. CAP-SOL	to identify steel bars.
12. COR-CAP	to identify products like metals, alloys and metallic compounds.
13. «CAP SOLUCIONES EN ACERO»	to identify products to be used in prints in general, to identify services for radio or TV transmissions; programs on radio, TV or transmitted in writing, spoken or performed.
14. CAP PROCESAMIENTO DE ACERO	to be used in the company everywhere in the country, mining, steelmaking or metalworking or for supply to the industry, or commercialization on its own or by a third party of all types of products and services; to identify products, to be used in metals, alloys and mechanical materials.
15. PETROPAC	To identify oil and grease products, lighting materials; and to identify a commercial establishment for the purchase and sale of said products; distribution services for all types of products.
16.  CMP <small>UNA EMPRESA DEL GRUPO CAP</small>	to identify mineral products; and services for extraction and mineral substance treatment, and mining exploitation equipment.
17. TECNOCAP	to identify services for importation, exportation, distribution and commercialization of all types of industrial products and technology investment company, and related areas.

7.6 Remunerations of directors and executives

Directors

In April 2021, the shareholders meeting fixed remuneration for the board of directors for the period between May 2021 to April 2022 in 0.75% of net profits of the 2021 or a minimum allowance of 70 Tax Reference Units per month.

In 2021 and 2020, CAP S.A. directors and committee members have received, by concept of allowances and representation expenditures, the following remunerations in the national currency:

Directors	2021			
	Remuneration ThUS\$	Representation expenditures ThUS\$	Directors' Committee ThUs\$	Total ThUS\$
Jorge Salvatierra (2)	315	28	6	349
Tadashi Mizuno (2) (3)	67	12	-	79
Juan Rassmuss R. (2)	273	17	-	290
Roberto de Andraca A. (2)	273	17	19	309
María Recart (2)	41	12	14	67
Patricia Núñez (2)	41	12	14	67
Claudia Sánchez (2)	41	12	-	53
Rodolfo Krause (1)	466	10	-	476
Tadashi Omatoi (3)	206	5	-	211
Gerardo Jofré (1)	233	5	6	244
Marcelo Awad (1)	233	5	-	238
Totales	2,189	135	59	2,383

Directors	2020			
	Remuneration ThUS\$	Representation expenditures ThUS\$	Directors' Committee ThUs\$	Total ThUS\$
Jorge Salvatierra (2)	53	15	18	87
Tadashi Mizuno (2) (3)	-	-	-	-
Juan Rassmuss R. (2)	53	15	-	69
Roberto de Andraca A. (2)	53	15	18	87
María Recart (2)	-	-	-	-
Patricia Núñez (2)	-	-	-	-
Claudia Sánchez (2)	-	-	-	-
Rodolfo Krause (1)	107	30	-	137
Tadashi Omatoi (3)	53	15	-	69
Gerardo Jofré (1)	53	15	18	87
Marcelo Awad (1)	53	15	-	69
Totales	428	122	54	604

(1) occupied their positions in CAP S.A. until April 15, 2021, date in which the Company's Ordinary Shareholders Meeting was celebrated and the Board of Directors was renewed.

(2) Assumed in their rules on April 15, 2021, date in which the Company's Ordinary Shareholders Meeting was celebrated and the Board of Directors was renewed.

(3) In the Ordinary Shareholders Meeting celebrated on March 4, 2021, the director Mr. Tadashi Omatoi presented his resignation to the role of Company Director. In the same session, it was unanimously agreed by the directors to appoint as a replacement Mr. Tadashi Mizuno to fulfill the vacant seat left by Mr. Tadashi Omatoi, until the date of renewal of the Board of Directors.

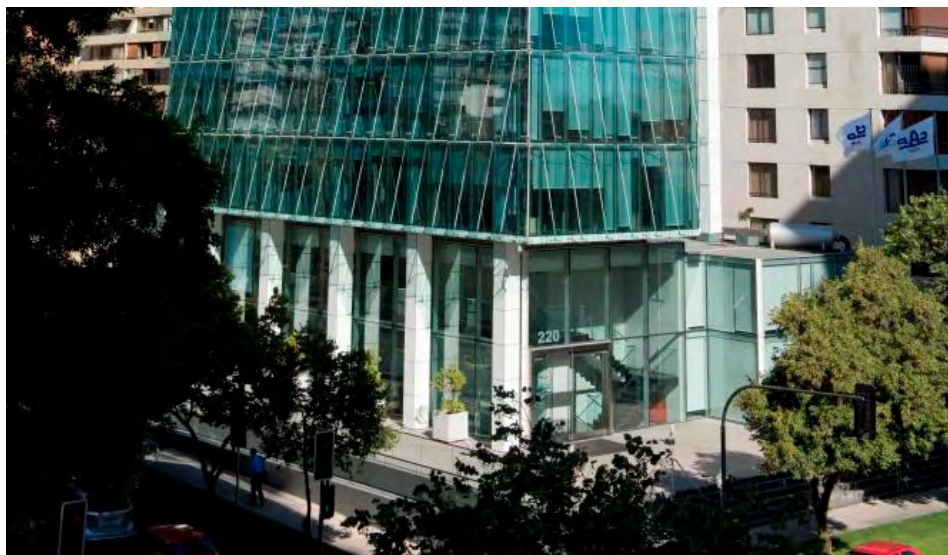
Senior Management

The total gross remuneration of the CEO and all managers who answer directly to the CEO in 2021 reached ThUS\$1,884, of which ThUS\$ 1,403 correspond to remunerations and ThUS\$481 to shares. (ThUS\$2,769 in 2020, of which ThUS\$2,135 correspond to remunerations and ThUS\$634 to shares).

CAP S.A. has no incentive plans for its directors or executives.

7.7 CAP S.A. Directors Committee 2021 Annual Report

CAP Corporate Building in Santiago, Chile



In compliance with article 50 bis of Law N°18,046 about Limited Liability Companies, CAP S.A.'s Directors Committee, approved the following annual report on the Committee's management during the 2021 period and incurred expenses over the same time.

In conformity with the aforementioned article 50 bis, this report is to be included in the Company's Annual Report and informed about in the next Ordinary Shareholders Meeting.

1. Composition of the Directors Committee

Until April 15, 2021, the Company's Directors Committee was composed by its President, Independent Director Mr. Gerardo Jofré M. and Directors Mr. Jorge Salvatierra P. and Roberto de Andraca A. since April 15, 2021, after the renewal of the Board of Directors in the Ordinary Shareholders Meeting celebrated on the same date, the Directors Committee was henceforth formed by the Directors Ms. María Olivia Recart H., as President, Ms. Patricia Núñez F, and Mr. Roberto de Andraca A.

2. Main activities carried out in 2021

During the 2021 period, the Directors Committee gathered periodically and its main activities were the following:

a) Review of Annual Financial Statements

On the session that took place on February 28 2021, the Committee reviewed, with CAP's CFO and external EY auditors, the records related to CAP's financial statements for the 2020 period, including the external auditors' report, recommending its approval to the Company's Board of Directors, who approved it during a session on the same date.

b) Review of Mid-Term Financial Statements

In the sessions that took place on May 6th and November 4th 2021, the Committee, together with the Company's CFO and its General Accountant, reviewed CAP's financial statements as of March 31st and September 30th, respectively, considering that said statements appropriately reflected the Company's financial situation.

Instapanel Collection is an innovative product line that enables clients to develop novel solutions for facades, inner sidings and high-impact exteriors.

Moreover, in the session that took place on August 5 2021, the Committee and external EY auditors, reviewed CAP's financial statements as of June 30th 2021, including the external auditors' report, considering they appropriately reflected CAP's financial situation.

c) Proposals for external auditors and private risk classifiers

In the session that took place on March 4 2021, the Committee agreed to recommend the Board the appointment of EY as external auditors to the company for the 2021 period, considering the convenience of giving continuity to EY so that they can keep deepening in their analyses and reviews of the Company's and the Group's processes.

Likewise, the Committee analyzed the performance of private risk classifiers which currently classify the Company's risks and securities: Fitch Ratings, Feller Rate and S&P. Considering that they met all the independence, experience and trajectory requirements to fulfill their duties, as well as having the appropriate certification by regulating authorities, the Committee proposed to the Board to keep said companies as risk classifiers for the 2020 period.

The proposed names for external auditors and private risk classifiers were approved by the Company's Board of Directors and the Ordinary CAP Shareholders Meeting.

d) External Audit Plan

In its May 6 2021 session, EY external auditors presented the Committee their external audit plan for 2021, which included an internal control assessment stage, issuance of review reports, apart from the stages of preliminary and final substantial evidence. In the same meeting, the main audit topics of interest were analyzed, as well as the challenges for the 2021 external audit plan, regarding CAP and its operating companies.

e) Internal Audit Plan

In the January 28 2021 session, the Committee, together with the Internal Audit Manager reviewed the aspects related to end of the execution of the 2020 internal audit plan, as well as the audit plan proposal for 2021, which was approved in the same session.

In its August 5th session, the Committee met with the Internal Audit Manager again to analyze the progress of the 2021 audit plan and the implementation of different projects in the area, which include digital

transformation initiatives consisting in the use of automatized controls, technological tools and digital platforms for the execution of specific audit functions.

In its November 4 2021 session, the Directors Committee concluded that, regarding the dependency of the Internal Audit Management, the best would be for this role to be directly dependent upon the Board of Directors, through the Directors Committee, though certain administrative duties could still be carried out by the CEO's office. This change was recommended to the board of directors, who approved it in the session of the same date.

Moreover, the Committee met with Internal Audit Management on November 30, December 2 and December 22 to analyze the introduction of specific changes to the Internal Audit Policy, as well as incorporating a few changes to the 2021 annual audit plan and the organizational structure of the Internal Audit Management, so as to confirm its direct dependency on the Board of Directors via its Directors Committee and create a new compliance audit unit. The Committee recommended the approval of these initiatives, which were approved by the Board of Directors in its December 22 session.

Finally, on December 22, the directors committee approved specific changes to the companies internal audit handbook, including among other aspects a greater detail of the Internal Audit Management's roles and responsibilities, the creation of a professional development plan, and the acknowledgment of new duties that the implementation of a CRM platform has generated.

f) Integrity and Compliance Program

In February 25, 2021, the directors committee met with CAP's Head of compliance, where, besides reviewing a report of the work carried out by the compliance unit the previous year, the main projects for 2021 were analyzed. These projects include the implementation of the second stage of the Compliance Registry system, a platform for continuous audit managed in conjunction with the Internal Audit Management; an e-learning training platform; the update of the Free Competition Program; and the assessment of A Personal Data Protection Program.

On this occasion, the Committee requested to focus part of the management on the due diligence processes of suppliers and contractors, using the existing guidelines and tools, and optimizing the use of the continuous audit platform. As a response to this, the Company is currently implementing an analytical monitoring mechanism that allows to know how many suppliers the company has created in a given period, and how many of them have had the due diligence process.

In its November 4 session, in relation to the bill on economic crimes, the Committee requested the elaboration of a work plan to adapt the Company's Crime Prevention Model according to the eventual regulation modification. Said plan was presented to the Committee on October 7 and is currently in its implementation phase.

The Committee also met with the compliance unit on June 3 and December 2, where periodic reports were given by this unit, analyzing the progress of risk and associated control matrixes, training and information campaigns, management of the Integrity Channel, and news related to the year's main projects.

g) Organizational development plan

In its April 1 session, the Committee met with CAP's Organizational Development Deputy Management to analyze the development plan designed for 2021, whose main activities refer to the elaboration of talent matrix is to define training plans of the company's collaborators, retention plans, besides promoting the corporate culture by implementing corporate policies.

In its July 1 session, the Committee and the Organizational Development Deputy Management analyzed the proposed policies and measures for the generation of an ESG culture at Group level, which seek to have committed employees through the inclusion of strategic corporate objectives as part of the formal management of performance.

Along the same lines, on October 7, the Committee recommended the Board of Directors to approve a policy of financial education programs for executives and key collaborators for CAP, who were identified by means of a survey of critical positions requested by the Committee. The main objectives of the creation of these training incentives consist in generating additional capacities in critical talent, apart from promoting a greater commitment with CAP strategy.

In terms of the company's incentives system, on September 2, the Committee assessed the convenience of maintaining or eliminating an incentive approved in 2020, which consists in granting managers and deputy managers loans for the purchase of CAP shares in the secondary market, as part of a retention policy for strategic talent. In the same session they verified that said loan was not requested by any CAP executive in its year of existence, concluding that it is not a real incentive for them. Therefore, the Directors Committee agreed to recommend the elimination of the benefit, which was ratified by the Board of Directors.

h) Review of main litigations of CAP Group

In the June 3rd session, the Company's Chief Legal Counsel presented an update of the status of CAP Group's main litigations to the Committee, informing also on their matter, their progress, money amounts involved and the involved consulting of external lawyers.



i) CAP S.A. General Policy about Operations with Related Parties and General Policy on Habituality

In 2021, the committee analyzed was informed, and recommended the approval of a series of operations with related parties, in conformity with the Company's general policy on operations with related parties and general policy on habituality, which were updated by the Company in July 2020.

3. Remunerations and incurred expenses

The members of the Directors Committee received a monthly remuneration of 23.33 UTM (Tax Reference Unit in Chile), as per agreed in the Ordinary CAP S.A. Shareholders Meeting that took place in April 2021.

Regarding expenses and hiring of external consultants, the Directors Committee did not make use of the approved budget for these purposes in the aforementioned Ordinary Shareholders Meeting, the equivalent of the sum of the annual allowances of the Committee members.

4. Proposal for external auditors and private risk classifiers for the 2022 period

In its March 3 2022 session, the Directors Committee agreed to recommend the appointment of EY as external auditors for the Company for 2022 to the Board, considering it convenient to give continuity to the current company so that they keep going further in their analysis and revisions of the Company's and the Group's different processes.

Likewise, in the same session, the Committee analyzed the performance of the different private risk classifiers who currently do the Company's and its values' risk classification, deciding to propose to the Board to keep Fitch Ratings, Feller Rate and S&P as risk classifiers for the 2022 period.

Santiago, March 3rd 2022

María Olivia Recart

President of the Directors Committee

CAP S.A.

7.8 Investment and Financing Policy

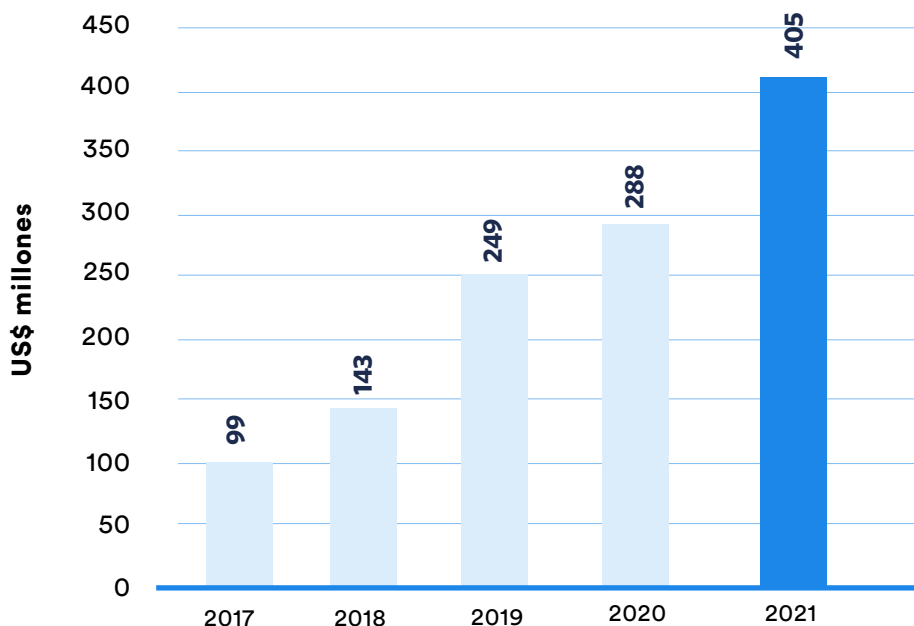
Investment

Looking towards the future, CAP Group has designed a new investment strategy, which combines three fundamental pillars: sustainability, operational stability and growth. Thus, through the use of better practices and cutting-edge technology that supports increases in productivity in its operations'

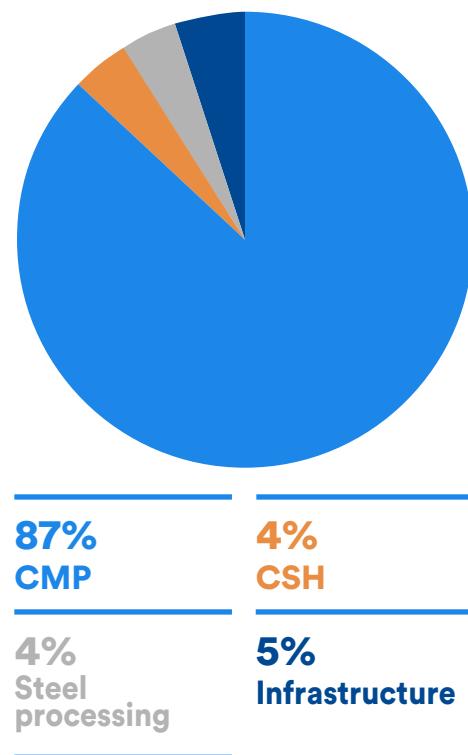
processes, the group seeks to improve reduce production costs maintaining a wholehearted commitment to safety, the communities and the environment, at the same time that it continues with the survey or its mining properties for the development of projects for growth in the long and medium term.

In line with the above, the investment plan for 2021 considered the incorporation of the latest advancements in tailing management, the installation of an electrostatic precipitator for the containment of particulate material emissions, the acquisition of equipment for the mining sites, and pre-stripping or phase 6 of Los Colorados Mine, among others.

The evolution of CAP's CAPEX between 2017 and 2021 can be seen in the following graph.



Investment by business segment





Financing

Throughout its history, CAP Group has characterized for keeping a sensible financing policy that allows it to face high levels of volatility and cyclicity that exist in the sectors in which it operates. Thus, in 2021, it paid attention to consolidated liquidity, the minimization of exchange risks and the diversification of financing sources, keeping a balanced mixture between capital and debt, between local and external resources, and between short and long term.

In line with the above, 2021 was a year of great activity in debt refinancing. In April, a corporate bond was issued in the United States market in accordance with 144 A/RegS for a total of US\$300 million, with an interest rate of 3.90% for a 10-year term. These funds were used to refinance local bonds, series G and H in UF, which expired

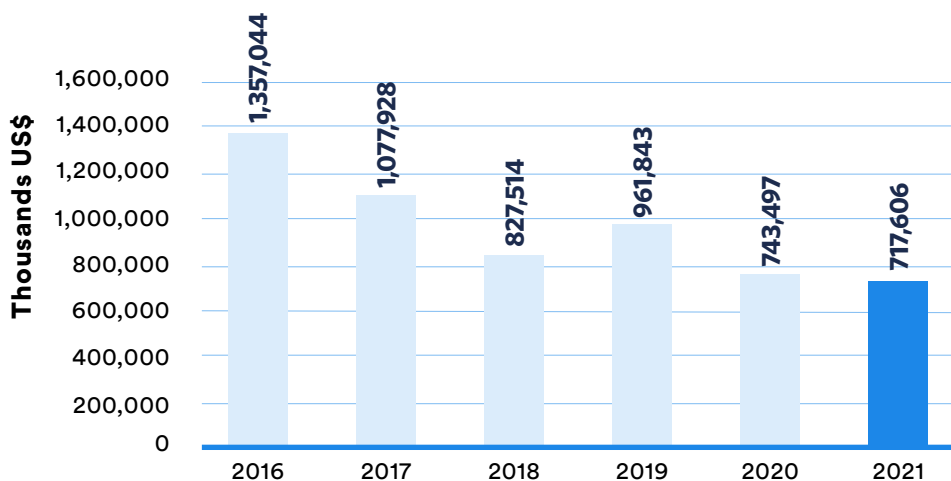
in July and September, respectively. In addition, at the end of December, the project financing of Cleanairtech's desalinating water plant was closed with a sustainable loan, for US\$152 million, pushing back its expiry from 2027 to 2033 and, achieving at the same time, better terms and financial conditions than the original loan.

As a result of the good performance of each of CAP Group's business segments in 2021, which translated into a US\$ 1,814 million consolidated EBITDA, recording an increase in its consolidated liquid assets as of the end of the year, closing 2021 with a cash balance of US\$943 million, significantly over last year's US\$ 557 million in cash flow. Regarding the Group's gross financial debt, this reached US\$ 718 million as of 31st December 2021, lower than the US\$ 744 million as of the end of 2020.

With it, the company's net financial debt as of the end of 2021 reached a negative US\$ 225 million, which equals minus 0.12 times the year's EBITDA.

Main financial indexes

1. Gross Financial Debt



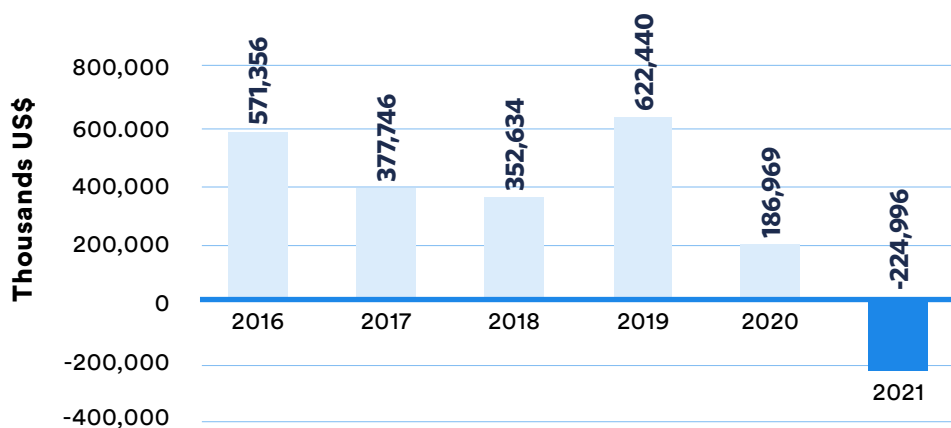
Liquidity

CAP's consolidated liquidity is at 1.20 times as of December 31 2021, compared to the 0.95 times at the end of 2020.

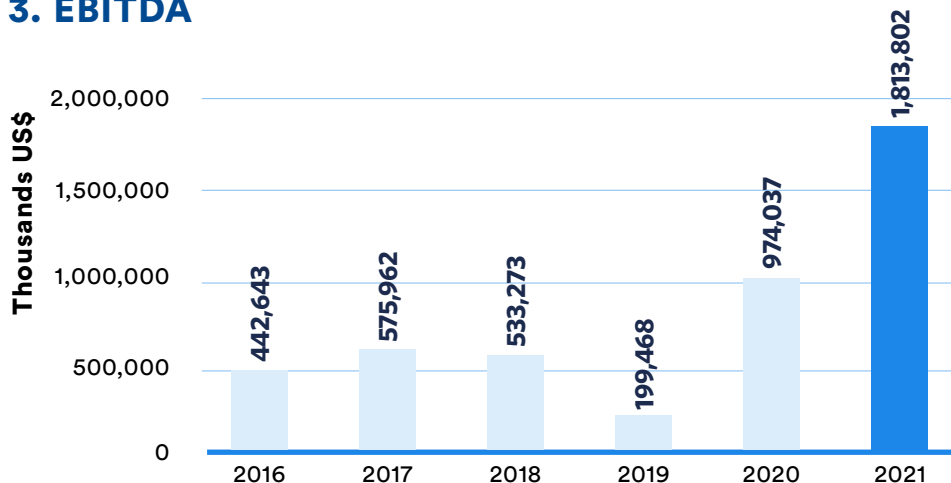
Dividends

In the year, a definitive dividend of 2020 profits was distributed, an eventual dividend of accumulated profits of undistributed previous years, and a provisional dividend of 2021 profits, for a total of US\$ 366 million.

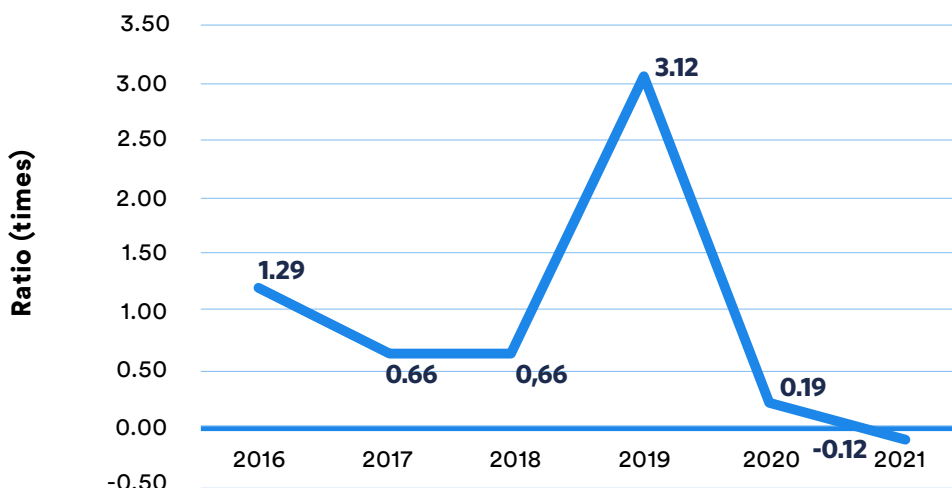
2. Net Financial Debt



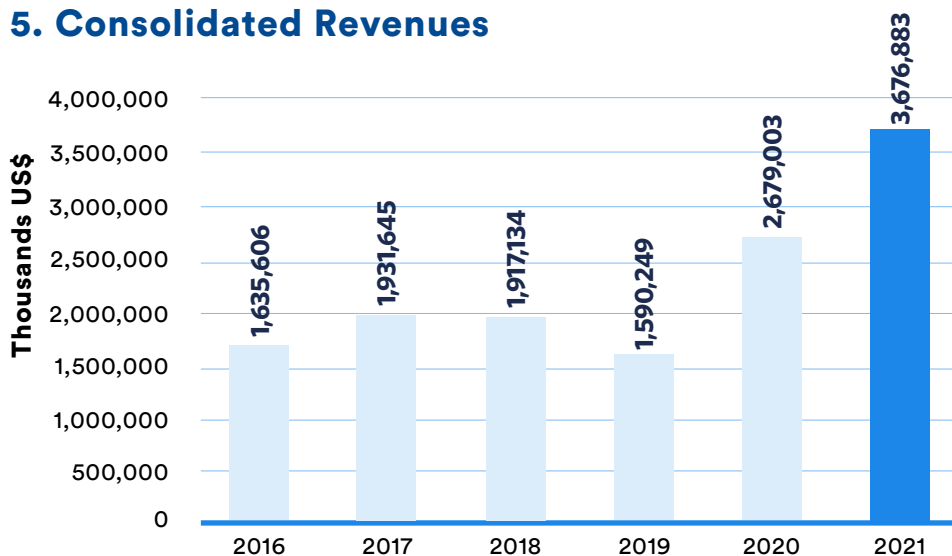
3. EBITDA



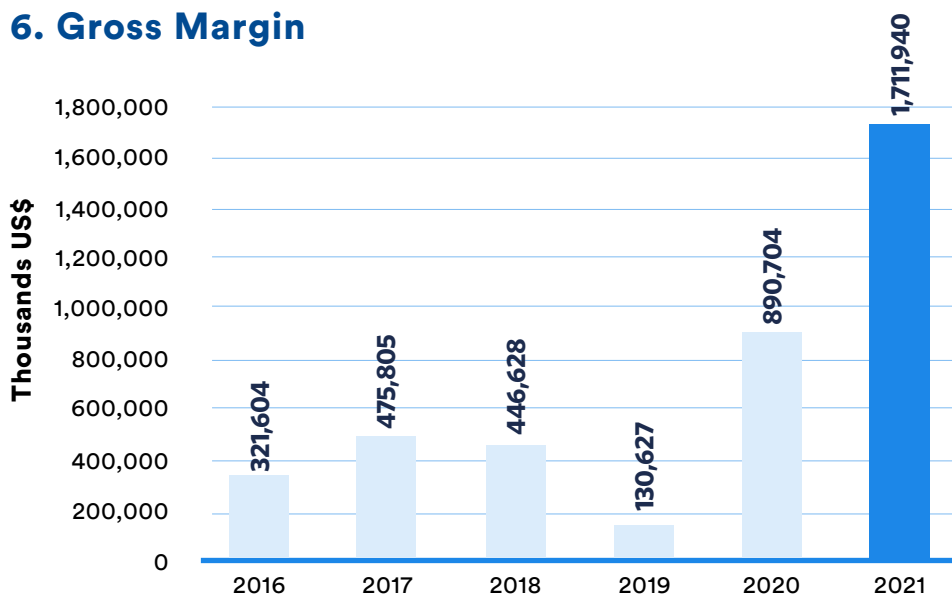
4. Net financial debt to EBITDA ratio



5. Consolidated Revenues



6. Gross Margin



7.9 Dividend Policy

It will be proposed in the ordinary shareholders meeting, to take place in April 2022, to continue with the traditional dividend policy, which considers distributing as definite dividend 50% of the distributable net profits of each period.

Notwithstanding, the Company's Board of Directors has the prerogative by law to agree on a provisional dividend of the current period, which, if it were to happen, will be deducted from the definite dividend. Said provisional dividends will be agreed on, and eventually paid out, in August and December, based on the accumulated results up to June and September. In the case of the August provisional dividend, this will amount to 20% of the accumulated profit as of June, and the December provisional dividend will consist on the additional necessary amount to complete 30% of accumulated profits as of the month of September, depending on the case.

The decision of paying out a provisional dividend will also take into consideration the expected profits for the whole year, macroeconomic and business conditions, as well as the company's and its subsidiaries' investment plans and financing policy.

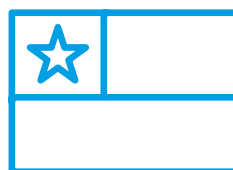
Finally, based on general market conditions and the companies specific conditions, the Board of Directors will be able to evaluate and propose to shareholders the distribution of additional or eventual dividends, especially in periods in which the company has had very favorable results -and always keeping as a base condition the preservation of a robust balance that ensures resources for future capital needs, as well as allowing it to better face potential negative business cycles.

In the last five years, the company has paid out the following dividends:

Dividend nº	Type of dividend	Date	US\$ per share
127	Definite	April 27 2017	0.2269
128	Provisional	December 14 2017	0.1529
129	Definite	April 26 2018	0.3079
130	Provisional	December 19 2018	0.1743
131	Definite	April 26 2019	0.2592
132	Provisional	November 3 2020	0.1283
133	Provisional	December 22 2020	0.2043
134	Definite	April 26 2021	0.6927
135	Eventual	April 26 2021	1.0037
136	Provisional	April 26 2021	0.7500

7.10 Banks and financial institutions

In 2021, CAP group was supported by the following financial institutions



International:

- Bank of China
- BBVA
- BNP Paribas
- BofA Securities
- Crédit Agricole
- Export Development Canada
- HSBC
- ItaúCorpanca New York
- J.P. Morgan
- Namco Security
- Mizuho Corporate Bank Ltd.
- MUFG Bank Ltd.
- Sumitomo Mitsui Banking Corporation
- The Bank of New York Mellon

National:

- Banco Bice
- Banco Consorcio
- Banco Crédito e Inversiones
- Banco de Chile
- Banco Itaú
- Banco Santander Chile
- Banco Estado
- Credicorp Capital
- China Construction Bank (Chile)
- HSBC Bank (Chile)
- Scotiabank
- EuroAmerica S.A.
- BTG Pactual Chile
- Tanner Servicios Financieros S.A.



7.11 Information for shareholders

Shareholders registry

Since Tuesday, 2 November 2021, the administration of the Company's Shareholders Registry is done through the company DCV Registros S.A. ("DCV Registros"), subsidiary of Depósito Central de Valores S.A. Depósito de Valores.

DCV Registros it's a company whose exclusive business activity and sole function is the administration of Shareholders and Contributors Registries. DCV Registros has 21 years experience and manages more than 600 limited liability companies and investment funds, servicing more than 285,000 shareholders and contributors.

The handling of inquiries related to information requests, issuing of certificates, share trades, among other Operations required by the companies shareholders, is carried out through the following contact channels that DCV Registros makes available for their services:

Covid-19 Contingency Office

For DCV Registros services, book an appointment via the following email:

atencioncontingencia@dcv.cl

Office hours:

Monday-Friday 10:00 to 16:00

Regular Non-contingent Office

Av. Los Conquistadores 1730, floor 24, Providencia, Santiago.

Monday-Thursday from 9:00 to 17:00

Friday from 9:00 to 16:00

Telephone assistance:

(562) 2393 9003

Assistance via email:

atencionaccionistas@dcv.cl

Number of Shareholders

As of December 31, 2021, CAP S.A. had a register of a total of 5,458 shareholders.

CAP S.A. on the Internet: www.cap.cl

- Financial and commercial information.
- Complete IFRS Financial Statements submitted to the Financial Market Commission each quarter, and Spanish and English.
- Subsidiaries' activities and facilities.
- It allows direct contact and inquiries to the company.

Investor Liaison

▪ Paula Salinas

Head of Investor Relations

(562) 2818 6150

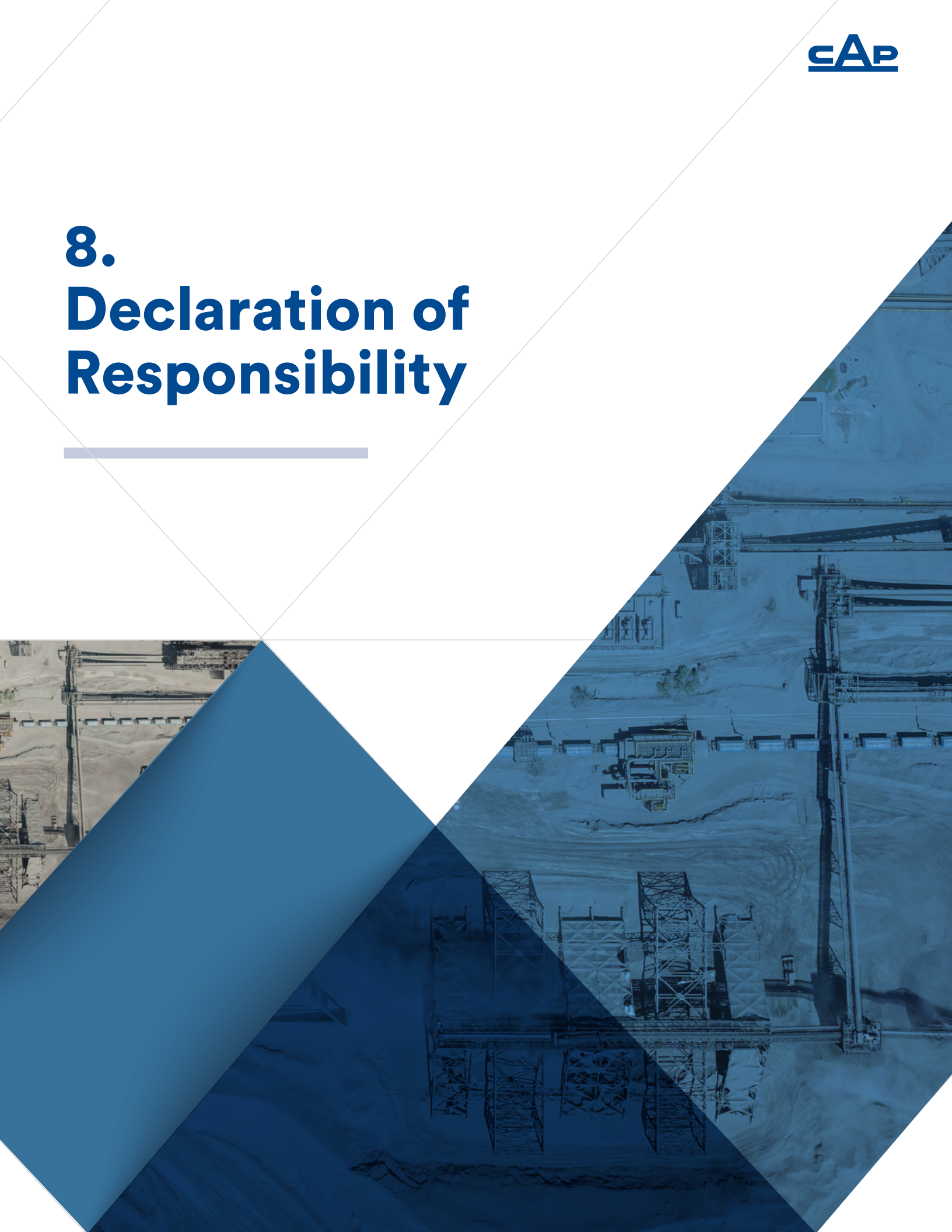
psalinas@cap.cl

▪ Javiera Mercado

Deputy Manager of Corporate Finance

jmercado@cap.cl

8. Declaration of Responsibility



In conformity with General Norm N° 30 of the Financial Market Committee (“CMF”), this Annual Report was approved unanimously by the Company Directors and the CEO, who declare that all the information in it is accurate.

Jorge Salvatierra Pacheco

ID 6.557.615-5

Chairman

Tadashi Mizuno

ID 27.453.031-6

Vice-Chairman

María Olivia Recart Herrera

ID 9.568.435-1

Director

Patricia Núñez Figueroa

ID 9.761.676-0

Director

Claudia Manuela Sánchez

ID 9.306.718-5

Director

Roberto de Andraca Adriasola

ID 7.040.854-6

Director

Juan Enrique Rasmuss Raier

ID 7.410.905-5

Director

Julio Bertrand Planella

ID 11.834.121-K

CEO

Santiago, March 3rd 2022

9. Financial Statements



CAP S.A. AND SUBSIDIARIES

Consolidated Classified Statements Of Financial Position

as of december 31, 2021, and 2020

(figures in thousands of united states dollars (thus\$))

Assets	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Current assets		
Cash and cash equivalents	867,552	421,937
Other financial assets	75,05	134,591
Other non-financial assets	27,507	22,401
Trade and other accounts receivable	315,479	507,504
Accounts receivable from related parties	32,863	40,851
Inventory	558,869	308,861
Current tax assets	62,882	49,039
Total current assets	1,940,202	1,485,184
Non-current assets		
Other financial assets	1,955	2,991
Other non-financial assets	25,063	21,125
Accounts receivable	22,376	22,227
Investments accounted for using the equity method	975	1,506
Intangible assets other than goodwill	638,675	669,737
Goodwill	38,497	45,647
Property, plant and equipment	3,807,205	3,490,524
Investment properties	28,909	29,11
Right of use assets	94,163	125,15
Current tax assets, non-current	41	315
Deferred tax assets	14,281	15,679
Total non-current assets	4,672,140	4,424,011
Total assets	6,612,342	5,909,195

CAP S.A. AND SUBSIDIARIES

Consolidated Classified Statements of Financial Position

as of december 31, 2021, and 2020

(figures in thousands of united states dollars (thus\$))

	12.31.2021 ThUS\$	12.31.2020 ThUS\$
Liabilities and shareholders' equity		
Liabilities		
Current liabilities		
Other financial liabilities	152,862	495,066
Lease liabilities	12,276	17,756
Trade and other accounts payable	718,769	556,216
Accounts payable to related parties	415,26	226,748
Other short-term provisions	29,329	52,242
Current tax liabilities	235,633	151,955
Provisions for current employee benefits	38,558	34,244
Other non-financial liabilities	17,379	30,151
Total current liabilities	1,620,066	1,564,378
Non-current liabilities		
Other non-current financial liabilities	550,636	230,816
Lease liabilities	30,782	41,02
Accounts payable to related parties	11,897	25,442
Other long-term provisions	247,334	78,873
Deferred tax liabilities	418,347	425,269
Non-current employee benefits	64,473	72,387
Other non-current non-financial liabilities	1,485	7,519
Total of non-current liabilities	1,324,954	881,326
Total liabilities	2,945,020	2,445,704
Shareholders' equity		
Issued capital	379,444	379,444
Retained earnings	1,889,050	1,671,883
Other reserves	-25,781	9,133
Equity attributable to owners of the parent	2,242,713	2,060,460
Non-controlling interest	1,424,609	1,403,031
Total equity	3,667,322	3,463,491
Total liabilities and shareholders' equity	6,612,342	5,909,195

CAP S.A. AND SUBSIDIARIES

Consolidated Income Statements, by Function

for the years ended december 31, 2021 and 2020

(figures in thousands of united states dollars (thus\$))

	01.01.2021 12.31.2021 ThUS\$	01.01.2020 12.31.2020 ThUS\$
Income statement		
Profit (loss)		
Revenue	3,676,883	2,679,003
Cost of sales	(1,964,943)	(1,788,299)
Gross profit	1,711,940	890,704
Other revenue, by function	45,718	7,900
Distribution costs	(34,990)	(19,681)
Administrative expenses	(116,180)	(113,239)
Other expenses, by function	(76,680)	(60,709)
Other profits (losses)	(8,547)	(5,963)
Profits (losses) from operating activities	1,521,261	699,012
Finance income	2,881	6,463
Finance costs	(63,359)	(85,275)
Share in profits (losses) of associates and joint ventures accounted for using the equity method	(467)	704
Foreign currency exchange effect	16,615	364
Income from indexation units	(2,901)	(455)
Profit (loss), before taxes	1,474,030	620,813
Income tax expense	(480,866)	(188,774)
Profit (loss) from continuing operations	993,164	432,039
Profit (loss) from discontinued operations	-	-
Profit (loss)	993,164	432,039
Profit (loss), attributable to		
Profit (loss), attributable to owners of the parent	741,380	300,422
Profit (loss), attributable to non-controlling interests	251,784	131,617
Profit (loss)	993,164	432,039
Earnings per share		
Basic earnings per share	US\$	US\$
Basic earnings (loss) per share from continuing operations	4.960785	2.010209
Basic profit (loss) per share from discontinued operations	-	-
Basic earnings (loss) per share	4.960785	2.010209

CAP S.A. AND SUBSIDIARIES

Consolidated Comprehensive Income Statements

for the years ended december 31, 2021 and 2020

(figures in thousands of united states dollars (thus\$))

Comprehensive Income Statement	01.01.2021 12.31.2021 ThUS\$	01.01.2020 12.31.2020 ThUS\$
Profit (loss)	993,164	432,039
Otro resultado integral		
Components of other comprehensive income that will not be reclassified to income for the period, before taxes		
Other comprehensive income, before taxes, actuarial profits (losses) on defined benefit plans	(1,327)	(11,982)
Profit sharing from other comprehensive income from associates and joint ventures, accounted for using the equity method that will not be reclassified to Income, before taxes	(249)	-
Other comprehensive income that will not be reclassified to Income for the period, before taxes	(1,576)	(11,982)
Components of other comprehensive income that will be reclassified to Income for the period, before taxes		
Foreign currency translation		
Profits (losses) for foreign currency translation, before taxes	(46,310)	9,953
Other comprehensive income, before taxes, foreign currency translation	(46,310)	9,953
Cash flow hedges		
Profits (losses) on cash flow hedges, before taxes	59	(6,792)
Other comprehensive income, before taxes, cash flow hedges	59	(6,792)
Other comprehensive income that will be reclassified to income for the period, before taxes	(46,251)	3,161
Other components of other comprehensive income, before taxes	(47,827)	(8,821)
Income taxes related to components of other comprehensive income that will not be reclassified to income for the period		
Income taxes related to actuarial profits (losses) on defined benefit plans	358	3,235
Income taxes related to components of other comprehensive income that will not be reclassified to income for the period	358	3,235
Income taxes related to components of other comprehensive income que will be reclassified to income for the period		
Income taxes related to other comprehensive income foreign currency translation	12,503	(2,688)
Income taxes related to other comprehensive income cash flow hedges	(15)	1,835
Income taxes related to components of other comprehensive income that will be reclassified to income for the period	12,488	(853)
Income taxes related to other comprehensive income from associates and joint ventures accounted for using the equity method that will be reclassified to Income for the period	67	-
Other comprehensive income	(34,914)	(6,439)
Comprehensive (loss) income	958,250	425,600
Comprehensive income attributable to		
Comprehensive (loss) income attributable to owners of the parent	706,466	293,983
Comprehensive income attributable to non-controlling interest	251,784	131,617
Total comprehensive income	958,250	425,600

CAP S.A. AND SUBSIDIARIES

Consolidated Statements of Cash Flows – Direct Method.

for the years ended december 31, 2021 and 2020

(figures in thousands of united states dollars (thus\$))

	01.01.2021 12.31.2021 ThUS\$	01.01.2020 12.31.2020 ThUS\$
Statement of Cash Flows – Direct Method		
Cash flows provided by (used in) operating activities		
Types of proceeds from operating activities		
Proceeds from sale of goods and providing of services	3,667,808	2,312,375
Other proceeds from operating activities	2,785	384
Types of operating activities paid in cash		
Payments to suppliers for supplying goods and services	(1,565,750)	(1,136,302)
Payments to and on account of employees	(262,220)	(232,295)
Cash flows provided by (used in) operating activities	1,842,623	944,162
Interests received	623	15,548
Income taxes (paid) reimbursed, classified as operating activities	(434,662)	(92,315)
Other cash inflows (outflows), classified as operating activities	7,386	11,487
Net cash flows provided by (used in) operating activities	1,415,970	878,882
Cash flows provided by (used in) investing activities		
Cash flows used to obtain control of subsidiaries or other businesses, classified as investing activities	(15,411)	(38,767)
Cash flows used in the acquisition of non-controlling interests	(69)	(621)
Proceeds from disposal of property, plant and equipment, classified as investing activities	9,194	-
Additions to property, plant and equipment, classified as investing activities	(404,913)	(248,856)
Additions to intangible assets, classified as investing activities	(305)	-
Payment of futures, forwards, options and financial trading, classified as investing activities	(10,003)	(6,279)
Charges for futures, forwards, options and financial trading	525	1,987
Interest received, classified as investing activities	872	1,615
Other cash inflows (outflows), classified as investing activities	34,455	(21,240)
Net cash flows provided by (used in) investing activities	(385,655)	(312,161)
Cash flows provided by (used in) financing activities		
Proceeds from loans, classified as financing activities		
Proceeds from long-term loans	317,672	(200,837)
Proceeds from short-term loans	83,726	45,236
Loans from related entities	1,113	-
Reimbursement of loans, classified as financing activities	(468,027)	(80,126)
Payment of finance lease liabilities, classified as financing activities	(6,118)	(22,836)
Dividends paid, classified as financing activities	(462,258)	(82,737)
Interest paid, classified as financing activities	(41,141)	(65,199)
Other cash inflows (outflows), classified as financing activities	345	(3,760)
Net cash flows provided by (used in) financing activities	(574,688)	(410,259)
Net increase (decrease) in cash and cash equivalents, before the effect of changes in the exchange rate	455,627	156,462
Effects of changes in the exchange rate on cash and cash equivalents		
Effects of changes in the exchange rate on cash and cash equivalents	(10,012)	4,257
Net increase (decrease) in cash and cash equivalents	445,615	160,719
Cash and cash equivalents at beginning of year	421,937	261,218
Cash and cash equivalents at end of year	867,552	421,937

CAP S.A. AND SUBSIDIARIES

Consolidated Statements of Net Changes in Equity

for the years ended december 31, 2021 and 2020

(figures in thousands of united states dollars (thus\$))

As of December 31, 2021	Issued capital	Foreign currency Translation reserve	Cash flows hedging reserve	Defined employee benefits plan profit or loss reserve	Reserve for equity instruments al FVTOCI	Other miscellaneous reserves	Other reserves	Retained earnings (losses)	Equity attributable to owners of the parent	Non-controlling interests	Equity
Previously reported Equity	379,444	7,034	(2,393)	(9,375)	10,813	178	6,257	1,675,206	2,060,907	1,388,598	3,449,505
Increase (decrease) due to changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to error corrections	-	2,876	-	-	-	-	2,876	(3,323)	(447)	14,433	13,986
Equity at beginning of year 01.01.2021	379,444	9,910	(2,393)	(9,375)	10,813	178	9,133	1,671,883	2,060,460	1,403,031	3,463,491
Changes in equity											
Comprehensive income											
Profit (loss)								741,380	741,380	251,784	993,164
Other comprehensive income		(33,806)	43	(969)	-	(182)	(34,914)		(34,914)	(43,898)	(78,812)
Comprehensive income									706,466	207,886	914,352
Dividends								(524,213)	(524,213)	(186,308)	(710,521)
Increase (decrease) in equity	-	(33,806)	43	(969)	-	(182)	(34,914)	217,167	182,253	21,578	203,831
Equity as of December 31, 2021	379,444	(23,896)	(2,350)	(10,344)	10,813	(4)	(25,781)	1,889,050	2,242,713	1,424,609	3,667,322

As of December 31, 2020	Issued capital	Foreign currency Translation reserve	Cash flows hedging reserve	Defined employee benefits plan profit or loss reserve	Reserve for equity instruments al FVTOCI	Other miscellaneous reserves	Other reserves	Retained earnings (losses)	Equity attributable to owners of the parent	Non-controlling interests	Equity
Equity at beginning of year 01.01.2020	379,444	(232)	2,565	(628)	10,813	178	12,696	1,528,014	1,920,154	1,323,101	3,243,255
Changes in equity											
Comprehensive income											
Profit (loss)								300,422	300,422	131,617	432,039
Other comprehensive income		7,266	(4,958)	(8,747)	-	-	(6,439)	-	(6,439)	(66,120)	(72,559)
Comprehensive income									293,983	65,497	359,480
Dividends								(153,230)	(153,230)	-	(153,230)
Increase (decrease) in equity	-	7,266	(4,958)	(8,747)	-	-	(6,439)	147,192	140,753	65,497	206,250
Equity as of December 31, 2020	379,444	7,034	(2,393)	(9,375)	10,813	178	6,257	1,675,206	2,060,907	1,388,598	3,449,505

CAP S.A. AND SUBSIDIARIES

MANAGEMENT DISCUSSION AND ANALYSIS

as of december 31, 2021

The Consolidated Financial Statements of CAP S.A. and Subsidiaries (“CAP Group”) for the period ended December 31, 2021, which have been prepared in accordance with the International Financial Reporting Standards (IFRS) are analyzed below.

CAP Group is formed by the parent company CAP S.A. (the “Company”) and subsidiaries grouped in four segments: (1) Iron Ore Mining, where Compañía Minera del Pacífico S.A. (“CMP”) and subsidiaries participate; (2) Steel Production, through subsidiary Compañía Siderúrgica Huachipato S.A. (“CSH”); (3) Steel Processing, doing business through Intasa S.A. and subsidiaries, and Novacero S.A. and subsidiaries (Steel processing group “SPG”); and (4) Infrastructure (CAP Infrastructure) through subsidiaries Cleanairtech Sudamérica S.A., Tecnocap S.A. and Puerto Las Losas S.A.

1. SUMMARY OF THE RESULTS OBTAINED BY THE COMPANY

The table below shows the main components of the Consolidated Income Statement of CAP S.A. for the fourth quarter of 2021 and FY2021, as well as a comparison of such components with the corresponding periods in the preceding year:

Table No. 1: Consolidated Income Statement of CAP S.A. Summary

US\$ Thousand	4Q 2021	4Q 2020	QoQ Var	2021	2020	YoY Var
Sales revenue	906,614	905,302	0.1%	3,676,883	2,679,003	37.2%
Gross Profits	283,427	379,929	-25.4%	1,711,940	890,704	92.2%
Administrative Expenses	47,209	43,614	9.1%	151,170	132,920	13.7%
Net Profits	140,414	150,768	-6.9%	741,380	300,422	146.8%
EBITDA	304,538	396,106	-23.1%	1,813,802	974,037	86.2%

At the end of the fourth quarter, the revenues of CAP Group reached US\$ 3,676.9 million for the calendar year 2021, a 37.2% increase compared with 2020. The Net Profits as of December amounted to US\$ 741.4 million (compared with the profits obtained in 2020 for the amount of US\$ 300.4 million) and EBITDA shows an 86.2% growth from US\$ 974.0 million in 2020 to US\$ 1,813.8 million in 2021.

These higher figures obtained in 2021 are explained by the good performance of mining, steel and steel processing segments of the Group versus the previous year, in particular the higher margins in the mining business resulting from the price increase and a reduction of operational costs.

The fourth quarter, in turn, shows a very similar sales revenue to that obtained the fourth quarter of 2020, while the net profits amounting to US\$ 140.4 million and EBITDA to US\$ 304.2 million show a 6.9% and 23.2% decrease, respectively, compared with the corresponding period in the preceding year. For the last quarter of 2020, iron prices were higher than those observed the fourth quarter of 2021. The foregoing is mainly explained by the lower income of the last period. Income obtained by the steel segment is greater than income obtained the same quarter of 2020, while the performance level of steel processing and infrastructure segments was lower than the level reached the fourth quarter in the preceding year.

2. ANALYSIS OF REVENUES AND INCOME BY BUSINESS SEGMENT

The table below shows the most relevant figures by business segment of CAP Group in 2020 and 2021.

Table No. 2: Summary of income by business segment

US\$ Thousand	Mining		Steel		Steel Processing		Infrastructure	
	2021	2020	2021	2020	2021	2020	2021	2020
Sales Revenue	2,399,191	1,815,917	772,918	488,169	650,092	444,535	99,041	96,065
Gross Margin	1,459,218	799,222	65,546	-30,212	144,360	75,797	41,746	47,149
Administrative Expenses	45,529	80,857	30,321	24,680	59,341	37,150	2,542	2,303
Depreciation and Amortization	188,205	156,599	21,413	22,786	23,763	17,957	18,675	17,909
EBITDA	1,601,894	874,964	56,638	-32,106	108,782	56,604	57,879	62,755
Profit (loss) after tax	938,531	448,321	11,309	-57,052	44,188	16,506	22,053	26,335

Note: Values correspond to individual figures in each segment and no intercompany transactions have been eliminated.

In the fourth quarter, **CMP** closed the year with lower shipment volumes than those reported at the end of the preceding year despite the good production levels. The incident where workers of an external unrelated company blocked the roads, which resulted in a temporary suspension of the Pellet Plant and Puerto Guacolda II activities in February 2021, caused the main impact on product shipment levels, resulting in a decrease of 398 thousand tons in 2021 vs. the preceding year shipments. Despite the 2.4% reduction in CMP sales volumes in 2021, the 35.7% increase of the realized price led to increased sales in this segment valued at US\$ 583.3 million, a 32.1% increase.

Operating costs of the mining segment were reduced on a unit basis from US\$ 61.4 to US\$ 58.2 per ton, keeping the cost reduction trend observed in 2020 and despite lower scale economies, by the reduction of shipped volumes. The gross profits of this segment show an 82.6% increase, reaching US\$ 1,459.2 million, while EBITDA shows an 83.1% increase, reaching US\$ 1,601.9 million. Finally, the mining segment obtained US\$ 938.5 million in net profits at the 2021 closing, a much greater amount than the US\$ 448.3 million obtained the preceding year.

In 2021, the total revenues of **CSH** amounted to US\$ 772.9, a 58.3% higher than the preceding year. These greater revenues are explained by a 54.8% increase in the average sales price of steel (US\$ 892.4 per ton in 2021 versus US\$576.3 per ton in 2020), and a 7.6% increase in shipped volumes. In turn, EBITDA and net profits showed an increase of US\$ 88.7 million and US\$ 68.3 million, respectively.

Despite the 36.5% increase in steel production costs compared with the preceding year, mostly resulting from an increase in raw material prices, such as iron ore pellets and metallurgical coal, CSH was able to reverse the negative income of 2020 at the level of gross margin, EBITDA and bottom line, thus reflecting the cost reduction efforts and the search for greater competitiveness, as well as the productive and commercial reorientation to products with greater added value. That is how in 2021 CSH obtained a gross margin of US\$ 65.5 million, EBITDA for US\$ 56.6 million and net profits for US\$ 11.3 million.

In the **Steel Processing** segment formed by Cintac in Chile, Tupemesa, Calaminon, Sehover and Signovial in Peru, TASA in Argentina, and Promet in Chile and Peru, revenues and EBITDA of year 2021 reached US\$ 650.1 million and US\$ 108.8 million, respectively. These figures represent a 46.2% increase in sales and a 92.2% increase in EBITDA compared with year 2020. The foregoing is primarily explained by the 40.8% increase in the average price of products sold and services provided by this business segment and a lower basis of comparison in 2020 since Promet joined the group in May of such year. In turn, net profits obtained by this segment in 2021 amounted to US\$ 44.2 million, which favorably compare with the net profits of US\$ 16.5 million as of the December 2020 closing.

Finally, **CAP Infrastructure**, which is formed by the production and distribution company of desalinated water Cleanairtech Sudamérica, the power transmission company Tecnocap and the multipurpose port Puerto Las Losas obtained revenues amounting to US\$ 99.0 million in 2021, representing a 3.1% increase compared with the revenues of the preceding year. Higher operating costs, caused mainly by the energy price increase, resulted in a US\$ 57.9 million reduction in EBITDA (vs. the US\$ 62.8 million as of the December 2020 closing) and also lower net profits (US\$ 22.1 million vs. US\$ 26.3 million).

3. TRENDS IN THE MARKETS WHERE CAP GROUP OPERATES

The Covid-19 pandemic has continued to impact global markets since the end of 2019 and subsequent spread throughout the globe in 2020 with almost 300 million infected people and more than 5 million fatalities. While the year 2020 was characterized by the rapid spread of the virus all over the world, causing a deep recession in most countries, the news in 2021 focused on vaccination processes implemented by countries, with 9,000 million delivered doses, generating better expectations and a world economic recovery, high levels of growth and also higher inflation rates.

For CAP operations, in addition to facilitating access to this vaccination process to its employees, strict standards have been implemented in order to maintain a healthy and safe environment, and as a result of which ensure production levels.

In **Iron Ore Mining** production and shipping levels continued to be above 16 million tons in 2021 and the preceding year, despite the inconveniences at the beginning of this current year at the Pellet Plant and Puerto Guacolda II as a consequence of the road block mentioned above and also the problems endured by the shipping industry as a result of Covid-related restrictions that caused the suspension of international ports operations and the resulting shipment delays.

For the international commercial sector, Asian customers, mostly Chinese, maintained for the first half of the year a high level of demand for iron ore, particularly for high grade magnetic concentrates produced by CMP, sinter feed with a 62% to 64% Grade, pellet feed with 65% to 69% Grade, and pellets with 65% to 67% Grade, which has increased the number of grade-related premiums awarded to this subsidiary. The third quarter of 2021 showed a decrease in iron ore demand from China mainly due to a strict emissions control program that resulted in restrictions to the production of steel by the establishment of maximum production limits. The foregoing had a downward impact on prices and iron ore grade-related premiums because of disincentives to the consumption of high-grade ore intended to enhance productivity in steel companies. In addition, the industrial and real estate sectors in China, highly intensive in steel consumption, presented in the second half of the year signs of slowdown in their activity levels, which would have also influenced the decrease in iron ore prices. In terms of supply, the most important iron ore producer in Brazil showed signs of recovery the second half of last year regarding shipment levels, however, it is far from reaching prior years' levels mainly due to operation permits and licenses related matters associated with safety and environmental issues. Australia is in a similar situation since exports are estimated to have decreased compared with 2020, mainly because of restrictions relating to ESG matters. These market balance conditions allowed to achieve iron ore highest average price in history during the first half of 2021, reaching a peak in May 2021 with Platts 62% grade CFR China above US\$ 230 per ton.

In 2021, the **Steel** sector showed a significant spike in international prices of steel products. Production restrictions imposed on steel companies in China have reduced the global steel supply, a scenario that CSH has captured in terms of its sales prices. While steel activities in China have moderated, the demand for steel in Western developed countries is showing an important increase, even a two-digit increase in some cases, which in addition to an increase in international prices of metallurgical coal have caused the international ore prices to significantly increase. Additionally, CSH had access to price levels that enabled it to cover the higher costs of raw materials and operate with positive margins not only due to the liquidity increase in the domestic market that favored demand in Chile, but also to the operating and commercial capacity of the company to give its set of products a new direction towards greater margin products, such as grinding bars. For reference, this product accounted for 52% of CSH deliveries in 2020, while such percentage increased to 61% in 2021.

The activities carried on by the **Steel Processing** business adapt to the growth and investment levels of the economies where it participates and its own efforts in terms of efficiency and innovation. In 2021 and similar to the scenario in the steel sector, both Cintac in Chile and Peru and Tubos Argentinos in Argentina experienced a strong recovery of demand for processed steel products, mostly as a result of the economy rebound and the improved liquidity in such markets, as well as an adjustment in steel product supply. This capacity to maintain production in a scenario of construction materials shortages caused by the pandemic, enabled both companies to obtain historic results in 2021.

4. ANALYSIS OF CAP GROUP BUSINESSES

In the Iron Ore market, the average price reached in 2021 by the various products of CMP amounted to US\$ 147.2 per ton, a 35.7% higher than the average price of US\$ 108.5 per ton obtained in 2020. The increase in realized prices results from a significant increase in general prices of iron ore in different formats as mentioned above, as well as the favorable terms of grade-related premiums for iron ore with greater Fe content and for pelletized products.

Iron ore shipments as of December 31, 2021 reached 16.2 million tons, a 2.4% lower than the 16.5 million tons shipped the preceding year.

As a result, the sales of CMP in 2021 reached the amount of US\$ 2,399.2 million, that is, a 32.1% higher than the amount derived as of December 31, 2020.

For Steel, the realized average price in 2021 amounted to US\$ 892.4 per ton, a 54.8% higher than the price obtained in 2020 amounting to US\$ 576.3, while steel shipments this year reached 812,851 tons, a 7.6% higher than the 755,209 tons sold the preceding year. Then, revenues derived by CSH as of December 31, 2021, amounted to US\$ 772.9 million, which meant a 58.3% increase compared with revenues obtained in 2020.

As of December 31, 2021, steel products of the Steel Processing segment show an average price of US\$ 1,349.2 per ton, which is 40.8% higher than the price obtained the preceding year of US\$ 958.3. In turn, shipments reached 357 thousand tons above the 310 thousand tons of 2020. As a result, steel product sales increased from US\$ 297.0 as of December 31, 2020, to US\$ 481.4 as of the 2021 closing. Also, revenues derived from services and solutions amounted to US\$ 163.7 million over the year, a 13.0% greater amount than the US\$ 144.9 million as of December 2020. With the foregoing figures together with other sales revenue for US\$ 5.0 million, Novacero and Intasa, companies that consolidate the steel processing business, obtained as of the December 31, 2021 consolidated revenues for US\$ 650.1 million, which is 46.2% higher than the amount of US\$ 444.5 million from previous year sales.

As of December 31, 2021, the production of Cleanairtech and Tecnocap, both subsidiaries of CAP Infrastructure reached 7.86 million cubic meters of desalinated water and a 260.62 GWh power transmission, respectively. Then, their contribution to the group's revenues, including the sales of Puerto Las Losas, reached US\$ 99.0 million.

Costs of Sales

When comparing average costs of sales per ton in year 2021 with the corresponding costs in the preceding year, they show a 5.3% reduction in iron ore products and a 26.8% increase in steel products due to a price increase in iron ore and metallurgical coal prices, as these two elements are the main inputs in steel production. In relation to the steel processing business costs, in absolute terms they show a 37.2% increase vs. those reported as of December 2020, which is mainly due to higher steel prices.

Administrative and Selling Expenses

Whereas consolidated administrative and selling expenses increased in absolute terms from US\$ 132.9 million as of the December 2020 closing to US\$ 151.2 million in 2021, as sales percentage they decreased from 5.0% a 4.1%.

Financial Expenses and Foreign Currency Translation

The consolidated financial expenses of CAP decreased from US\$ 85.3 million in 2020 to US\$ 63.4 million in 2021 as a result of the debt refinancing at lower rates and the decrease in financial liabilities. In turn, financial income decreased from US\$ 6.5 million as of December 31, 2020, to US\$ 2.9 million as of the 2021 closing as a result of lower interest rates offered by the financial system to invest in eligible instruments using the Company's financial surplus. Consequently, net financial expenses decreased from US\$ 78.8 million as of December 31, 2020, to US\$ 60.5 million as of December 31, 2021.

In relation to foreign currency translation, income for US\$ 16.6 million was originated in 2021, which is favorably compared with previous year income of US\$ 364 thousand. Foreign currency translation differences are in both cases triggered by currency value fluctuations with respect to the dollar applied on mismatches in asset and liability accounts in such currencies.

5. ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Table No. 3 presents a summary of the most significant items in CAP S.A. balance sheet as of December 31, 2021 and 2020, whose main variances are analyzed below.

Table No. 3: Statement of financial position summary

US\$ Thousand	12-31-2021	12-31-2020
Current Assets	1,940,202	1,485,184
Non-Current Assets	4,672,140	4,424,011
Total Assets	6,612,342	5,909,195
Current Liabilities	1,620,066	1,564,378
Non-Current Liabilities	1,324,954	881,326
Total Liabilities	2,945,020	2,445,704
Equity	3,667,322	3,463,491
Total Liabilities and Equity	6,612,342	5,909,195

The US\$ 703.1 million increase in **Total Assets** in 2021 is explained primarily by the US\$ 455.0 million increase in **Current Liabilities**, mainly due to an increased generation of cash for the amount of US\$ 386.1 million and the increase of US\$ 250.0 in current inventory; these effects are partially offset by a US\$ 192.0 million reduction in trade accounts receivable. Total asset increase is also explained by a US\$ 248.1 million increase in **Non-Current Assets**, mainly due to a US\$ 316.7 million increase in property, plant and equipment, offset by a US\$ 31.0 million decrease in right of use assets and a US\$ 31.1 million decrease in intangible assets other than goodwill. Total Liabilities increased in US\$ 499.3 million to a great extent due to a US\$ 351.1 increase in current accounts payable, both trade accounts and related party accounts for the recognition of dividends payable in accordance with the relevant policy and the income for year 2021. In contrast, total financial liabilities decreased in the amount of US\$ 25.9 million during the period, where the decrease of financial liabilities, explained primarily by the final payment of bonds maturing in 2021, offset the increase in non-current financial liabilities as a result of a corporate bond issued in the United States market under the 144A/RegS format in April 2021 for a total amount of US\$ 300 million. In addition, the negotiations for the refinancing of Cleanairtech (Aguas CAP) project finance were closed on December 21, as a result of which a sustainable loan amounting to US\$152 million was agreed and the maturity date extended from 2027 to 2033. Funds were used to refinance the current debt and finance the aqueduct maintenance CAPEX.

Finally, the US\$ 203.8 million increase in **Equity** is due to the positive income for the year net of dividends paid and provided for in conformity with the applicable dividend policy of the Company.

6. ANALYSIS OF STATEMENT OF CASH FLOWS AND LIQUIDITY

The table below summarizes cash movements in 2021 and 2020:

Table No. 4: Statement of net cash flows summary

Amounts in thousands of US\$	2021	2020
Cash flows provided by operating activities	1,415,970	878,882
Cash flows provided by investing activities	-385,655	-312,161
Cash flows provided by financing activities	-574,688	-410,259
Foreign currency translation	-10,012	4,257
Net increase in cash	445,615	160,719
Cash at the beginning of the period	421,937	261,218
Cash at the end of the period	867,552	421,937

The **operating** cash flows of 2021 amounted to US\$ 1,416.0 million (vs. US\$ 878.9 million the preceding year). The increase in the generation of operating cash is to a large extent explained by higher income derived from the sale of goods and services (US\$ 3,667.8 million versus US\$ 2,312.4 million as of December 31, 2020). In turn, the greater sales revenue is largely explained by higher sales volumes and prices in the mining, steel and steel processing segments.

The US\$ 385.7 million negative flows in **investing** activities primarily originate from the acquisition of property, plant and equipment for the amount of US\$ 405.0 million, partly offset by cash inflows for US\$ 34.5 million from the redemption of financial investments.

Flows provided by **financing** activities show a net outflow during the period for US\$ 574.7 million (vs. a US\$ 410.3 million outflow as of December 31, 2020), which is mostly explained by the net amortization of a financial debt for US\$ 72.7 million, the payment of dividends to the shareholders of the Company and some subsidiaries for US\$ 462.3 million and interests paid for the amount of US\$ 41.1 million.

Consequently, in 2021 CAP Group generated cash for US\$ 445.6 million (vs. US\$ 160.7 million in 2020), thus reaching a cash position of US\$ 867.6 million as of year closing.

7. FINANCIAL INDICATORS

Table No. 5: Liquidity indicators

INDICATOR	Parameter	As of 12.31.2021	As of 12.31.2020	Variance
Current Ratio Current Assets/Current Liabilities	times	1.20	0.95	0.25
Quick Ratio (Cash and cash equivalents + Other current financial assets)/Current Liabilities	times	0.58	0.36	0.22

CAP S.A. **current ratio** increased from 0.95 in 2020 to 1.20 times in 2021 because of the higher increase in current assets compared with the increase in current liabilities. As noted above, the increase in current assets is primarily due to the increased cash generation and the increase in inventory balances as of year closing.

In turn, the **quick ratio** also increased from 0.36 times to 0.58 times since the cash generation increase exceeded the increase in current liabilities. s.

Table No. 6: Debt level indicators

INDICATOR	Parameter	As of 12.31.2021	As of 12.31.2020	Variance
Indebtedness				
Total Financial Debt Other current financial liabilities + Other non-current financial liabilities	ThUS\$	717,606	743,497	(25,891)
Net Financial Debt Total Financial Debt - (Cash and cash equivalents + Other current financial assets)	ThUS\$	(224,996)	186,969	(411,965)
Net Financial Debt to EBITDA Net Financial Debt /Last 12-month EBITDA	times	(0.12)	0.19	(0.31)
Net Financial Debt to Equity Net Financial Debt /Equity	times	(0.06)	0.05	(0.11)
EBITDA to Net Financial Expenses Last 12-month EBITDA / (Last 12-month financial expenses - Last 12-month financial income)	times	29.98	12.36	17.62
Short Term Debt to Total Debt Current Liabilities/ Total Liabilities	%	55	64	(9)
Long Term Debt to Total Debt Non-current Liabilities / Total Liabilities	%	45	36	9

Despite the referred 144A/RegS bond issue, in 2021 the **financial debt** of the Company decreased from US\$ 743.5 million as of the previous year closing to US\$ 717.6 million, owing primarily to current debt amortizations. In net terms, this indicator also decreased in the amount of US\$ 412.0 because of the above-mentioned debt reductions and the levels of cash generated during the period.

The combination of a decrease in the net financial debt (reaching a negative value) and the positive income generated during the year with EBITDA amounting to US\$ 1,813.4 million over the last 12 months, made it possible for the **Net Financial Debt to EBITDA** ratio to decrease from 0.19 to a negative value of 0.12 times. In the same line and also as a result of high levels of EBITDA the **EBITDA to Net Financial Expenses** ratio continued to favorably evolve and increased from 12.36 to 29.98 times over the last 12 months.

Finally, the current debt relative weight in the total debt shows a decrease, explained by the 10-year-term 144A/RegS bond issue and the maturity of other bonds during the year.

Table No. 7: Inventory turnover indicators

INDICADOR	Parameter	As of 12.31.2021	As of 12.31.2020	Variance
Activity				
Inventory Turnover Cost of Sales/Stock	times	4.53	4.36	0.17
Inventory Days (Stock/ Cost of Sales)*Days of the period	days	81	84	-3.0

Inventory turnover shows an increase from 4.36 to 4.53 times compared with December 31 of the preceding year, which is due to a greater increase in costs of sales compared with the increase of inventory level. The same effect resulted in a three-day- decrease of the **Inventory Days** ratio from 84 days as of the previous year closing.

Table No. 8: Profit level indicators

INDICADOR	Parameter	As of 12.31.2021	As of 12.31.2020	Variance
Profitability				
Return on Equity Profit (Loss) / Total Equity	%	27.08	12.47	14.61
Return on Assets Profit (Loss) / Total Assets	%	15.02	7.31	7.71
Earnings per share Profit (Loss) attributable to the owners of the parent/ Number of issued shares	US\$	4.96	2.01	2.95
Dividend Yield Last 12-month dividends / stock closing price	%	28.28	2.48	25.80

Given the net profit as of December 31, 2021, which amounts to US\$ 741.4 million, all profitability indicators show a considerable improvement compared with the preceding year where net income reached the amount of US\$ 300.4 million. The dividend yield is in a similar scenario due to the distribution of a final dividend and an eventual dividend last May, and the distribution of interim dividends in August.

8. MARKET RISKS

Accounting in U.S. dollars and exchange rate

The prevailing functional currency of CAP Group is the U.S. dollar; therefore, most subsidiaries keep their accounting in such currency, which enables them to value a significant portion of their assets, liabilities and equity in that currency.

This is also the case for profit and loss accounts, where revenue and expenses are charged and credited, respectively, in such currency since accrual or occurrence thereof.

In line with this, CAP's assets and liabilities recorded and controlled in Chilean pesos and foreign currencies other than the US dollar may trigger foreign currency translation differences with regards to valuation thereof as of the balance sheet date if the dollar and those other currencies parity (exchange rate) fluctuate. This foreign currency translation is recorded in the income for the period.

Consequently, the Company makes efforts to maintain an adequate match between its assets and liabilities in different currencies or a balance that is satisfactory in light of the realities in international and local exchange markets, and always seeks to prevent its income from being significantly affected. For this purpose, the Company might occasionally carry on currency hedge operations with derivative instruments.

Commodities

CAP businesses reflect through prices, cyclical or circumstantial variances in supply and demand, both global and domestic.

On the other hand, neither iron ore nor steel are traditional commodities since the specific chemical composition of each type of iron ore or of steel, which is an essential issue for a large number of users that need to make a purchase decision, generates a great variety of types. In recent times, however, the trade of iron ore and steel futures through financial intermediaries has become relevant. In this regard and since 2017, CAP Group has occasionally performed operations with such hedge instruments for an amount close to 10% of ore shipments. In 2021, the Company neither performed nor executed commodities price hedge contracts.

Sensitivity analysis

CAP operations are primarily exposed to iron ore and steel price volatility, whose levels result from global supply and demand.

The Group considers that at the period's production and shipment levels, a 10% increase/(decrease) in the average price of iron ore would have increased/(decreased) the Group's revenues by US\$ 213.8 million. It was estimated that a 10% increase/(decrease) in the average price of steel during the same period would have increased/(decreased) the Group's revenues by US\$ 77.0 million.

Debts in foreign currencies and interest rates

Together with the cyclical nature of revenues, CAP S.A. Income Statement is exposed to the effects of market financial parameter variances. The Company seeks to mitigate them by determining adequate debt ratio levels in different currencies or interest rate formats, either fixed or floating and eventually, arranging currency hedges using instruments available in the market.

Historically, CAP has sought to incur debt in dollars, except for the placement in the local market of bonds in UF. Such local liabilities have been hedged by means of Cross Currency Swaps in dollars, preferably at the date of placement. The Company has also contracted hedge instruments in order to fix floating interest rates on some loans.

If assets and liabilities are triggered by hedge operations, they are presented at fair value as of the financial statements' relevant dates.

10. ESG Indicators

10.1 Governance Indicators

Denuncias al canal de ética

Category	Number of reports received	Number of reports no yet addressed by the company	Number of reports under inquiry	Number of reports closed / With final resolution	Number of reports by internal staff	Number of reports by external parties
Workplace or Sexual Abuse	14	0	4	10	9	5
Corruption	3	0	0	3	1	2
Discriminatory practices	3	0	0	3	3	0
Anti-Competition practices	0	0	0	0	0	0
Conflicts of interest	3	0	0	3	3	0
Other	16	0	2	14	7	9

Fines due to breaches of the law

GRI 419-1

	2021
Fines due to breaches of the law	22
Total amount for fines due to breaches of the law (CLP)	54,265,133
Number of non-monetary sanctions	0

Legal actions for anti-competitive practices

Legal actions faced by CAP Group due to anti-competitive practices	2021
Pending or in-process legal actions	0
Closed legal actions	0
Results of closed actions	S/I

Customer Satisfaction

Operating Companies	Percentage of satisfied customers in 2021
CMP	S/I
CSH	81%
CINTAC	S/I
TASA	96%
INFRASTRUCTURE ¹	100%
CAP GROUP	82.7%

Information about the Board of Directors as of December 31st 2021

Directors	ID	Date of incorporation	Length of service as of 2021 (number of years)
Jorge Salvatierra	6.557.615-5	12/07/2018	3
Juan Enrique Rassmuss	7.410.905-5	12/07/2018	3
Roberto de Andraca	7.040.854-6	04/18/2017	4
María Olivia Recart	9.568.435-1	04/15/2021	1
Tadashi Mizuno	27.453.031-6	04/15/2021	1
Patricia Núñez	9.761.676-0	04/15/2021	1
Claudia Sánchez	9.306.718-5	04/15/2021	1

¹ This does not include Aguas CAP

Information about the Board of Directors



• Number of Independent directors as per the criteria established by the Dow Jones Sustainability Index	7
• Number of Independent directors as per the Limited Liability Company Law	1
• Number of directors with executive roles in the company	0
• Number of directors with experience in the industry	7
• Number of female directors	3
• Average attendance to sessions in the year	100%
• Number of foreign directors	1

Board of Directors Members by gender

DJSI	
Men	4
Women	3

Board of Directors Members with executive roles a CAP Group

DJSI	
With executive roles	0
Without executive roles	7

Directors that comply with the CSA's definition of Independence for the application to DJSI (complying with at least 4 out of the 9 criteria set by S&P, and at least 2 of the first 3)

Dependent	0
Independent	7

Directors with mandates in other Boards of Directors

DJSI	
Names of directors with 4 or less mandates in other Limited Liability Company Board of Directors	Jorge Salvatierra Manuela Sanchez Tadashi Mizuno

Age of the Board of Directors' members

DJSI	
41-50 years old	1
51-60 years old	6
61-70 years old	0
Over 70 years old	0

Nationality of the Board of Directors' members

DJSI	
Chilean directors	6
Foreign directors	1

Directors' experience in the Materials sector

DJSI

<p>Jorge Salvatierra</p>	<p>Mr. Salvatierra is an industrial civil engineer with a major in chemistry from Universidad Católica de Chile and has an MBA from Saint Louis University. He has experience in the materials industry, having worked as planning engineer at CAP S.A. and as Director at Aceros Otero. In addition, he has vast experience in the telecommunications sector, having worked in the role of CEO of VTR and Quintec. He is currently director of Entel.</p>
<p>Juan Enrique Rassmuss</p>	<p>Mr. Rassmuss studied engineering at Universidad Católica de Chile and, since 2016, has presided the companies from Grupo Rassmuss, which operate in the mining, industrial and energy sectors.</p>
<p>Roberto de Andraca</p>	<p>Mr. Andraca received a Bs. In Business Administration from Universidad de Santiago and an MBA from Universidad Adolfo Ibañez. Mr. Andraca has experience in the materials sector, having been CEO of ECOCAP, Business Development Manager at CAP S.A., and Director of CAP S.A., Cintac S.A. and EPA S.A. since 2017. These are roles he still occupies today.</p>
<p>María Olivia Recart</p>	<p>Mrs. Recart is an economist from Universidad de Concepción and has a Masters degree in Economics from the Ilades/Georgetown University program. As part of her outstanding career, she was Corporate Affairs vice-president for the Americas at mining company BHP and sub-secretary to the Treasury Ministry from 2006 to 2010. She is currently president of Universidad Santo Tomás, CAP director and member of Consejo de Comunidad Mujer.</p>
<p>Tadashi Mizuno</p>	<p>Mr. Mizuno has worked at Mitsubishi Corporation for 28 years, with duties regarding trading and investment strategy related to iron ore, nickel and uranium in the Planning and Global Strategy Department, in the mining investment division. He was also vice-president of the iron ore and uranium division at Mitsubishi Development Ltd. in Australia, responsible for the development of the business.</p>
<p>Patricia Núñez</p>	<p>Mrs. Núñez is a lawyer from Universidad de Chile and has a Masters in Law from Yale University. Some career highlights are the Montenegro award as the top Law graduate from U. de Chile and her presence in a British ranking (Who's Who Legal) as one of the top ten most renowned mining lawyers in the world. She was the first woman Chair of the Mining Committee of the International Bar Association (IBA) and then became Council member, Secretary, Vice-Chair and Chair of the Energy, Natural Resources, Environment and Construction Section of the IBA. Patricia was also named Trustee at Large to the "Rocky Mountain Mineral Law Foundation" think tank (USA), currently being a member of their International Committee. She is also a member of Women in Corporate Directors and of ICARE's Legal Circle and G-20 Directors Circle, as well as a member of ESE's Directors Circle at Universidad de los Andes. She is currently director of CAP and Codelco. In addition, she is Arbitrator for the Santiago Chamber of Commerce's Arbitration and Mediation Center.</p>
<p>Claudia Sánchez</p>	<p>Mrs. Sánchez has a Bs. In Business from Universidad Adolfo Ibañez (UAI) and an MBA from Harvard. During her studies at the American university, she was co-president of the Latin American Club and member of the Finance, Hi-Tech and VC & Principal Investment associations. Highlights of her career are her work in McKinsey, participating in strategy projects in Argentina, Peru and Chile, and an considerable international experience residing in the UK for over 10 years. In 2021, she became the first female dean at UAI Business School. Currently, she is a director at CAP, BCI, Mall Plaza, Viña Luis Felipe Edwards and the foundations Corporación del Patrimonio Cultural de Chile, Make a Wish Chile and Fundación Luksic.</p>

Capacitaciones en ética y cumplimiento en 2021

Company	Activities	Nº of people that received the information
CAP SA	Development of an e-learning platform to deliver a compliance course divided into different modules. To this day, the courses that have been carried out are Integrity Code, Integrity Channel and Crime Prevention.	Organization-wide.
	A practical workshop program, targeted for smaller audiences and focusing on CAP S.A.'s main risk topics. In this respect, the workshops carried out were about hiring suppliers, participation in trade associations and new businesses.	Specific areas.
CMP	Five online training courses, on subjects such as Law nº 20,393, case studies, and CMP's compliance systems.	Organization-wide.
	A workshop on Donations, Sponsorships and Memberships Procedure.	Territorial Management unit.
CSH	10 e-learning capsules for induction processes and collaborator training.	Organization-wide.
	Launch of two online training videos on conflicts of interest and reception of goods.	Organization-wide.
	Two lectures about the crime of water pollution and damage to hydrobiological resources.	Managers, chief officers, engineers and supervisors.
	Seven workshops regarding hiring of suppliers, asset laundering, risk identification methodology, challenges and issues of Whistleblowing Channels and Internal Inquiries.	Compliance officers and those responsible for risk processes.
CINTAC	E-learning workshops about the code of ethics, the crime prevention model and conflicts of interest.	No detallado.
INFRAESTRUCTURA	Development of an e-learning platform to deliver a compliance course divided into different modules. To this day, the courses that have been carried out are Integrity Code, Integrity Channel and Crime Prevention.	Organization-wide.
	A practical workshop program regarding hiring of suppliers, participation in trade associations and community and authority liaison.	Specific units.

Strategic risks

Operating Companies	Percentage of strategic risks reviewed by each company's appropriate committees
CSH	100%
CMP	100%
TASA	100%
CAP SA	100%
INFRASTRUCTURE ^²	100%
CINTAC	100%

^² This does not include data from Puerto Las Losas.

10.2 Social Indicators

Perception studies for interested parties

CAP Companies	Collaborators	Clients	Suppliers	Community	Authorities	Contractors	Investors
CAP S.A.	CERT	--	--	--	NO	NO	NO
CMP	MON	NO	NO	NO	NO	NO	--
CSH	CERT	MON	MON	MON	MON	MON	--
CINTAC	MON	NO	NO	NO	NO	NO	--
TUPEMESA	CERT	NO	NO	NO	NO	NO	--
TASA	MON	NO	NO	NO	NO	NO	--
Aguas CAP	CERT	NO	NO	NO	NO	NO	--
Puerto Las Losas	CERT	NO	NO	NO	NO	NO	--
InverCAP	MON	--	--	--	NO	--	NO

CERT Certified by SSINDEX: 75% or more of the people surveyed has validated a good performance in ESG risks and sustainability.

MON Monitored: the company has done surveys and less than 74% has validated a good performance. An improvement plan has been implemented.

Own employees by Operating Company

Own employees (excluding contractors)	2020	2021
CAP S.A. and Infrastructure	107	122
CSH	833	1,193
CMP	2,019	1,864
CINTAC	2,411	3,496
TASA	169	173
Total	5,539	6,848

Own employees by hierarchical level, gender, age, nationality, disability and other.

	CAP Group 2021		
	Executives: all of the company's senior management, including CEO and those who report to them directly (CEO, CFO, COO)	Management: All management positions up to two levels under the CEO, but who are not part of the company's senior management (i.e. the previous level is not included)	Employees: the remainder of the company that are not in senior management or management roles (administrators, technicians, professionals)
Total	141	102	6,605
Women	38	30	873
Under 30 years of age	7	0	932
30-40 years of age	43	25	2,633
41-50 years of age	53	45	1,585
51-60 years of age	27	29	1,097
60-70 years of age	10	3	353
70+ years of age	1	0	3
Disability	0	0	10
Foreign	2	29	1,255
LGBTQTQI+	Unspecified	Unspecified	Unspecified
(Other criteria, specify)	Unspecified	Unspecified	Unspecified

CAP S.A.
Diversity at CEO level and other managements
that report to it or to the Board

i) Number of people by gender	
Women	1
Men	6

ii) Number of people by nationality	
Chilean	7
Foreign	-

iii) Number of people by age group	
< 30 years of age	-
30 to 40 years of age	1
41 to 50 years of age	5
51 to 60 years of age	1
51 to 60 years of age	-
> 70 years of age	-

iv) Number of people by length of service	
< 3 years	6
Between 3 and 6 years	-
> 6 years and <9 years	-
Between 9 and 12 years	-
> 12 years	1

Own employees by type of contract

CAP Group		
2021		
	Men	Women
Fixed term	954	257
Permanent	4,951	686

Own employees by working hours

CAP Group		
2021		
	Men	Women
Full-time	5,905	943
Part-time	0	0

CAP Group staff by length of service

CAP Group			
Own employees (excluding contractors)	2019	2020	2021
Under 3 years	1,292	2,381	3,654
Between 3 and 5 years	433	574	667
Between 6 and 9 years	929	904	786
Between 10 and 12 years	391	267	363
Over 12 years	1,378	1,413	1,345
Total	4,423	5,539	6,815

Freedom of association by Operating Company and for CAP Group

	2021							Total
	CSH	TASA	CAP SA	PLL	Aguas CAP	CMP	Cintac	
Number of unions in the company	3	1	1	0	0	10	4	19
Number of unionized workers	1,160	111	18	0	0	1,827	1,780	4,896
Number of workers covered by collective agreements	1,160	111	18	0	0	1,827	1,606	4,722
Number of strikes longer than 30 days	0	0	0	0	0	0	0	0
Total number of strikes	0	0	0	0	0	0	0	0

Vacancies filled internally in the Group ³

	N° of vacancies that were filled via promotions or internal transfers		Total of vacancies filled in the company (both internally and externally)	
	2020	2021	2020	2021
TOTAL	2	6	5	48
Women	1	3	0	7
Under 30 years of age	0	0	2	9
30-40 years of age	1	4	2	27
41-50 years of age	0	2	0	8
51-60 years of age	1	0	1	2
60-70 years of age	0	0	0	2
70+ years of age	0	0	0	0
Foreign	0	0	0	0
Senior Management: Board of Directors, CEO and positions that report directly to the CEO	1	0	0	0
Rest of collaborators	1	3	0	13

New hires of own employees

DJSI

Internal workers	CAP Group		
	New hires		
	2019	2020	2021
Men	3,271	2,775	5,229
Women	336	511	695
Under 30 years of age	905	714	1,342
Between 30 and 40 years of age	1,277	1,182	2,316
Between 41 and 50 years of age	783	870	1,390
Between 51 and 60 years of age	506	443	596
Over 60 years of age	136	77	121
Total hiring cost (CLP)	\$5,066,041	\$10,112,483	\$118,461,805

Total and voluntary departures for CAP Group

DJSI

Own workers (excluding contractors)	CAP Group					
	Total departures			Voluntary departures		
	2019	2020	2021	2019	2020	2021
Men	2.631	4.072	4.179	551	514	830
Women	2.390	3.670	3.505	467	455	674
Under 30 years of age	241	402	521	70	59	129
Between 30 and 40 years of age	588	855	867	113	115	203
Between 41 and 50 years of age	938	1.318	1.608	176	138	308
Between 51 and 60 years of age	621	1.013	946	120	83	161
Over 60 years of age	317	596	426	52	49	68
Men	167	303	179	66	129	63

³ It includes information from TASA, CAP S.A. and Infrastructure

Worker performance evaluations

		2019	2020	2021
How many people in the organization receive performance evaluations of the following types?	Evaluation based on objectives/ development plans agreed on with line managers	523	626	2,170
	Multidimensional evaluations (i.e. 360°) that include views from peers and/or subordinates	45	51	45
	Evaluations in which a comparative classification is made among workers within the same role or unit, through a ranking system based on performance	2,455	2,408	2,584

Training for workers

Own workers (excluding contractors)	Hours of training in 2021	Average hours per collaborator
Total for Men	99,526	16.85
Total for Women	23,418	24.83
Total for Executives: CEO and all managers that answer to them	900	6.38
Total for the rest of managements	5,047	49.48
Total for Employees	121,077	18.33
Total	135,433	19.78

Employee Accidentability rate

DJSI /403-9

For own workers across CAP Group	2018	2019	2020	2021
Total number of accidents in the year	77	82	70	66
Total hours worked	7,762,663	9,156,109	11,879,234	12,016,662
Total recordable injury frequency rate (TRIFR)	9.9	9.0	5.9	5.49

Contractor Accidentability rate

For contractors across CAP Group	2018	2019	2020	2021
Total number of accidents in the year	179	266	198	207
Total hours worked	13,362,121	18,686,113	17,696,641	21,281,770
Total recordable injury frequency rate (TRIFR)	13.4	14.2	11.2	9.7

Contractor frequency rate

DJSI /403-9

For contractors across CAP Group	2018	2019	2020	2021
Total number of accidents in with lost time the year	81	46	33	24
Total hours worked	13,362,121	18,686,113	17,696,641	21,281,770
Lost time injury frequency rate (TRIFR)	6.06	2.46	1.86	1.13

Fatality for own employees

	CAP Group			
	2020		2021	
	Men	Women	Men	Women
Fatalities (own employees)	0	0	1	0

Severity Rate and Near Misses

Operating company	Lost days per million hours worked in 2021	Number of near-miss accidents or events in the year	Total hours worked in 2021
CSH	93	13	1,926,034
TASA	376	N/A	350,661
CAP SA	0	0	146,219
INFRASTRUCTURE	0	0	91,396
CMP	27	0	4,085,617
CINTAC Group	6,713	391	5,416,735

Health and Safety Committees

	2021
Número de comités paritarios de Salud y Seguridad	38
Número de trabajadores representados por los comités	4,815

Contractors by gender

	2020	2021
Men	5,005	5,633
Women	561	744
Total	5,566	6,377

Local workers

DJSI

Operating company	2021
CMP	95%
CSH	100%
CINTAC	48.2%
TASA	100%
INFRASTRUCTURE	77.4%
CORPORATE BUILDING	100%
CAP Group	74.3%

Local executive roles in operating plants

DJSI

Operating company	2021
CMP	100%
CSH	100%
CINTAC	57.1%
TASA	100%
INFRASTRUCTURE	50%
CORPORATE BUILDING	100%
CAP Group	75.9%

CAP Group local employees

GRI 203-2

		CAP Group			
		2018	2019	2020	2021
Local employees	Year average of employees that declare to reside in the same region in which they work	3,992	4,696	4,394	4,695
	declare to reside in the same region in which they work in terms of the total number of own workers	90%	97%	82%	79%

Local workers by operating plants

Operating company	2021
CMP	93.3%
CSH	94.7%
CINTAC	58.7%
TASA	100%
INFRASTRUCTURE	77.4%
CORPORATE BUILDING	100%
CAP Group	78.8%

Local suppliers

		CAP Group			
		2018	2019	2020	2021
Local suppliers	Number of suppliers (goods and services) whose headquarters' address is in the region of operation and which had monetized receipts during the period.	2,394	5,917	3,661	3,946
	Percentage in terms of the total number of suppliers.	45%	69%	55%	47%

Purchases to local suppliers

		CAP Group			
		2018	2019	2020	2021
Local purchases	Amount for purchases to local suppliers (goods and services, in million US\$).	332	418	354	832
	Percentage in terms of the total amount of purchases	26%	27%	21%	37%

Participation of women by hierarchical level

Total Managers: This means in all management levels, including higher, medium and higher. Note: It is the sum of 1a (Senior Management) and 1b (Junior Management)	26.8%
Senior Management: It refers to management roles with a hierarchical line that is maximum two levels from the CEO	21.2%
Junior Management: Remaining management roles under the Senior level	34.8%
Management roles in revenue-generating areas: they are management roles in departments such as sales or that directly contribute to the production of goods or services. This excludes supporting duties such as HR, FININT or Legal	11.8%
Employees: remaining staff that do not hold management positions	13.3%
STEM Role: roles related to the areas of science, technology, mathematics and engineering	28.9%

In 2021, 369 workers were trained on discrimination, workplace harassment and sexual harassment concepts.

Workers belonging to indigenous peoples

Own workers (excluding contractors)	Number of workers that identify with an ethnicity	
	2021	
	Men	Women
1. Mapuche	8	0
2. Aimara	39	15
3. Rapa Nui	0	0
4. Lican Antai o Atacameño	1	0
5. Quechua	41	8
6. Colla	0	0
7. Diaguita	16	1
8. Chango	0	0
9. Kawésqar	0	0
10. Yagán o Yámana	0	0
11. Other	0	0
Total	105	24

Group workers by nationality

	Total workers	Senior and Junior management
Chilean	5,173	200
Argentinean	178	5
Venezuelan	105	1
Japanese	2	0
Bolivian	27	0
Colombian	16	0
Haitian	5	0
Costa Rican	1	1
English	1	1
Spanish	1	0
Peruvian	1,102	26
Yugoslavian	1	0
American	1	0
Angolan	1	0

Wage gap according to DJSI

	2021	
	Men	Women
Executives: all the senior level of the company, including both the CEO as all who report directly to them (CEO, CFO, COO)		92.6%
Managers: All management roles that are up to two positions lower than the CEO, but are not part of the company's senior management (i.e. the previous level is not included)		91.24%
Employees: all remaining staff from the company who do not hold executive roles (administrators, technicians, professionals)		91.92%

Due Diligence

Number of sites subjected to due diligence processes	Total number of company sites	2021		
		Number of company sites monitored to evaluate possible risks in human rights matters (in the last 3 years)	Number of monitored company sites where concrete human rights risks have been identified (in the last 3 years)	Number of sites with identified risks where action plans have been implemented (in the last 3 years)
Internal operations	7	1	1	0
Contractors / Suppliers	7	1	1	0

Social Incidents for CAP Group

	2018	2019	2020	2021
Number of social incidents	4	1	1	0

10.3 Environmental Indicators

DJSI Water Consumption Table ¹

CAP Group					
Fresh Water Consumption	Unit	2018	2019	2020	2021
Total fresh water quantity extracted from municipal sources	Million cubic meters	0.07	0.07	0-06	0.16
Total fresh water quantity extracted from surface sources (rivers, lakes)	Million cubic meters	42.12	46.74	53.32	46.12
Total fresh water quantity extracted from underground sources	Million cubic meters	4.18	1.79	2.45	3.69
Quantity of water returned to the source of extraction in better or same quality than the extracted water	Million cubic meters	0	0	0	0

DJSI Water Consumption Table ²

GRI 303-3

CAP Group					
Water Source	Unit	2018	2019	2020	2021
Total water consumed	Thousand cubic meters	56,964	55,161	62,449	57,895
Sea water (desalinated)	Thousand cubic meters	9,906	5,512	9,502	7,908
Surface water	Thousand cubic meters	44,011	48,213	51,556	46,112
Underground water	Thousand cubic meters	2,733	1,020	1,253	3,755
Water supplied by third parties	Thousand cubic meters	314	412	138	107

DJSI Water Consumption Table

GRI 303-5

Operating Company	Unit	2018	2019	2020	2021
CMP	Thousand cubic meters	15,503	8,361	12,937	12,460
CSH	Thousand cubic meters	41,360	46,434	49,000	44,900
CINTAC	Thousand cubic meters	86	326	483	504
TASA	Thousand cubic meters	15	16	16	17.5
INFRAESTRUCTURA	Thousand cubic meters	-	21	8.6	10.8
EDIFICIO CORPORATIVO	Thousand cubic meters	-	4.3	4.5	2.2

Desalinated Water (Aguas CAP)

	Unidad	2018	2019	2020	2021
Generated Desalinated Water	Thousand cubic meters	7,447	7,800	8,026	7,857
Processed Sea Water	Thousand cubic meters	19,091	20,478	21,543	18,601

¹ This does not include consumption by Aguas CAP
² This does not include consumption by Aguas CAP.

Extraction of Water in Areas of Water Stress

GRI 303-1

		2019	2020	2021
CMP	Percentage of underground or surface water extracted from areas of water stress, in terms of the total amount of water consumed	30%	17%	36%
CSH	Percentage of underground or surface water extracted from areas of water stress, in terms of the total amount of water consumed	0%	0%	0%
CINTAC	Percentage of underground or surface water extracted from areas of water stress, in terms of the total amount of water consumed	Not available	88%	12%
TASA	Percentage of underground or surface water extracted from areas of water stress, in terms of the total amount of water consumed	0%	0%	0%
IINFRASTRUCTURE	Percentage of underground or surface water extracted from areas of water stress, in terms of the total amount of water consumed	100%	0%	0%

Residuos Líquidos Generados

CAP Group					
	Unit	2018	2019	2020	2021
Effluents ³	Thousand cubic meters	62,117	75,290	67,488	56,421

Waste

GRI 306-2

Grupo CAP					
	Unidad	2018	2019	2020	2021
Hazardous Industrial Waste	Metric tons	3,911	2,937	4,561	3,283
Non-hazardous Industrial Waste	Metric tons	378,077	341,391	418,439	409,296
Domestic Waste	Metric tons	1,411	1,452	1,432	5,132

Waste Treatment

GRI 306-2

Grupo CAP					
	Unidad	2018	2019	2020	2021
Recycling / Reuse	Tons	368,978	324,067	401,929	387,072
Recycling Rate	Percentage	96%	64%	95%	87%

Mass Mining Waste⁴

MM3

CMP					
	Unit	2018	2019	2020	2021
Sterile	Metric tons	57,789,036	34,866,507	35,331,950	86,605,531
Tailings	Thousand cubic meters	4,157	3,824	4,362	3,380
Volume of reused environmental liabilities	Metric tons	5,456,638	5,544,965	4,892,151	6,323,784

Direct Particulate Material Emissions⁵

CAP Group					
	Unit	2018	2019	2020	2021
PM10	Micrograms per cubic meter N	331	144	130	187
PM2.5	Micrograms per cubic meter N	24.2	22.4	19.9	50.43

³ It includes data from CSH, CMP, Aguas CAP and CINTAC

⁴ It only includes data from CMP.

⁵ It includes data from CSH, Puerto Las Losas and Cintac

Direct NOx Emissions⁶

GRI 305-7

		CAP Group			
	Unit	2018	2019	2020	2021
NOx emissions	Metric tons	379	415.1	961	565.6

Direct SOx Emissions⁷

GRI 305-7

		CAP Group			
	Unit	2018	2019	2020	2021
SOx emissions	Metric tons	1083	1561	1321	1171.1

Direct Dust Emissions⁸

GRI 305-7

		CAP Group			
	Unit	2018	2019	2020	2021
Dust Emissions	Metric tons	1189	1169	1412	1271.72

DJSI Environmental Fines

	CAP Group			
	2018	2019	2020	2021
Number of significant fines or penalties (over US\$10,000) related to the environment or ecosystems	0	0	0	0
Amount of aforementioned fines (US\$)	0	0	0	0
Amount of future expected fines, as of the end of the year (US\$)	0	0	0	0

Incidents with Environmental Impact

GRI 306-3

	CAP Group			
	2018	2019	2020	2021
Number of incidents	2	5	0	3

Responsible Mining Closure

MM10

	2018	2019	2020	2021
Percentage of mining operations with closure plans	100%	100%	100%	100%

Biodiversity in the Group's sites

	CAP Group ⁹	
	Number of sites	Hectares
Sites that are used for production and/or extraction	12	N/A
Sites that have been analyzed regarding their biodiversity in the last 5 years	7	6,414
Sites that have been analyzed: number that have or are adjacent to biodiversity of global or national importance	5	4,640
Of the sites that have or are adjacent to biodiversity of global or national importance: number that has biodiversity management plans	4	172

⁶ It includes data from CSH, CMP and Cintac.

⁷ It includes data from CSH and CMP.

⁸ It includes data from CSH and CMP.

⁹ It includes data from CSH, Aguas CAP and CMP.

Biodiversity - Surface of protected areas

GRI 304-3

	Unit	2018	2019	2020	2021
Surface of protected areas	Hectares	269	294	241	241

Consumo de Energía

DJSI

CAP Group ¹¹					
	Unit	2018	2019	2020	2021
Total of non-renewable fuels	MW	6,320,228	5,222,435	5,096,634	6,351,852
Purchased non-renewable energy	MW	748,603	825,317	936,261	843,651
Steam / heat / refrigeration and other purchased (non-renewable) energy	MW	0	0	0	0
Total of purchased or generated renewable energy	MW	521	131,909	133,063	305,843
Total of sold non-renewable energy	MW	0	0	0	0

Energy Consumption

SASB

CAP Group ¹²					
	Unit	2018	2019	2020	2021
Coal non-renewable fuels	MW	5,106,696	4,524,880	4,285,694	4,584,726
Gas non-renewable fuels	MW	31,833	65,985	43,799	51,862
Other non-renewable fuels	MW	9,519	10,576	8,754	872,069
Total renewable energy from fuels	MW	0	0	0	0
Total renewable energy from other sources (solar, wind, hydroelectric)	MW	0	131,909	133,063	305,843

Energy Consumption

GRI 302-1

CAP Group ¹³					
	Unit	2018	2019	2020	2021
Total Consumption	Giga Joule	26,881,724	21,963,009	22,008,852	24,119,995
Electrical energy	Giga Joule	4,123,103	3,154,025	3,654,709	3,786,528
Diesel	Giga Joule	2,026,676	1,319,842	1,567,223	2,131,331
Coal	Giga Joule	20,296,563	17,078,504	16,201,791	16,790,487
Gasoline	Giga Joule	111	120	38	295,920
Natural Gas	Giga Joule	5	225,011	148,036	170,099
Bulk Gas	Giga Joule	4,566	5	6,817	10,463
Renewable Sources	Giga Joule	1	2	0	4
Crude Oil	Giga Joule	432,402	294,951	515,550	935,164

¹⁰ This does not include the TASA.

¹¹ This does not include the Corporate Building.

¹² This does not include the Corporate Building.

¹³ This does not include the Corporate Building.

Energy Consumption by Operating Company

GRI 302-1

		CAP Group ¹⁴			
	Unit	2018	2019	2020	2021
CMP	Giga Joule	6,904,865	4,050,854	5,033,390	5,376,162
CSH	Giga Joule	19,940,242	17,870,453	16,940,082	18,313,199
CINTAC	Giga Joule	8,008	11,660	8,910	400,450
TASA	Giga Joule	25,405	25,703	21,582	24,591
INFRASTRUCTURE	Giga Joule	N/A	1,030	2,758	3,579
CORPORATE BUILDING	Giga Joule	3,205	3,309	2,131	2,014

Climate Strategy Impacts

DJSI

Description of emission reduction activities		Use of renewable energy in the production of liquid steel at CSH	
Estimated CO2 annual reductions (CO2e metric tons)	Total required annual investment	Expected annual cost reductions	Average investment redemption period
120,000	0	0	There was no associated investment

GHG Emissions Intensity

Empresa Operativa	Unit	2018	2019	2020	2021
CINTAC SAIC	ton of CO2e / ton of steel produced	2.8	2.0	2.8	2.8
CSH	ton of CO2e / ton of steel produced	2.15	2.20	2.03	2.09

¹⁴ This does not include the Corporate Building.

10.4 External Audit Report

Deloitte.

External Audit Report

Santiago, April 2022.

Sirs of CAP S.A.

Of our consideration:

We have reviewed the following aspects of the 2021 Integrated Report of CAP S.A.

Scope

Limited security review of the adaptation of the contents and indicators of the Integrated Report 2021, with the provisions of the Global Reporting Initiative (GRI) Standards regarding the profile of the organization and material indicators arising from the materiality process carried out by the company around the criteria established by said standard, related to the Economic, Social and Environmental dimensions.

Verification standards and processes

We have carried out our work in accordance with the International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accounts (IFAC).

Our review work has consisted of formulating questions to various units and management of CAP S.A. that have been involved in the process of preparing this report, as well as in the application of analytical procedures and review tests that are described below.

- Meeting with the team that led the process of preparing the 2021 Integrated Report.
- Request for requirements and review of evidence with the areas participating in the preparation of the 2021 Integrated Report.
- Analysis of the adaptation of the contents of the 2021 Integrated Report to those recommended by the GRI Standard in its Essential conformity option, and verification that the verified indicators included in this report correspond to the protocols established by this guide and the indicators are justified not applicable or not material.
- Verification through review tests of the quantitative and qualitative information, corresponding to the GRI Standard indicators included in the 2021 Integrated Report, and its adequate compilation from the data provided by the CAP S.A. information sources.

Conclusions

The verification process was carried out based on the indicators declared from the materiality process carried out by the company. Once identified, prioritized and validated, the indicators were included in the report. The reported indicators subject to verification are indicated in the following table:

102-1	102-2	102-3	102-4	102-5	102-6	102-7
102-8	102-9	102-10	102-11	102-12	102-13	102-14
102-16	102-18	102-40	102-41	102-42	102-43	102-44
102-45	102-46	102-47	102-48	102-49	102-50	102-51
102-52	102-53	102-54	102-55	102-56	103-1	103-2
103-3	201-1	201-2	202-2	203--1	203-2	204-1
205-1	205-2	205-3	206-1	302-1	303-1	303-2
303-3	303-4	303-5	304-1	304-3	305-1	305-2
305-3	305-4	305-7	306-2	306-3	307-1	401-1
403-1	403-2	403-3	403-4	403-5	403-6	403-7
403-8	403-9	403-10	404-1	404-2	404-3	405-1
405-2	415-1	419-1				

Regarding the verified indicators, we can affirm that no aspect has been revealed that makes us believe that the 2021 Integrated Report of CAP S.A. has not been prepared in accordance with the GRI Standard in the aspects indicated in the scope.

Responsibilities of the Management of CAP S.A. and Deloitte

- The preparation of the 2021 Integrated Report, as well as its content, is the responsibility of CAP S.A., which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- Our responsibility is to issue an independent report, based on the procedures applied in our review.
- This report has been prepared exclusively in the interest of CAP S.A., in accordance with the terms established in the Letter of Commitment.
- We have carried out our work in accordance with the standards of independence required by the IFAC Code of Ethics.
- The verification conclusions made by Deloitte are valid for the latest version of the 2021 Integrated Report in our possession, received on 03/24/2022.
- The scope of a limited security review is substantially less than that of a reasonable security audit or review, so we do not provide an audit opinion on the Integrated Memory of CAP S.A.

Sincerely,

Christian Durán

Partner

10.5 GRI Index

GRI Standard	Content	Page number or URL
General Disclosures		
Perfil de la Organización		
GRI 102	102-1 Name of the organization	Cover
General Disclosures	102-2 Activities, brands, products and services	21
	102-3 Location of headquarters	Corporate headquarters are located in Santiago, Chile
	102-4 Location of operations	21
	102-5 Ownership and Legal Form	127
	102-6 Markets served	21
	102-7 Scale of the organization	87
	102-8 Information on employees and other workers	87
	102-9 Supply chain	69
	102-10 Significant changes to the organization and its supply chain	69
	102-11 Precautionary principle or approach	The new Integrity Code considers the precautionary principle
	102-12 External Initiatives	45
	102-13 Membership of associations	45
	102-14 Statement from senior decision-maker	8
	102-16 Values, principles, standards and norms of behavior	20,42
	102-18 Governance structure	40-41
	102-40 List of stakeholder groups	Each Operating Company liaises with different interest groups, according to their context and their operations. At the CAP Group level, employees, contractors, suppliers, clients and communities are defined across the Company
	102-41 Collective bargaining agreements	86
	102-42 Identifying and selecting stakeholders	29
	102-43 Approach stakeholder engagement	29
	102-44 Key topics and concerns raised	30
	102-45 Entities included in the consolidated financial statements	The Integrated Report addresses all the companies that belong to CAP S.A. Group
	102-46 Defining report content and topic boundaries	30
	102-47 List of material topics	30

GRI 102 General Disclosures (continued)	102-48 Restatements of information	The effect of any restatement of information in terms of previous reports and the reasons for said restatement are specified as footnotes in the appropriate indicators where this has happened
	102-49 Changes in reporting	Significant changes regarding topics covered. They are specified as footnotes when said information is presented. This is CAP Group's first Integrated Report
	102-50 Reporting period	January 1st to December 31st 2021. References to previous facts are included and appropriately marked as such.
	102-51 Date of most recent report	2020 Sustainability Report, published in July 2021.
	102-52 Reporting cycle	Yearly
	102-53 Contact point for questions regarding the report	145
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Integrity and Compliance		
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	103-2 The management approach and its components	42
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2. Environmental Dimension		
Energy and Emissions Reduction		

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GRI 305 Emissions	305-1 GHG emissions (scope 1) 305-2 GHG emissions (scope 2) 305-3 Direct GHG emissions (scope 3)	105 105 105
GRI 302 Energy	302-1 Energy consumption within the organization	105
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Water Footprint Reduction		
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Water and Effluents	303-1 Interaction with water as a shared resource 303-2 Management of water discharge-related impacts 303-3 Water withdrawal by source 303-4 Water discharge 303-5 Water consumption	112, 320 114 114 114 112,
Green products and solutions		
GRI 103 Management Approach	103-1 Explanation of material topic and its boundary 103-2 The management approach and its components 103-3 Evaluation	63 63 63
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3. Social Dimension		
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Human capital development and commitment		
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	103-2 The management approach and its components	80
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GRI 403 Occupational Health and Safety	403-3 Occupational health services	89
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