



SUSTAINABILITY REPORT

2017

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Cover photo: El Teniente Division
Photography: Paul Maidstone



Sustainable Development
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GRI
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Message from the CEO



Nelson Pizarro
CEO

We understand that Codelco's future is sustained not only through the construction of our structural projects, but also in taking a leadership role for the challenges we face in safety, environment, communities and territory, business and corporate governance, people, and innovation.

We strive to respond to an increasingly demanding society and marketplace. Our Sustainability Master Plan allows us to proceed along the path we have set to ensure Codelco's future.

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Safety, reporting and lessons learned

Safety is the thermometer by which we measure our fitness in terms of excellence, responsibility and respect. Unfortunately, we do not have good news on this topic for 2017. Although our accident frequency rate is lower than the Chilean mining average, we can not make the same claims regarding our severity rate. Despite our growing efforts, last year we regret the passing of two of our colleagues: Iván Rosende of the Andina Division and Mario Rivera of the Salvador Division. Attaining zero fatal accidents is a goal that we will not abandon, forcing us to renew our commitment to our own safety and the safety of those who work alongside us.

During the period, we reviewed and updated 7 of our 12 fatality control standards. These standards collect experiences and lessons learned, as well as the technological aspects introduced in the processes that, in and of themselves, generate change.

Our aim is to continue accident reporting and to learn from lessons that safety incidents teach us. This is a key part of our road map that will accompany us for the next 25 years, under the scope of our Sustainability Master Plan.

Environment, a key concern

One of the primary challenges we face is the transformation of our environmental culture. Respect for our environment is one of the fundamental pillars for the survival of today's world societies. There will be no future for Codelco if we are not able to foster environmental respect in our behavior.

Correspondingly, one of the predominant challenges we currently face is scarcity of water in desert territories of northern Chile, where droughts have increased by 50% during the last five decades. This reality has forced us to develop new water supply sources such as the desalination plant that is now undergoing an international bidding process, and whose objective is to conduct water from the Pacific Ocean to the Andean Mountains at an altitude of 2,200 meters above sea level.

Among the indicators in the area of water use is the corporate percentage of water recirculation, which amounted to 76.9% in 2017. One of the key goals of the Sustainability Master Plan is to achieve a 10% reduction in fresh water consumption per treated ton by 2020.

In terms of energy and fuel, we modified certain electrical supply contracts for our divisions in the north, which will supply renewable energy for 22.5% of Codelco's overall consumption demand. During the year we did not record any serious or very serious environmental incidents. Furthermore, it is important to note that a new version of the Corporate Standard NCC 38 entered into force. This standard regulates water issues in a more stringent manner and adds new criteria to evaluate each event, including recurring events, if water courses are impacted or if there is a loss of fresh water deficiency.

During 2017, in compliance with Decree 28, which governs smelter emissions, we attained approval for resources for the El Teniente, Chuquicamata and Salvador divisions on projects that are under construction and in compliance with the law.

Communities and community development, seeking social and economic change

Our Sustainability Master Plan endeavors to improve the quality of life of the communities surrounding our operations as a strategic management area.

In support of the integral development of the territories, our company maintains several programs that seek, on one hand, to provide infrastructure, services, public goods and human capital that mining itself requires for its operation; and, on the other hand, to share part of the generated value with the inhabitants of the territories where the company operates. The foregoing is especially important with respect to our native peoples.

Currently, we have 160 agreements in force across all our work centers. These agreements adhere to Codelco Corporate Policy No. 39 on community investment, which governs contributions to community projects.

For its part, during the 2017 period, the Social Investment Fund made a total contribution of 7,409 million pesos for community development projects. Moreover, in 2017 we established guidelines to identify, evaluate and control the social risks at each division, with the support of the University of Queensland.

It is also worth mentioning that Codelco is part of the National Human Rights Plan that responds to recommendations issued to the Chilean State on human rights matters, which imply responsible institutions, concrete actions, goals and associated financial resources. Therefore, in 2017 we conducted a diagnostic process on the subject of human rights in the Radomiro Tomic Division, analyzing the potential risks that could exist, both internally and in our relationship with the community. This analysis was conducted considering a human rights framework guided by the pillars: Protect, Respect and Remedy. Simultaneously, we reviewed the procedures and corporate policies that exist in this regard. During 2018, we will progress on the plan of action and a policy on human rights.

Business and corporate governance, good news for the country

A logic of austerity, efficiency and effectiveness must guide our actions, with the goal of continuing to be a key contributor to the national treasury. We must enable our reserves and be able to exploit them efficiently so we can face 40 or 50 more years of production, overcoming through an investment process that is unprecedented in the history of Codelco.

We have already achieved progress on almost half of the major transformations of our deposits. At the end of 2017, Chuquicamata Underground reported 51% progress; Mine New Level, almost 45%, and approximately 49% at the Andina Transfer project. Meanwhile, we continue to make headway on forthcoming projects, a second wave of major investments consisting of Andina Future Development, Radomiro Tomic Sulfides Phase II and Inca Pit.

Regarding the revision of our business plan, we carried out a continuous process of portfolio prioritization and optimization. For the five year 2018–2022 term we estimate investments of US\$ 21,300 million, of which US\$ 7,313 million (34%) is allocated to the structural portfolio.

2017 was a positive year for Codelco in matters of business and corporate governance. We contributed US\$ 2,885 million to the Chilean State, a figure six times higher than in 2016. This was primarily due to a recovery in the price of copper, not to mention Codelco's management efforts in terms of reduced costs and increased production.

In 2017, our own sourced copper production reached 1,734 KTMF, the second most significant production figure in our history. In addition, we recorded an increase in productivity up 5.6% over the previous year to reach 51.2 fine metric tons per person.

In spite of the fall in the exchange rate and the higher prices for supplies increased our costs, we remained competitive. In fact, we went from (C1) costs that were 10% higher than the industry average in 2013 to costs that were 8% lower than the industry average in 2017.

At Codelco, we also advocate actions in favor of integrity and transparency with suppliers. We made significant progress at the level of competitiveness and market opening, which is evident through two key indicators: public tenders reached 58% of the total amount contracted in 2017 and direct allocations fell to 1.1%.

Our challenge for 2018 is to maintain austerity measures and apply the lessons that the copper supercycle taught us. Our immediate challenge is to proceed and persevere on the path of excellence that we have been upholding.

People, seeking excellence to develop our business

In addition to investment and management optimization, and in accordance with the new public and business demands, we require a critical and profound perspective with regard to the profile of our people. We need flexible, team players with technological and digital skills, who are adaptable in the workplace and who take on environmental commitments as a personal commitment.

We also understand that we cannot afford to overlook 50% of the Chilean population, which represent women and their talents. At Codelco we maintain the conviction that gender equality and work-life balance contribute to the business, productivity and sustainability of our organization. Therefore, we will continue to address measures that support female inclusion in the mining business.

In this sense, in 2017 we increased the participation of women by 25% on subsidiary and affiliate boards, compared with 2014, which reported 12% participation. Codelco also certified Chilean Standard 3262 Management System: Management of Gender Equality and Conciliation of Work, Family and Personal Life for the Ministro Hales, and Radomiro Tomic divisions, and the Vice Presidency of Projects, which together encompasses 60% of our certified work centers.

Also in the area of human resources, Codelco has a corporate collective bargaining strategy. The goal of this strategy in 2017 was to progress on talks and participation to reach trade unions agreements. Such agreements allow us to optimize productivity and control our labor costs in accordance with the committed results and profitability for structural projects and business and development plans.

We carried out a total of 9 collective bargaining negotiations at 5 work centers, 6 of which were anticipated, in which 2,367 workers participated.

Innovation and technology, strategy focused on value creation

Our 2017 restructuring of Innovation Department include wider breadth: “Corporate Innovation and Technology Management”, centers on a more dynamic innovation strategy, focused on project value creation. Additionally, we have incorporated automation and robotics into the scope in order to maximize the value of innovation associated with technological transformation.

In 2017 we created CodelcoTech, owned 100% by the corporation, whose strategic mandate is to lead and promote research to ensure mining operation with minimal environmental impact.

Within the framework of the Master Plan and the responsible copper initiative, we commenced a study on the life cycle of cathodes produced at the Gabriel Mistral division. This involved calculating the cathodes carbon and water footprint, among other indicators.

In 2017 we established the terms of an agreement with two companies of global prestige; one, a car manufacturer and the other a electric cable and conductor manufacturer, who will use Codelco copper. These terms have been prepared under transparent and environmentally and socially sustainable processes.

Sustainability report

As members of the International Council for Mining and Metals (ICMM), I am pleased to present the nineteenth Sustainability Report, which provides a detailed account of the our 2017 management results and of our commitment to the United Nations Global Compact, in addition to compliance with the standards defined by the Global Reporting Initiative (GRI) for a comprehensive report, which has been externally and independently verified.

A handwritten signature in black ink, consisting of stylized, overlapping loops and strokes, representing the signature of Nelson Pizarro Contador.

Nelson Pizarro Contador
CEO

Sustainability Commitment



Our commitment is to achieve and establish the Codelco seal on the market; that is, to become a company with sustainable, traceable and transparent processes and products.



In this chapter, Codelco highlights the following Sustainable Development Goals:

- | | |
|--|---|
| 3 Health and wellbeing | 12 Responsible production and consumption |
| 5 Gender equality | 13 Climate action |
| 6 Clean water and sanitation | 14 Marine life |
| 7 Affordable and clean energy | 15 Life of land-based ecosystems |
| 8 Gainful employment and economic growth | 16 Peace, justice and solid institutions |
| | 17 Partnerships to achieve objectives |

2017 Milestones

The primary facts and results associated with the implementation of the Sustainability Master Plan in 2017 were as follows:



Occupational health and safety

GRI 403

We regret the loss of two of our co-workers during the 2017 period. Our responsibility to Health and Safety will continue to be strengthened.

In occupational health and safety, we developed and initiated the implementation of a safety model, registering 94% compliance with the Occupational Health and Safety Management System (YESGO) throughout all our operations.

We reviewed and updated 7 of the 12 Fatality Standards. These standards collect both the experiences and lessons learned, as well as the technological aspects introduced in the processes that in and of themselves generate changes.



Environment

GRI 302

In terms of energy and fuel, we modified certain electrical supply contracts for the northern divisions, which will supply renewable energy for 22.5% of Codelco's overall consumption demand.

During 2017 we reported no operational incidents with serious or very serious environmental consequences.

We updated our Corporate Standard NCC38, pertaining to the management of operational incidents with environmental consequences, adding more stringent criteria in terms of prevention and control.

GRI 303

We achieved water recirculation rate of 76.9% at the corporate level. Most notable recirculation rates were reported the Radomiro Tomic and Chuquibambilla divisions at 85%.

2017 commenced with an international tender process to develop a desalinated water supply project for the Northern District.



Communities and territory

GRI 413

The Social Investment Fund during the 2017 period made a total contribution of 7,409 million pesos for community development projects.

Currently, we have 160 agreements in force across all our work centers. These agreements adhere to Codelco Corporate Policy No. 39 on community investment, which regulates contributions to community projects.

In 2017 we also established guidelines to identify, evaluate and control the social risks of the divisions, with the support of the University of Queensland.



Business and corporate governance

We generated earnings of US\$ 2,881 million in 2017, and our state capitalization investment for the period contemplated two contributions that amounted a total of US\$ 995 million.

Codelco re-invested US \$ 3,146 million in 2017, with a focus on our structural projects portfolio and on initiatives to comply with emissions standards for copper smelters.

Production: with 1,734 ktMf of own sourced copper, 2017 became Codelco's second-highest production year in its entire history.



People

GRI 102-41

We consolidated, in coordination with the trade union administrations, the functional structure of the Strategic Compact for Chile; defining the functional mode of 31 work groups focused on issues of training and development, occupational health and safety, gender diversity, productivity, costs and production, among others.

GRI 405

Female participation on staff reached 9.5% in comparison with 9% in 2016. This figure exceeds the industry average.

We achieved Chilean certification under Chilean standard 3262 at the Ministro Hales, Radomiro Tomic divisions and the Vice Presidency of Projects, by which 60% of our work centers are certified.



Strategic Innovation


In 2017 we established the terms and conditions of an agreement with two companies of global prestige; one, a car manufacturer and the other a electrical cable and conductor manufacturer, who will use Codelco copper. These terms and conditions have been prepared under transparent and environmentally and socially sustainable processes.


In 2017 we created CodelcoTech, a 100% owned by the corporation, whose strategic mandate is to lead and promote research to create mining execution with minimal environmental impact.


At the end of 2017, the first conceptual plan was generated in relation to the exploration of technological alternatives leading to challenges and to maximize profitability of lithium resource exploitation.


Results of 2017 commitments

In 2017, all critical socio-environmental risks of the Corporation were identified and progress was made in the following areas:

| Occupational health and safety | | | |
|---|--|---|--|
|  | Frequency rate reduction was 5% below the maximum tolerable rate established in CD 2016. | C | A reduction of 8.4% was achieved with respect to the maximum admissible rate for 2017 (achieved: 0.87, maximum tolerable: 0.93). |
| | Reduction of severity rate, 6% below the maximum tolerable rate established in CD 2016. | C | A 12.1% reduction was achieved with respect to the maximum tolerable rate for 2017 (achieved: 145, maximum tolerable: 165). |
| | 7% reduction of workers exposed to a risk agent or critical risk factor (physical, chemical and / or ergonomic factors) of own staff at Risk level 4 (according to the commitment of each division). | C | 100% of the Divisions / VP exceeded the committed goal to reduce the percentage of exposure to health risk agents. |
| | The Occupational Health and Safety Management System attained a global performance exceeding 85%. | C | We developed and commenced implementation of a safety model and recorded 94% compliance in occupational health and safety and operational risk management across all our operations. |

| Environment | | | |
|---|---|---|--|
|  | Deployment of the Sustainability Master Plan to all aspects of management. | C | We formed teams that are poised to achieve 99 goals by 2020, launching 159 initiatives and actions that encompass the six strategic pillars of the Master Plan. Adding 1 goal and 8 initiatives in 2018. |
| | Update the NCC 38 Corporate Standard for Management of Operational Incidents with Environmental Consequences with more demanding management criteria. | C | In October 2017, the Corporate Standard NCC 38 rev. 1 on the Management of Operational Incidents with Environmental Consequences, with higher standards of management, prevention and focus on learning was enacted. |

| Communities and territory | | | |
|---|--|----|--|
|  | Have a Community Strategy in place that reflects the provisions of the Sustainability Master Plan and update of Community Standards. | SP | A final proposal for a community strategy was submitted, in accordance with the implementation of the Master Plan. |
| | Update of the Social and Environmental Complaints and Suggestions System, incorporating the human rights variable. | C | The human rights variable was incorporated into the claims and suggestions system, training all staff that receives community concerns and manages subsequent responses. |

| People | | | |
|---|---|---|---|
|  | Conduct due diligence on the human rights pilot at a division (as part of the National Action Plan on Business and Human Rights). | C | At Radomiro Tomic we developed a due diligence process that identified gaps and potential risks associated with three pillars: Protect, Respect and Remedy. |

C: Compliant, NC: Not compliant SP: Significant progress

2018 Commitments

The Sustainability Master Plan has established a roadmap that highlights the following steps to achieve 2020 goals:

Occupational Health and Safety

- Incident frequency rate: 2.1% reduction compared to the admissible maximum established in 2017.
- Severity rate: reduction of 3% with respect to the admissible maximum established in the 2017.
- 10% reduction of workers exposed to a risk agent or critical risk factor (physical, chemical and / or ergonomic factors) of own staff at Risk level 4.

Environment

- Establish corporate methodology for the preparation of water balances.
- Establish the traceability of inventory indicators of the copper life cycle for Gabriela Mistral division.
- Solid waste assessment plan implemented throughout all divisions.

Communities and territory

- Enact a Corporate Policy on Indigenous Peoples.
- Incorporate risk management in the formulation of community development and engagement plans.

Business and corporate governance

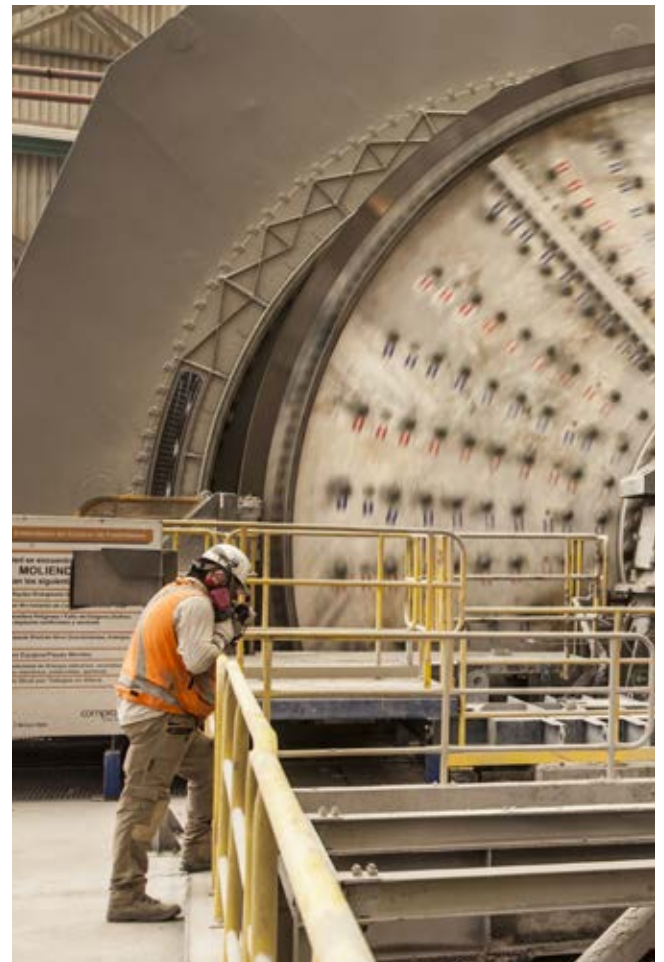
- Enact a Corporate Policy and regulation on Risk Management and control.
- Update de code of business conduct.

People

- Certification under the Chilean Standard 3262 for gender equality and conciliation of work, family and personal life at the Andina and El Teniente divisions, reaching 80% of the certified divisions.
- Establish and implement a corporate action plan on human rights.

Strategic innovation

- Commence tests on the uncrushable materials detection system in the material transport process for belt conveyors.





Context and relevant facts

The price of copper recovered in 2017 after spending years on a downturn, which culminated in 2016 with the worst crisis experienced by Codelco and the majority of the global mining industry .

Context and relevant facts

Global copper mining context

The average price of copper during 2017 reached 279.8 cents per pound on the London Metal Exchange. This figure was up 26.8% over the 2016 closing figure at 220.6 ¢/lb. To some extent, this scenario brought to the forefront what was already a fact for the Corporation: falling copper ore grades and the ever-present risk of falling behind in our tasks. In spite of this, we demonstrated that if we learned to be more competitive, we could maintain a strong competitive pace regardless of the copper prices we are faced with.

Our foreign sales amounted to 16% of Chilean exports in 2017, with Asia as our principal market, followed by Europe and South America. This rendered an overall production of 1,842,075 metric tons of fine copper, including our stakes in El Abra and Anglo American Sur. This production figure is equivalent to 9% of the world's mined copper output and 33% at the national level.

With respect to molybdenum, our primary by-product, we held second place among global producers and first place in Chile, with a total production of 28,674 fine metric tons, which is equivalent to 27.5% of national production.

In terms of sustainable development, the international context requires us to contribute to the fulfillment of the Sustainable Development Goals (SDGs) and to recognize and manage Human Rights disparities, in addition to the assumed commitments on initiatives such as the United Nations Global Compact and the 10 Sustainable Principles of the International Council of Mining and Metals (ICMM).

We are the first largest global producer of copper, and this requires initiatives and commitments that go a step beyond providing merely a good product. We are currently preparing a metal cathode with environmental and socially sustainable characteristics, what has been called "green" or traceable copper. This new copper will provide added value associated with factors such as the use of clean energy, gender diversity, use of sea water and cutting-edge technology.

One prominent initiative in 2017 was the announcement by Codelco's chairman, Óscar Landerretche, on the production of Responsible, Sustainable and Traceable Copper.

Mr. Landerretche commented that each copper cathode will be certified on facets of sustainability, stating "We dream of a commoditized copper market that has differentiated prices for products with different certifications. We will do our part, but so must customers, consumers and partner companies".

Óscar Landerretche
Chairman of the Board of Directors



Our company

We are the Corporación Nacional del Cobre de Chile – “Codelco” an autonomous company owned by all Chileans. Codelco is the world’s leading copper producer and a driver of Chile’s development.



In this section, Codelco highlights the following Sustainable Development Goals:

- 5 Gender equality
- 6 Clean water and sanitation
- 8 Gainful employment and economic growth





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We are the National Copper Corporation (CODELCO), a Chilean state-owned company. We specialize in the exploration, extraction and marketing of refined copper resources its byproducts. To date, Codelco has eight divisions in operation: Radomiro Tomic, Chuquicamata, Ministro Hales, Gabriela Mistral, Salvador, Andina, El Teniente and Ventanas.

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Our mission is to generate earnings for the Chilean state through the optimal use of available resources, concentrating on reducing operating costs for energy, maintenance, machinery, spare parts and equipment, among others items.

Our foreign sales amounted to 16% of Chilean exports in 2017, with Asia as our principal market, followed by Europe and South America.

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Founded on April 1st, 1976 under Decree Law 1.350, the Corporation is registered with the Securities and Insurance Superintendence (SVS) as a public offering, bond issuing entity.

This means that we provide both SVS and the general public with the same information to which open corporations are obliged, with the frequency, publicity and in the form required.

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Codelco Headquarters is located in Santiago, where corporate strategy is coordinated by a nine-member Board and CEO of the Corporation.

Additionally, our actions are supervised by the Chilean Copper Commission and the Office of the Comptroller General of the Republic. Codelco conducts exploration activities at the national and global levels to maintain and expand its mining base.

All exploration activities undertaken by Codelco are conducted in accordance with corporate standards, local commitments and the law.

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By law, Codelco may not receive donations or financial aid from government institutions to conduct its activities

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Codelco holds US\$ 36,356 million in assets and US\$ 10,925 million in equity as of December 2017. Total income from ordinary activities amounts to US \$ 14,642 million.

During the 2017 period we produced 1,842,075 metric tons of fine copper, including our stakes in El Abra and Anglo American Sur. This production figure is equivalent to 9% of the world's mined copper output and 33% at the national level.

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Our primary products are copper cathodes and concentrates, roasted molybdenum concentrate, anode slimes, and gold, silver sulfuric acid as by-products.

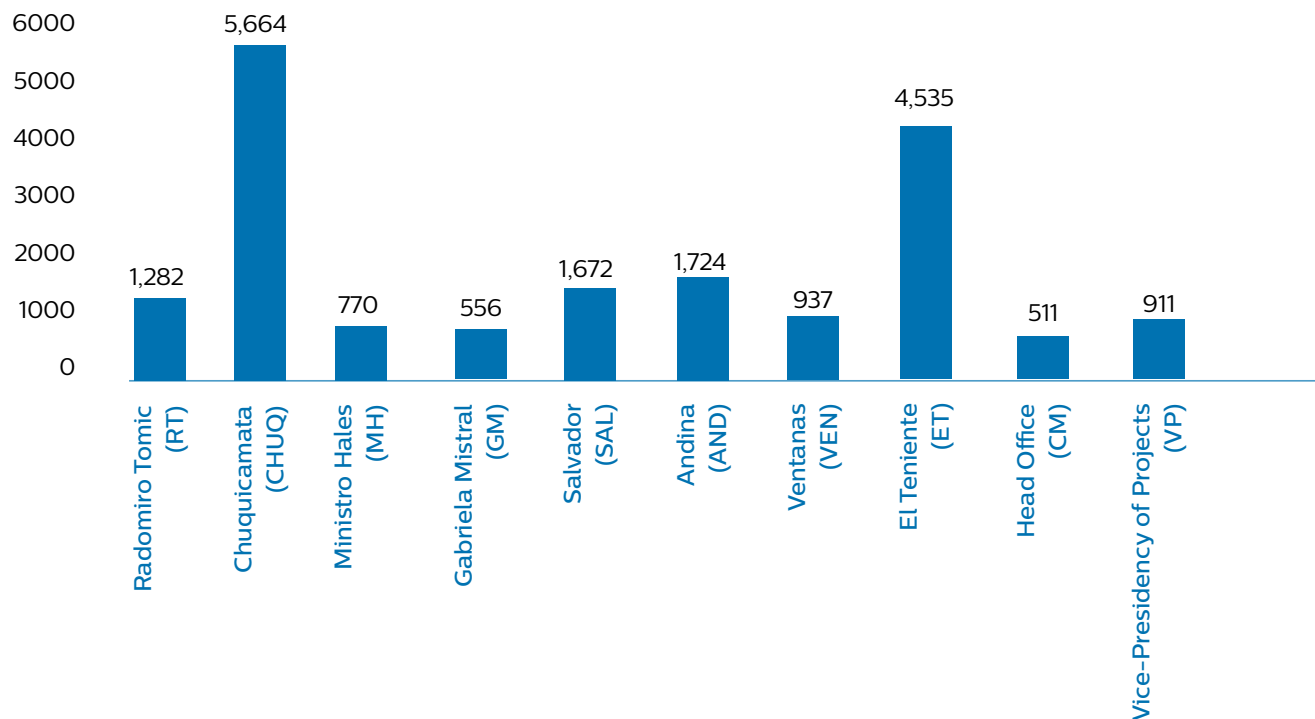
Copper represented 93% of overall sales while the remaining product sales represented 7%. Through copper commercialization efforts (own sourced and third parties), Codelco recorded revenues of US\$ 14,642 million, corresponding to 2.15 million metric tons of fine copper sold.

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102-8

We have a total in-house staff of 18,562 as of December 31, 2017 (with 9.5% of them women) the majority of which hold indefinite term contracts. Contractor companies have 45,588 workers, the majority of which are concentrated in the El Teniente and Chuquicamata divisions. In all, 64,150 people perform a variety of duties within the Corporation.

Of the total of Codelco staff with an indefinite contract, 16,158 are men and 1,595 are women. Of the total workers holding fixed-term contracts, 673 are men and 172 are women.

Codelco staff distribution (No. of people)



Sustainable development strategy

With the objective of advancing towards company sustainability in addition to adjusting costs and improving productivity, it is necessary to have a long-term view, which gave rise to our Sustainability Master Plan



In this section, Codelco highlights the following Sustainable Development Goals:

- | | |
|--|---|
| 3 Health and wellbeing | 12 Responsible production and consumption |
| 5 Gender equality | 13 Climate action |
| 6 Clean water and sanitation | 14 Marine life |
| 7 Affordable and clean energy | 15 Life of land-based ecosystems |
| 8 Gainful employment and economic growth | 16 Peace, justice and solid institutions |

The growth of the copper industry in Chile, the economic and social development of the country, as well as global phenomena involving the establishment of more rigorous environmental, social and ethical standards, raised the respective demands on extractive industries.

In order to transform 100 tons of ore into less than one ton of electrowon cathodes, significant quantities of inputs are required such as energy and water, and a series of effects are generated from the different processes, impacts of which we have to manage in a responsible manner.

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The Sustainability Master Plan, which was approved by the Board in 2016, encourages us to build a sustainable business environment and helps strengthen the organization to anticipate, among other variables, the effects of climate change. The Plan sets concrete and challenging objectives for 2020, 2030 and 2040, thereby reducing uncertainties about the availability of resources and minimizing risks and socio-environmental impacts.

The central purpose of this Sustainability Master Plan is to achieve and impose a “Codelco Seal” on the market; that is, to become a company with sustainable, traceable and transparent processes and products, backed by an efficient, inclusive, open-dialogue and innovative organization; valued by its own staff and distinguished by its customers and stakeholders.

The objective outcome of the sustainability strategy on the organization will then be the long-term production of PURE AND TRACEABLE COPPER.

With this in mind, in 2016 the Board of Directors requested the development of a master plan that would allow the Corporation to:

- Incorporate sustainability in the vision of the Business and Development Plan.
- Ensure the long-term profitability of the business.
- Foster changes in the way of thinking about and executing mining towards an approach that is virtuous, sustainable and inclusive.

The plan establishes concrete and challenging goals for the six core areas of the sustainability model for 2020, 2030 and 2040, reducing uncertainties about the availability of resources and minimizing risks and socio-environmental impacts.

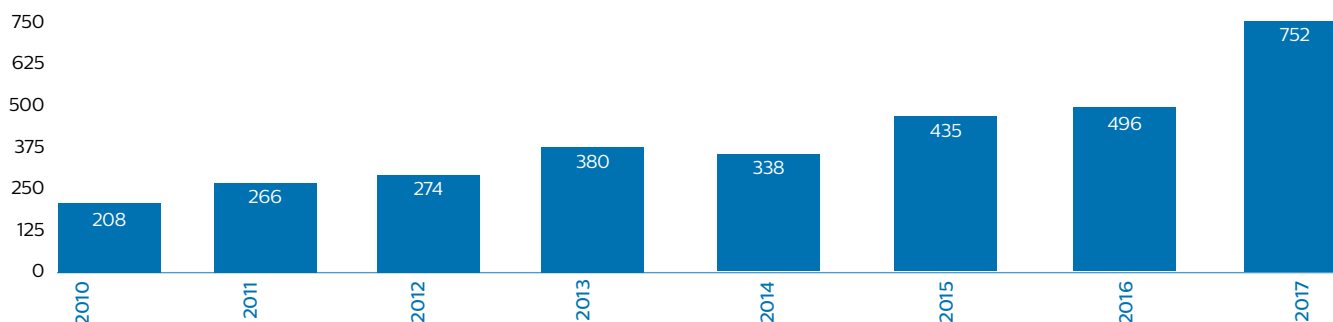
Throughout 2017 we created the teams to achieve 99 objectives for 2020, launching 159 initiatives and actions that cover the six strategic focal points of the Master Plan, adding 1 objective and 8 initiatives in 2018. Another remarkable milestone in terms of sustainable development was the due diligence process that we carried out in the Radomiro Tomic Division. This process involved assessment of Human Rights risks and a review of corporate policies and procedures that exist in this regard.

This, together with initiatives such as the International Council of Mining and Metals (ICMM), the 10 principles of the United Nations Global Compact, the Sustainable Development Goals and the Business and Human Rights Action Plan, which together drive our actions in sustainability.

In 2017 we invested US\$ 752 million in sustainability projects, US\$ 89 million of which was allocated to occupational health and safety initiatives and US\$ 663 million to environmental investments aimed at innovation projects and improvements in gas collection systems, slag treatment and tailings management, among others.

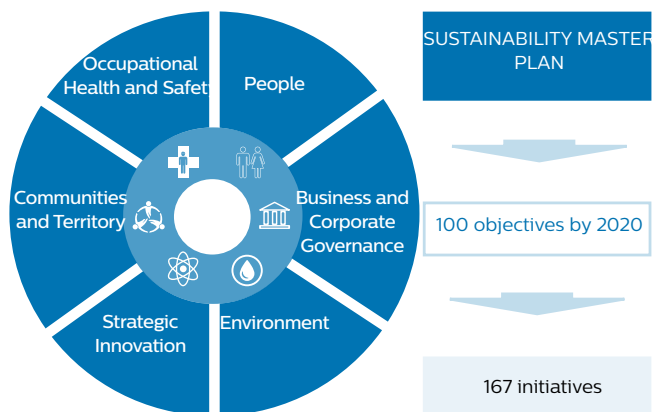
2010-2017 Investment in sustainability*

(in millions of US\$)



* Values in nominal currency

The strategic focal points are:



Key 2020 objectives

Occupational health and safety:

- 0 fatal accidents

People:

- Human resource management system with sustainable vision

Environment:

- 10% reduction in consumption of fresh water per treated ton

Communities and territory:

- Record zero community incidents with loss of production and reputation

Strategic innovation:

- 5% traceable copper cathodes.

Business and corporate governance:

- Define all the constituent processes of our Business and Development Plan, ensuring an average incurred cost in the second quartile of the industry.

We are also developing defining, implementing, monitoring and controlling action plans, assisting in their insertion into the performance objectives of the organization and evaluating their progress for continuous improvement.

Achievements 2017

Occupational health and safety:

We developed and initiated the implementation of a safety model and recorded 95% compliance with the management system for occupational safety, health and operational risk across all our operations.

People:

We are executing a model of sustainable organizational development and managing a succession program.

Environment:

We approved the methodologies for measuring fresh water consumption per division and developed plans for the recovery of solid industrial waste in all divisions.

Communities and territory:

We built and implemented a territorial development model. We designed our community relationship strategy in a participatory manner and incorporated social risk management into our engagement plans.

Strategic innovation:

We had a major breakthrough in 2017 through the establishment of the terms and conditions of an agreement with two companies of global prestige; one, a car manufacturer and the other a electric cable and conductor manufacturer, who will use Codelco copper. These terms and conditions have been prepared under transparent and environmentally and socially sustainable processes. The signing of this strategic alliance of Codelco with the automotive company was made in January 2018.

Business and corporate governance:

We undertook the process of building our Business and Development Plan, integrating all the areas of the business.

Codelco and Human Rights

The business and human rights scenario has evolved significantly since the launch of the Guiding Principles on Business and Human Rights by the United Nations (UN) in 2011. This has pushed the business community to go further in terms of transparency in its challenges and efforts to respect human rights. Accordingly, Codelco, as part of our role as the company of all Chilean men and women, and the principle driver of the national economy, conducted a gap analysis study on Codelco policy and processes in accordance with Guiding Principles on Business and Human Rights. This was a starting point, where a due diligence process was implemented under the framework of the Business and Human Rights Action Plan launched by the Chilean Government in August 2017.

GRI
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A process of due diligence in human rights matters consists of a review of practices, processes and corporate policies and the approach to the management of risks that arise which, in the latter case, is in accordance with 2 international instruments: the UN Guiding Principles and the Voluntary Principles on Security and Human Rights. This due diligence process was carried out in the Radomiro Tomic division. Corporate guidelines were also reviewed at Head Office.

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As a result of the foregoing, we can state with confidence that Codelco is currently managing numerous risks and impacts on human rights such as transparency and integrity, free association, safety and health of its employees, non-discrimination, inclusion and labor agreements, all in accordance with the UN Guiding Principles, its Charter of Values and its aspiration to be a industry leader in sustainability.

The current challenge for Codelco is to identify and manage additional potential impacts that are common to the mining sector, such as the risk of community impact, which at this time is not fully recognized as a human rights issue; although, in general, is incorporated in the national legislation.

In terms of corporate guidelines, although our policies address several human rights issues, there is no explicit commitment therefore a human rights policy must be drawn up and implemented throughout the Corporation. The objective is to be able to know and show that human rights are being respected, as required by the Guiding Principles.

Within the framework of the Integral Risk Management Model and Controls, Codelco seeks to improve the incorporation of risks and risk scenarios in terms of human rights to divisional and corporate management, ensuring that the necessary controls and action plans are in place.

The process also identified strengths and areas for improvement for the grievance mechanisms of the Corporation. Therefore, we currently have the Complaint Line and the Social and Environmental Complaints and Suggestions System open to receive input and are currently implementing the plans of action for collected recommendations and improvement opportunities.

The next steps include the publication of the results of the study and the challenge of developing a specific Policy and organizational framework for the management of human rights risks.



Occupational Health and Safety

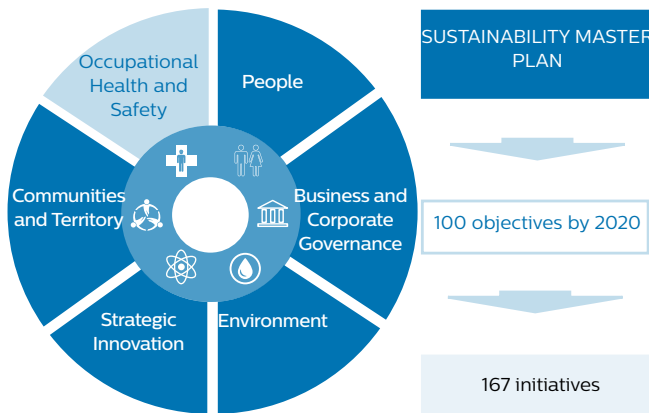


The safety and health of our work is and will continue to be a core value of our Corporation. This is why we maintain efforts in this area, learning from past experiences and sharing lessons learned throughout our organization.



In this section, Codelco highlights the following Sustainable Development Goals:

- 5 Gender equality
- 8 Gainful employment and economic growth



Management System for Occupational Health and Safety and Operational Risks

The Corporate Occupational Health and Safety Department, under the framework of the Codelco Statement of Values, Corporate Safety Policy, Occupational Health and Operational Risks, Sustainability Master Plan (2016-2020) and the Management System, defined a plan of activities for 2017 that, through the implementation of specific programs, took effect at work centers of the Corporation and contractor companies. For this purpose feedback was provided from the following sources:

- Results of the 2016 corporate audits .
- Internal opinion survey of the Executive Committee (October 2016).
- Interviews with General Managers (Consultant Willis Tower Watson).

- Planning workshop with all work center OHS Managers who contributed significant inputs to define key activities, schedule and evaluation KPIs.

In this context, the activities and results for 2017 are as follows:

The Executive Leadership

GRI 103-3

Achieved 95% compliance in relation to the established programs, including activities such as:

- Managerial walks to engage workers.
- Meetings of the Senior Council of Occupational Health and Safety in which results were evaluated and important improvements were generated.
- Occupational Health & Safety Meetings with contractor companies.

Behavioral safety and participation

Other relevant activities associated with the participation of workers in prevention activities involve behavior observation programs applied across all the divisions and the Vice Presidency of Projects. Activities include the participation of both workers and supervisors with training and certification to execute the activity.

- This activity has continued and has reported 100% compliance for the established programs, in which a total of 13,652 behavior observers participate for the Corporation.
- The observations raised have helped us detect and correct hazardous behaviors of greater severity and to adopt corrective actions to reduce their tendency to occur.

Regulations and Procedures:

During the 2017 period emphasis was given to the review and update of the following standards:

- Instruction for the reporting of high potential incidents to SERNAGEOMIN, a document that was positively endorsed by said authority.

GRI 103-1

GRI 103-2

- Rules that Save Lives: during the first semester of the year the “Primer of Rules that Save Lives” (21 rules) was published, which contains the critical field controls that supervisors and workers must apply.
- Review and update of 7 Fatality Control Standards (FCS) which together with the 5 revised in 2016, complete the 12 FCSs that will be published and disseminated in 2018.

These standards collect both the experiences and lessons learned, as well as the technological aspects introduced in the processes that in and of themselves generate change.

The following Fatality Control Standards were reviewed: Lockout-Tagout, Work at Heights, Mobile Heavy Equipment, Light Vehicles, Mechanical Hoisting of Loads, Explosives and Blasting, Handling of Hazardous Substances, Portable Equipment and Tools and Manuals, Cast Materials, Equipment Protection and Guards, Field Control and Fire Protection.

Consolidation of the Corporate Technical Work Groups:

Including to policy-making organisms and standardization of learning and actions of direct support to the operations in within its competence. By 2017, the following technical work groups were operating:

- Electrical, Fire and Emergencies, Eradication of Silicosis, Underground Mines, Smelting and Refineries, Fatigue and Drowsiness, Geotechnics, Joint Hygiene and Safety Committees, Road Management, Hazardous Substances and Skeletal Muscles.
- Given the importance and contributions of these work groups across the Corporation, Industrial Facilities and their Structures, Training, Arsenic and Occupational Exposure to Noise Protocol (PREXOR) will be included among the work groups for 2018.
- The Fire Work Group prepared and issued policy NCC - 40 “Fire Safety” for implementation, which had a positive impact on the negotiations of the premiums with insurance companies.

Green Card

The green card authorizes a worker to halt a job when he / she does not believe that all risk controls have been implemented, resuming the work only when these controls have been applied. The Green Card has been established as a known tool, accepted and used by the organization.

A total of 3,828 applications of the card were recorded at different Work Centers during 2017. This demonstrates that this tool has taken root as part of the preventive management applied by workers in the context of self-care.

Consolidation of the High Potential Incident Report.

This report involves a process of research and determination of basic causes, which has become a cross-divisional learning practice for the entire Corporation, which provides for proactive action as a result of the lessons learned from such incidents.

Occupational health and safety training, skills and performance improvements

The corporate induction course on Occupational Health and Safety was designed and implemented, standardizing this activity throughout the Corporation. In this area, the Course for Health at Work and Operational Risk (SIGO) Supervisors aimed at reinforcing Leadership in Occupational Health and Safety was launched, reaching 60% of Codelco's Division Supervisors and Vice-Presidency.

Participation of contractor company executives

During the year, two training workshops were held with executives of the main contractor companies (July and November 2017), where best safety practices likely to become standard throughout the organization were shared.

Application of Special Occupational Health and Safety Regulation for contractors.

- In adherence with specific action programs, Codelco divisions and the Vice-presidency of Projects carried out quarterly reviews and analyses of trends to identify strengths and weaknesses resulting from the monthly audits scheduled during the year at the work centers.
- Accordingly, evaluations were conducted during the semi-annual corporate audits of the Corporate Occupational Health and Safety Department (July and November) which resulted in a 92% compliance in 2017 with the Special Occupational Health and Safety Regulation by contractor companies evaluated in the process.
- With respect to support to contractor companies, professionals of the Administrative Organizations of Law 16.744 conducted specific tasks associated pursuant to the requirements of Special Regulation DS 76. These professionals focused efforts on the verification of compliance with legal aspects, compliance with the Fatality Control and Occupational Health Standards, support to the Joint Committees of Hygiene and Safety and Emergency Plan activities, among others.

Integration of the Joint Committee on Hygiene and Safety

Besides prejudice to the responsibilities set forth in the legislation, the internal action programs of the Joint Committee on Hygiene and Safety were fundamental in capturing the concerns, suggestions and input of workers. The primary activities of the Joint Committee on Hygiene and Safety were as follows:

- The following events were held: Corporate Meeting of Joint Committees (ECOPAR), Divisional Meetings of Joint Committees (EDIPAR) and Meeting of Joint Committees - Vice Presidency of Projects (EVIPAR) scheduled for the year, with the active participation of Board members and Executives of the Corporation. These events reveal a series of actions that will be considered in the Joint Committee work programs.
- The Corporate Technical Work Group of the Joint Committee on Hygiene and Safety, held twice in the year (April and December) focuses action on high-potential incident reporting, verification of compliance with corrective measures in the field, review of the Job Risk Assessments and providing support to the occupational medicine oversight plan and dissemination of hygiene issues to workers.

GRI
403-1

Joint Committees on Hygiene and Safety (JCHS) (as of December 2017)

| Division | No. of JCHS | No. of workers represented on the committee | % of workers represented | Number of worker participants (3* No. JCHS) | Number of board participants (3* No. JCHS) |
|----------------------|-------------|---|--------------------------|---|--|
| | | Own Staff 2017 (Average Jan. - Dec.) | | | |
| Radomiro Tomic | 2 | 1,239 | 100% | 6 | 6 |
| Chuquicamata | 14 | 5,663 | 100% | 42 | 42 |
| Ministro Hales | 2 | 753 | 100% | 6 | 6 |
| Gabriela Mistral | 1 | 553 | 100% | 3 | 3 |
| Salvador | 6 | 1,622 | 100% | 18 | 18 |
| Andina | 6 | 1,691 | 100% | 18 | 18 |
| Ventanas | 1 | 936 | 100% | 3 | 3 |
| El Teniente | 8 | 4,520 | 100% | 24 | 24 |
| Head Office | 1 | 505 | 100% | 3 | 3 |
| V. de Proyectos (VP) | 7 | 859 | 100% | 21 | 21 |

Accident rate indicators

GRI
403-2

During 2017 we regreted to announce two fatal accidents that occurred to workers while undertaking their respective duties. One fatality affected the Andina division in January and the other affected the Salvador division in April.

A Global Frequency Rate of 0.87 was recorded in 2017 (own and contractor companies) This figure represents a 7% improvement from the rate recorded in 2016 (0.94).

The Global Severity Rate (own staff and contractor staff) reached a rate of 145 lost days, down 45% with respect to 2016 results (263).

Codelco personnel indicators

| Division/VP | Gender | Total accidents | Lost-time accidents | Accident Frequency Rate | Lost days due to accidents (*) | Fatalities |
|----------------------------------|--------|-----------------|---------------------|-------------------------|--------------------------------|------------|
| Radomiro Tomic | Female | 0 | 0 | 0 | 0 | 0 |
| | Male | 11 | 0 | 0 | 13 | 0 |
| Chuquicamata | Female | 2 | 0 | 0 | 0 | 0 |
| | Male | 51 | 8 | 0.78 | 629 | 0 |
| Ministro Hales | Female | 0 | 0 | 0 | 0 | 0 |
| | Male | 5 | 0 | 0 | 0 | 0 |
| Gabriela Mistral | Female | 2 | 0 | 0 | 0 | 0 |
| | Male | 1 | 0 | 0 | 0 | 0 |
| Salvador | Female | 0 | 0 | 0 | 0 | 0 |
| | Male | 40 | 5 | 1.78 | 536 | 1 |
| Andina | Female | 0 | 0 | 0 | 0 | 0 |
| | Male | 20 | 3 | 1.33 | 100 | 1 |
| Ventanas | Female | 0 | 0 | 0 | 0 | 0 |
| | Male | 21 | 6 | 3.61 | 437 | 0 |
| El Teniente | Female | 2 | 0 | 0 | 0 | 0 |
| | Male | 52 | 11 | 1.32 | 1,841 | 0 |
| Head Office | Female | 1 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 |
| Vice Presidency of Projects (VP) | Female | 3 | 1 | 3.08 | 2 | 0 |
| | Male | 2 | 0 | 0 | 0 | 0 |
| Total | | 213 | 34 | 0.99 | 3,558 | 2 |

Contractor personnel indicators

| Division/VP | Gender | Total accidents | Lost-time accidents | Accident Frequency Rate | Lost days due to accidents (*) | Fatalities |
|----------------------------------|--------|-----------------|---------------------|-------------------------|--------------------------------|------------|
| Radomiro Tomic | Female | 4 | 0 | 0 | 0 | 0 |
| | Male | 30 | 2 | 0.27 | 88 | 0 |
| Chuquicamata | Female | 1 | 0 | 0 | 0 | 0 |
| | Male | 71 | 15 | 1.2 | 529 | 0 |
| Ministro Hales | Female | 7 | 0 | 0 | 0 | 0 |
| | Male | 46 | 8 | 1.88 | 292 | 0 |
| Gabriela Mistral | Female | 2 | 0 | 0 | 0 | 0 |
| | Male | 30 | 4 | 0.97 | 480 | 0 |
| Salvador | Female | 3 | 0 | 0 | 0 | 0 |
| | Male | 46 | 4 | 0.55 | 184 | 0 |
| Andina | Female | 0 | 0 | 0 | 0 | 0 |
| | Male | 55 | 12 | 1.35 | 839 | 0 |
| Ventanas | Female | 0 | 0 | 0 | 0 | 0 |
| | Male | 19 | 3 | 1.47 | 147 | 0 |
| El Teniente | Female | 3 | 0 | 0 | 0 | 0 |
| | Male | 97 | 13 | 0.63 | 242 | 0 |
| Head Office | Female | 1 | 0 | 0 | 0 | 0 |
| | Male | 2 | 0 | 0 | 0 | 0 |
| Vice Presidency of Projects (VP) | Female | 11 | 0 | 0 | 0 | 0 |
| | Male | 219 | 23 | 0.90 | 1,162 | 0 |
| Total | | 647 | 84 | 0.83 | 3,963 | 0 |

(*) Article 2, letter G of Supreme Decree 67 defines the days lost due to work accidents as follows:

Days lost from accidents resulting from, or caused by, work subject to compensation, whether or not it is paid during the month reported, including days brought forward.

Given the above definition, during the 2017 period there are accidents associated from the previous years that are recorded in the form of days carried over.

Occupational health

GRI
403-2

A focus was placed on management of health and hygiene in the workplace, preventive control of risk agents and occupational health of internal and contractor company workers. Therefore, a management plan was executed in 2017 that focused on implementing and maintaining action plans that allow the closing of systematic gaps in the field and the verification of compliance with the National Health Protocols in critical areas and in contractor companies.

Additionally, the environmental surveillance programs on occupational hygiene and ergonomics were maintained, with monitoring of their quality and traceability. Monitoring and radiological protection programs were also improved.

The Corporate Technical Work Group for the Eradication of Silicosis, held technical workshops and inspections to verify the implementation of the Rule that Saves Lives No. 20 "Exposure to dust with silica content" and defined the basis for 2018 development of a new Codelco Corporate Standard for the eradication of this occupational illness.

The Corporate Technical Committee for the Management of Hazardous Substances was formed with the aim of providing technical support and compliance with current regulations on this matter. A training program was carried

out for specialists and progress was reviewed on the Adaptation Projects with DS 43 "Storage of Hazardous Substances".

The functions of the Corporate Fatigue and Drowsiness Work Group was actively maintained, with developments in e-learning, enhancements to the criteria for defining control actions, the issuance of instructions on the use of fatigue and drowsiness detection technology systems and information for evaluation for psychological examination of the rigorous motor skill / eye-hand coordination examinations.

Procedures were issued to improve the management of the Corporation's Field Polyclinics related to medical care and administrative management of these care centers.

The Professional Disease Qualification Commission worked periodically, in the context of the Delegated Administration of Law 16.744 (SATEP) and evaluating 290 cases.

39 rulings of permanent disability were received and workers were relocated, as appropriate, pursuant to article 71 of Law No. 16.744. Corporate training on psycho-social risk factors was developed, according to the instructions of the Superintendence of Social Security.

New registries of occupational illness

| Division/VP | Nodular silicosis | Hearing loss | Osteomuscular | Misc. Illness | Work accident after-effects |
|----------------------------------|-------------------|--------------|---------------|---------------|-----------------------------|
| Radomiro Tomic | 0 | 0 | 0 | 0 | 0 |
| Chuquicamata | 0 | 6 | 0 | 0 | 0 |
| Ministro Hales | 0 | 0 | 0 | 0 | 0 |
| Gabriela Mistral | 0 | 0 | 0 | 0 | 0 |
| Salvador | 1 | 1 | 0 | 0 | 0 |
| Andina | 1 | 1 | 7 | 0 | 0 |
| Ventanas | 0 | 0 | 0 | 0 | 0 |
| El Teniente | 3 | 14 | 2 | 0 | 3 |
| Head Office | 0 | 0 | 0 | 0 | 0 |
| Vice Presidency of Projects (VP) | 0 | 0 | 0 | 0 | 0 |
| Total | 5 | 22 | 9 | 0 | 3 |

*Rulings issued by the Preventive Commission on Disability with loss of earning capacity equal or greater than 15%.

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

General overview of risk agents present at Codelco mine sites (2017)

GRI
403-3

| Division | Silica | Noise | Arsenic | Acid mist |
|----------------------------------|--------|-------|---------|-----------|
| Radomiro Tomic | YES | YES | NO | YES |
| Ministro Hales | YES | YES | YES | NO |
| Chuquicamata | YES | YES | YES | YES |
| Gabriela Mistral | YES | YES | NO | YES |
| Salvador | YES | YES | YES | YES |
| Andina | YES | YES | NO | NO |
| Ventanas | YES | YES | YES | YES |
| El Teniente | YES | YES | YES | YES |
| Vice Presidency of Projects (VP) | YES | YES | YES | NO |
| Head Office | NO | NO | NO | NO |

Environment

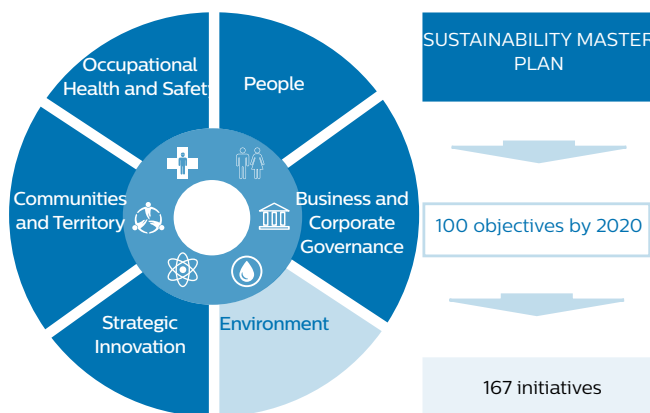


Our Sustainability Master Plan prompts us to build a sustainable business environment and contributes to the strengthening of the organization.



In this section, Codelco highlights the following Sustainable Development Goals:

- | | |
|---|----------------------------------|
| 3 Health and wellbeing | 13 Climate action |
| 6 Clean water and sanitation | 14 Marine life |
| 7 Affordable and clean energy | 15 Life of land-based ecosystems |
| 8 Gainful employment and economic growth | |
| 12 Responsible production and consumption | |



| | |
|---|---|
| <input checked="" type="checkbox"/> Atmospheric emissions | <input checked="" type="checkbox"/> Bulk mining waste |
| <input checked="" type="checkbox"/> Energy efficiency | <input checked="" type="checkbox"/> Territory, land and landscape |
| <input checked="" type="checkbox"/> Water resources and waste water | <input checked="" type="checkbox"/> Biodiversity |
| <input checked="" type="checkbox"/> Solid waste | <input checked="" type="checkbox"/> Job site closure |

GRI 103-2 Strategy and challenges

At Codelco we seek to foresee, among other variables, the effects of climate change, with concrete and challenging goals for 2020, 2030 and 2040, with an aim to reduce uncertainties regarding the availability of resources and minimize socio-environmental risk and impact.

On environmental matters, during the first half of 2017, and in accordance with our Sustainability Master Plan, teams were established to achieve 28 environmental goals by 2020, setting in motion 20 management plans to coordinate aspects on this matter.

A key goal towards 2020 with respect to environmental challenges is a 10% reduction in fresh water use per treated ton.

GRI 102-11 At Codelco we seek preventive and transparent management of environmental risks, compliance with regulations, considering the effects of climate change, increasing water and energy efficiency, decreasing the consumption of continental water and the emission of gases and particulate matter.

The foregoing is in accordance with and falls within our corporate sustainability policy, which seeks to improve upon existing regulations by establishing environmental and community standards. These standards allow us to ensure the implementation and monitoring of compliance with the principles and declarations of the International Council of Mining and Metals (ICMM) and the Global Compact, initiatives to which we belong, and with a commitment towards the development of more sustainable mining.

Our Sustainability Master Plan, environmentally speaking, aims to raise the standard in such important matters as our water efficiency, energy efficiency, waste treatment and the reduction of impacts in the territories where we operate.

We approved the methodologies for measuring fresh water consumption per division and developed plans for the recovery of solid industrial waste at all divisions.

Another of the priority aspects for our management approach is to avoid the occurrence of operational incidents with environmental consequences, learning from each case and taking the necessary preventive measures.

These priority aspects are included in the corporate performance assessment and are monitored by senior management. Moreover, measures and goals have been established in our Environmental Risk Management System (ERMS) focused mainly on the control and management of critical environmental risks identified in our operations and job sites.

The ERMS also manages aspects such as the prevention, evaluation and learning of environmental incidents, response to socio-environmental claims and suggestions and compliance with regulatory requirements and those arising from the Environmental Permits.

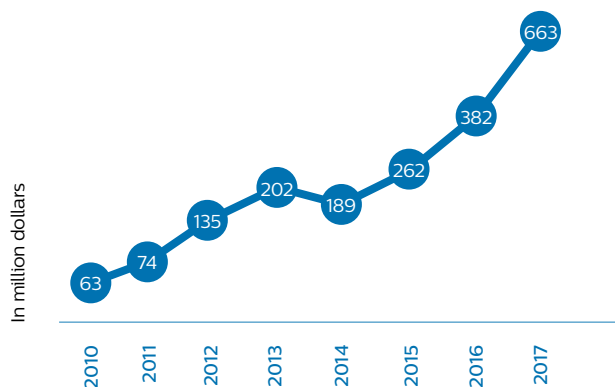
In 2017, we had six projects for Environmental Assessment (EIS) into the Environmental Impact Assessment System (EIAS), two of which received authorization.

All our projects entered into the system during 2017 consider a processing deadline that will not exceed seven months. Three of our projects involved modifications to the Chuquicamata Underground structural projects, Radomiro Tomic Sulfides Phase II and El Teniente Mine New Level.

GRI 102-11 In accordance with Codelco values, we adhere to the precautionary Principle 15 of the Rio Declaration on Environment and Development. Our environmental management practices pursue the formulation and execution of all possible measures leading to the identification and control of environmental risks. The management of social-environmental vulnerabilities, addressed in the Environmental Risk Management System, is an example of this.

GRI 103-2 Environmental Investment

From 2010 to 2017 we have increased our investments more than tenfold, from US\$ 63 million in 2010 to US\$ 663 million in 2017. This level of spending demonstrates our commitment to sustainability to maintain business profitability and to respond to the growing demands of the market, demanding environmental regulations and the higher expectations of society on the extractive industry.



GRI 303 103-1 Water management

Codelco's Corporate Office of Water and Tailings is responsible for the implementation of the Sustainability Master Plan on hydrological matters and the standard of water resources and rivers, thereby promoting the efficient use of water resources.

The foregoing clearly demonstrates our commitment to the ICMM principles and position statements (Principles 2 and 6 and our position statement on climate change).

Among the other challenges set forth in the Sustainability Master Plan, we have established the goal of reducing consumption by 10% per treated ton of fresh water by 2020. Our efforts on this aspect focus on the efficient management of water use, the increase in the reuse of water resources and the reduction of consumption.

As indicated in our standard for water resources and wastewater, our principle is to ensure availability and sustainable management of current and future water resources for our operations, projects and the business, considering territorial aspects while preventing and controlling associated socio-environmental impact. Therefore, the Corporate Office of Water and Tailings must validate strategies, verify commitment compliance, ensure the availability and sustainable management of the water resource and facilitate the implementation of defined plans.



The initiative expects to continue until 2021 with the objective of developing a physical and chemical stability monitoring system for tailings deposits using the best available technologies, while developing innovative mechanisms to measure critical parameters and variables. Therefore, both the communities and authorities will be able to access quality, reliable and real-time information from mining companies. This will help strengthen operations management, reduce the perception of risk and improve communication between the parties and respond to possible emergency situations.

GRI 303-2 The identification of impact on water sources in Chile is regulated through Water Rights and Environmental Permits (EQR). Given the foregoing, the safeguards on the rights of third parties and requirements of environmental authorities, no breaches of this regulatory framework were reported in 2017.

At Codelco operations, water supply is based on extraction from our own sources, the majority of which correspond to long-term water rights primarily from surface or underground sources.

In terms of availability, we are concerned with the monitoring and control of environmental variables and the control of water extracted from our sources and, fundamentally, the reduction of water demand through water efficiency.

GRI 303-1 During the 2017 fiscal year, total water collected by the Corporation was 173,944 thousand m³, less than what was captured during the previous period (174,712 m³). We will continue seeking to make water use more efficient in our productive processes. The Corporation's total recirculation percentage for the reported year was 76.9%, up from 75.3% the previous year.

2017 Water collection and recirculation (thousands of m³)

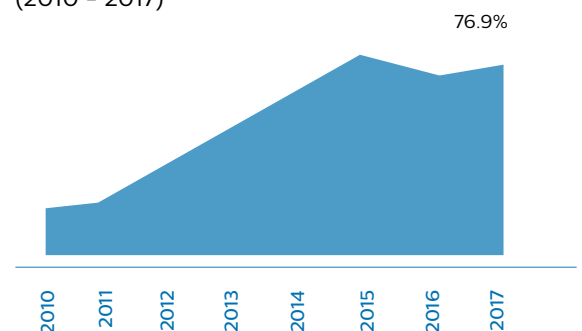
| | | Radomiro Tomic | Chuquibambilla | Ministro Hales | Gabriela Mistral | Salvador | Andina | Ventana | El Teniente | Total |
|------------------------------------|--------------------|----------------|----------------|----------------|------------------|----------|--------|---------|-------------|---------|
| Collection per source | Surface water | - | 19,043 | - | - | 19,024 | 18,120 | - | 41,142 | 97,331 |
| | Ground water | - | 37,820 | 2,651 | 7,435 | 5,234 | 3,214 | 955 | 202 | 57,511 |
| | Mine water | 17 | 2,186 | 1,415 | - | - | 7,775 | - | 7,702 | 19,095 |
| | Municipal water | - | - | - | - | - | 8 | - | - | 8 |
| | Rainwater | - | - | - | - | - | - | - | - | - |
| | Total collected | 17 | 59,049 | 4,066 | 7,435 | 24,258 | 29,117 | 955 | 49,047 | 173,944 |
| Water from third parties | | 9,164 | 2,330 | 9,928 | - | - | - | 402 | - | 21,824 |
| Water transferred to third parties | | 671 | 16,275 | 305 | - | 1,924 | - | - | - | 19,174 |
| Recirculation | Total recirculated | 80,517 | 316,739 | 24,259 | 40,232 | 19,272 | 33,700 | 104 | 72,852 | 587,673 |
| | % recirculation | 90.4 | 87.5 | 63.9 | 84.4 | 46.3 | 53.6 | 7.1 | 59.8 | 76.9 |

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

GRI 102-48 The data delivered in the table correspond to a standardization process in the application of the methodology for calculating water recirculation.

GRI 303-3 Recirculation percentage is obtained by dividing the total amount of recirculated water by the total volume of water used in the divisions, including withdrawal, recirculation, and waters received from third parties.

Corporate recirculation (2010 - 2017)



Management of energy and greenhouse gas emissions

GRI
302
103-1
103-2

Codelco's Energy Resources Department is responsible for implementing the corporate environmental standards for energy efficiency and climate change, contributing to the reduction of greenhouse gases and associated impact.

In 2017, we reincorporated an energy performance indicator in our divisional performance agreements, in order to stimulate its management. Additionally, we launched an information platform for mobile equipment fuel consumption, which has been made available to one of our fuel suppliers.

With respect to energy and fuels, in 2017 we reached agreements that allow us to modify some of the electrical supply contracts for the northern divisions, which will supply renewable energy for 22.5% of Codelco's overall consumption demand.

The result of these negotiations implies significant savings in comparison with the current electrical supply conditions and will therefore have an impact on our C1 cost. Regarding liquid fuels, we awarded a medium-term Liquefied Natural Gas (LNG) contract for the operations of the northern district, reducing the supply cost of this type of fuel.

Additionally, we launched an information platform for mobile equipment fuel consumption, which has been made available to one of our fuel suppliers.

Leveraging the above, Codelco's standard for energy efficiency and climate change seeks to optimize use both physically and economically, considering energy efficiency and the use of renewable energy as focal points.

With this we expect to contribute to the mitigation of the effects of climate change and promote adaptation measures considering the mining life cycle.

Energy efficiency is a key aspect our Sustainability Master Plan and is among the areas to be improved in terms of environmental matters. Therefore, we have implemented a management system focused on optimizing specific indicators on energy use in production processes to contribute to a favorable business outcome, specifically with a project management approach that reduces water consumption and clean energy use in future contracts.

GRI
302-1

The energy management system structure is based on 4 approaches: management of existing contracts, management of energy efficiency in processes, renewable energies, and energy efficiency in investment projects.

These 4 approaches are developed within each division with corporate-level follow-up and oversight. This allows us to share improvement measures and to create a potential portfolio of transferrable practices. Specifically, in the management of renewable energies, we seek to reduce costs and reduce greenhouse gas emissions.

During 2017, the total direct energy consumption in our productive processes; that is, the use of petroleum and its derivatives, natural gas and coal, was 24.71 petajoules (PJ).

Total indirect energy was 26.36 PJ, corresponding to electricity coming from the Central Interconnected Systems (SIC) and the Norte Grande Interconnected System (SING) (not including self-generated energy). Therefore, as a whole, the total energy consumption was 51.41 PJ, equivalent to 14,280 gigawatts-hours (GWh).

GRI
302-3

The intensity of energy use was 29.65 PJ / million, a decrease compared to 2016 levels at 30.16 PJ / million tfm. Global production consumption does not consider El Abra or Anglo American Sur operations, where Codelco holds a partnership interest.

GRI
305
103-1

In terms of climate change and greenhouse gas emissions, Codelco seeks to optimize energy supply consumption, both physically and economically, by the efficient use of energy and renewable energy in our new projects and operations, despite the fact that the main impact is the performance of the systems that provide electricity.

Emissions management

GRI
305-1
305-2
305-3

At Codelco, we measure direct and indirect emissions expressed in terms of carbon dioxide equivalent (CO₂e). Direct emissions are those generated by the use of fuels in operations and indirect emissions correspond to those generated in the power generation systems that provide

electricity to the divisions (SING and SIC). Codelco does not quantify indirect emissions of greenhouse gases (Scope 3).

GRI
305-5

The following table presents the GHG values, which were lower than the previous period:

Greenhouse gas Emissions (GHG)

| Emissions | Unit | 2014 | 2015 | 2016 | 2017 |
|---------------------------------|---------------------|-----------|-----------|-----------|-----------|
| Direct | t CO ₂ e | 1,604,819 | 1,586,922 | 1,720,614 | 1,704,772 |
| Indirect | SING | 2,712,672 | 2,638,869 | 2,649,321 | 2,669,079 |
| | SIC | 1,321,206 | 1,248,278 | 1,439,591 | 1,213,963 |
| Other fuel combustion processes | | | | 51,959 | 51,009 |
| Total emissions | | 5,638,697 | 5,474,069 | 5,861,485 | 5,638,823 |

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

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

Intensity of GHG

GRI
305-4

| | Metrics | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------------|-----------------------------------|------|------|------|------|------|
| Total emissions | Million tons of CO ₂ e | 5.8 | 5.7 | 5.5 | 5.9 | 5.6 |
| Copper production* | Millions of Mtf | 1.6 | 1.7 | 1.7 | 1.7 | 1.7 |
| Intensity | tCO ₂ e/million mtf | 3.6 | 3.4 | 3.2 | 3.4 | 3.2 |

*Codelco's total production does not include the production of Minera el Abra and Anglo American Sur. Note: There are no other types of emissions included in the intensity calculation.

GRI
305-7

Codelco owns four (4) copper concentrate smelters that generate, mainly, sulfur dioxide (SO₂), arsenic (As), and particulate material (MP). These facilities are governed by emission regulations, while others are governed by decontamination plans applicable to the cities located within the area of influence of its operations. In 2017, all

smelters met the established limits and/or standards.

In addition, since 2015, the Ministro Hales Division has measures and informed the authority on its emissions. This year, emissions quantities amounted to 682.1 kt of sulfur dioxide (SO₂) and 0.235 kt of arsenic (As).

Smelter emission (thousands of tons)

| Smelter | Type of emission | 2014 | 2015 | 2016 | 2017 | Límite anual |
|--------------------------------------|------------------|-------|-------|-------|-------|--------------|
| Chuquicamata (Chuquicamata Division) | SO ₂ | 89.6 | 95.42 | 85.8 | 76 | 96.5* |
| | MP | 0.001 | 0 | 0 | 0 | 1.85 |
| | As | 0.73 | 0.32 | 0.19 | 0.42 | 0.8 |
| Potrerillos (Salvador Division) | SO ₂ | 84.4 | 67.6 | 60.2 | 49.3 | 89.5 |
| | MP | 0.32 | 0.18 | 0.12 | 0.16 | 5.5 |
| | As | 0.75 | 0.58 | 0.56 | 0.56 | 0.8 |
| Ventanas (Ventanas Division) | S | 7.43 | 7.07 | 6.93 | 5.28 | 7.3* |
| | MP | 0.07 | 0.12 | 0.08 | 0.051 | 1 |
| | As | 0.04 | 0.05 | 0.05 | 0.039 | 0.048* |
| Caletones (El Teniente Division) | SO ₂ | 54.94 | 54.41 | 69.06 | 52.81 | 80* |
| | MP | B | B | 0.65 | 0.74 | A |
| | As | 0.18 | 0.22 | 0.22 | 0.18 | 0.38 |

A: Application of the emission standard DS28

B: From 2003, Caletones smelter discontinued the measurement of emissions, having to comply with particulated matter emissions.

* These limits apply since 2017 complying with new regulations (S.D. N°. 28 Ministry of the Environment)

Codelco has not recognized the emissions of substances that deplete the ozone layer in any of the emissions

systems established by the authority.

Wastewater Management

GRI
306-1

In 2017 Codelco had 9 wastewater discharge points (4 at the Andina division, 3 at the Salvador division, 1 at the Ventanas division and 1 at the El Teniente division) all controlled by monitoring programs. It is important to note that Radomiro Tomic, Chuquicamata, Ministro Hales, and Gabriela Mistral divisions do not discharge wastewater into water courses.

All discharge points have been authorized by monitoring program resolutions and require monthly reporting of results. However, thanks to effective management, some of these points no longer discharge wastewater, although their monitoring programs continue to remain in force; this is the case with 2 discharge points at the Salvador division.

Liquid industrial wastes

| Division | N° of discharge points with monitoring programs (SISS/ DIRECTEMAR) | Total volume discharged (thousand m³) | | | | Destination type |
|-------------|--|---------------------------------------|--------|--------|--------|------------------|
| | | 2014 | 2015 | 2016 | 2017 | |
| Salvador | 3 | 0 | 0 | 115 | 258 | Surface water |
| Andina(*) | 4 | 14,664 | 13,678 | 10,851 | 9,856 | Surface water |
| Ventanas | 1 | 364 | 335 | 310 | 287 | Sea water |
| El Teniente | 1 | 22,505 | 41,976 | 45,976 | 50,380 | Surface water |
| Total | 9 | 37,533 | 55,989 | 57,252 | 60,781 | |

(*) In 2015, after a management process conducted on discharge elimination systems, the Andina division submitted a request for review of the wastewater to the Superintendence of Environment, which established in Resolution 490/2016, to decrease discharge points from 10 to 4. 2 of the mentioned 4 points did not register discharge for 2017

GRI
306-5

All wastewater discharge from our operations is compliant with the applicable national legislation; that is, they do not affect water bodies.

Solid waste sent for disposal or valorization, per type (in tons)

| Division | 2016* | | 2017* | |
|------------------|-----------|---------------|-----------|---------------|
| | Hazardous | Non-hazardous | Hazardous | Non-hazardous |
| Radomiro Tomic | 3,181 | 7,519 | 2,208 | 9,027 |
| Chuquicamata | 37,736 | 16,212 | 71,263 | 25,478 |
| Ministro Hales | 45,712 | 2,633 | 61,836 | 3,310 |
| Gabriela Mistral | 1,245 | 3,608 | 876 | 6,772 |
| Salvador | 4,878 | 1,750 | 7,673 | 1,428 |
| Ventanas | 41,560 | 11,422 | 40,441 | 2,624 |
| Andina | 3,239 | 8,873 | 3,288 | 8,838 |
| El Teniente | 79,517 | 48,911 | 54,039 | 51,282 |
| Total | 217,068 | 100,928 | 241,624 | 108,759 |

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

GRI
306-4

Codelco did not transport hazardous waste to other countries in 2017.

Solid industrial waste management

GRI
306-2

Our solid waste standard is aligned with principles 6 and 8 of the ICMM that seeks to minimize solid waste generation, control the potential impacts of solid waste management and to dispatch such waste to final destinations authorized for elimination or recovery. All Codelco divisions have management plans to control and avoid possible environmental and human impact.

All generated waste is sent to authorized locations such as: recycling or reuse plants, energy recovery, storage deposits / landfills or sent to waste treatment companies. Hazardous waste is recorded by the Hazardous Waste Declaration and Tracking System (SIDREP) of the Ministry of Health, while non-hazardous waste is recorded the National Hazardous Waste Declaration System (SINADER) platform.

Hazardous and non-hazardous solid waste generated per division is provided below:

Bulk mining waste

MM3

Codelco has established a Bulk Mining Waste standard which aims to strengthen the prevention of impacts and risks to people, the environment and land, applying control criteria in the design of dumps, operations and projects.

It is worth mentioning that one of the objectives of the Sustainability Master Plan is to study and define competitive technology for abatement of sulfates from tailings impoundment water ponds.

With respect to tailings, Codelco participates in the “Programa Tranque” project since its inception in 2016.

This program involves the participation of other mining companies (BHP and Antofagasta Minerals), the authorities (Sernageomin, General Water Directorate, Superintendence of Environment, Ministries of Mining, and Economy, Development and Tourism, government agencies, Corfo and FIE) and national and international consulting firms and expert advisors, all coordinated by Fundación Chile, as acting manager.

Quantity of bulk mining waste generated in 2017 (thousands of tons)

| Division | Tailings | Slag | Waste rock | Low grade ore | Leach tailings |
|------------------|----------|-------|------------|---------------|----------------|
| Radomiro Tomic | NA | NA | 133,559 | 0 | 0 |
| Chuquibambilla | 59,084 | 560,2 | 54,916 | 3,470 | 18,899** |
| Ministro Hales | 19,292 | NA | 89,294 | 0 | 0 |
| Gabriela Mistral | NA | NA | 21,432 | 0 | 13,693 |
| Salvador | 9,898** | NA | 7,747 | 48,7 | 4,778 |
| Ventanas | NA | 280 | NA | NA | NA |
| Andina | 31,092 | NA | 30,321 | NA | NA |
| El Teniente | 57,999 | 253 | 138** | 178** | NA |

NA: Not applicable.

(**) Approximate values out of reach of verification.

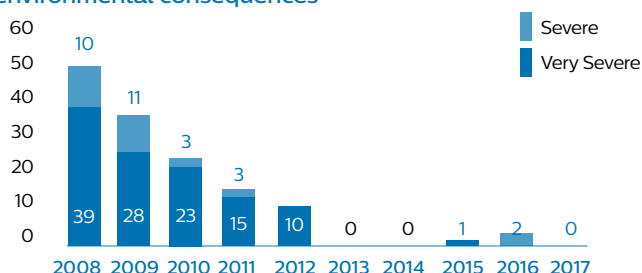
Management of operational incidents with environmental consequences

GRI 306-3

Codelco’s new Corporate Standard No. 38 for the management of operational incidents with environmental consequences came into effect in November 2017. This standard establishes and incorporates new preventive and control measures. Additionally, Corporate Standard No. 38 increases the requirements in the criteria to identify and categorize each incident. This involves a tool directly related to improving incident management, generating learning and avoiding impacts to the environment, the community and the company.

In 2017, there were no operational incidents with severe or very severe environmental consequences; however, 141 incidents occurred which are categorized as minor and 9 incidents of serious category. These were mainly associated with spills in the transport of calcine, slurry and tailings which did not carry impact.

Operational incidents with serious and very serious environmental consequences



Biodiversity

GRI 304 103-1 MM1 MM2

Biodiversity is a fundamental part of the environmental facet of the Sustainability Master Plan. The following biodiversity-specific objectives have been proposed by 2020: Plans for areas of biodiversity, zero incidents in biodiversity and the enhancement of our ecosystems.

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

Since 2012, Codelco has established standards for biodiversity and land with their respective implementation guidelines. With these standards, each division will improve the identification and characterization of its ecosystems within its areas of influence, and also define its initiatives in relation to protection and / or conservation.

Our standard for land, soil and landscape integrates the territorial variables in the mining life cycle and contributing to the viability of the different stages of the projects (exploration, operations and mine site operations closure) and other Codelco initiatives, in order to ensure the sustainable use of the territory.

In general, our standards establish the minimum criteria to be executed such as: baseline formulation, impact management, maintenance of variables that forecast the “future”, and definition of strategic indicators that expedite the management, tracking, and assessment of their impacts.

Our impact management practices are focused on the assessment and monitoring of our risks of the different types of scenarios (terrestrial, aquatic, maritime), identifying and characterizing the area of influence and then establishing management plans and conservation programs which are to be implemented at different stages of a project.

Likewise, a key part of our objectives is to encourage, engage/collaborate in the different protection and/ or conservation initiatives at local and national level, towards the strengthening of biodiversity.

Our divisions are located in a large portion of the national territory, not only from the Norte Grande to the central zone of Chile, but also from the Andes mountain range to the sea which encompasses a wide diversity of ecosystems.

GRI 304-1
304-2
304-3
The areas rich in biodiversity that are managed by Codelco are those recognized by the State and / or in studies or environmental impact statements.

These areas are located in the vicinity of the tailings deposits in the Valparaíso Region and correspond to the Fundo Rinconada de Huechún, of the Andina Division, and the Ecological Hacienda Los Cobres de Loncha, of the El Teniente Division.

Both areas exhibit significant variety in climate, landscape composition and ecosystem diversity. It is important that these areas be monitored through management plans to identify the presence and populations of flora and fauna species classified for conservation.

Our Fundo Rinconada de Huechún consists of a preservation area of 1,033 hectares and a conservation area of 1,618 hectares, both of which correspond to a spinal ecosystem of rich in avifauna that currently has a management plan for the conservation of natural resources. This plan includes a fauna monitoring program to identify possible impact.

Inside the “Hacienda Ecológica Los Cobres de Loncha”, located in the District of Alhué, is the 5,980-hectare Roblería del Cobre de Loncha National Reserve. This reserve was lent for use en comodato by El Teniente Division to the National Forestry Corporation (Conaf) for its administration.

This reserve contains species of flora and fauna classified as vulnerable, primarily endemic, that belong mainly to the sclerophyllous forest type and have a management plan to address the main impacts caused by the tailings impoundment through programs of re-forestation, rescue and relocation of individuals.

Other areas rich in biodiversity near our operations, is the Río Blanco National Reserve, adjacent to Andina division, stretching over an area of 10,175 ha. Here, no significant environmental impact has been recorded and therefore to date it has not been included under a management plan.

Additionally, there are areas rich in maritime biodiversity close to the operations of two of our divisions such as the Salvador Division, where the Port of Barquito is located in the Chañaral Bay.

This marine area is composed mainly of microalgae and benthic invertebrates. Monitoring program reports state that port activities will not significantly or irreversibly impact the area, provided that operations are carried out under the quality and safety standards established by the division.

Ventanas division maximizes the value of the Campiche wetland

The Ventanas division maintains monitoring plans that are regularly reported to the authority (DIRECTEMAR) giving account of the state of the coastline. Also, and according to Clean Production Agreement (APL) commitments, a diagnostic study has been completed on the behavior of the Campiche water surface / wetland and a comprehensive management plan has been developed with the aim to improve, preserve, and protect the biodiversity of the area.

Furthermore, the Ventanas Division has financed a bio-engineering project that is unparalleled in Chile. This project seeks to repopulate the banks of the primary lagoon of the wetland through the installation of bio-coils made of biodegradable material that contain a

system using straw and leafy compost that in 2016 began to deliver its first results with the re-population of reeds, thus providing fauna with shelter, food and most importantly, breeding areas.



Tagua, Campiche recovering

Several Codelco divisions have established programs and/or agreements entered into with universities, government agencies, and other organizations engaged in biodiversity conservation or protection initiatives. With respect to our collaboration and partnership commitment to develop knowledge at the national and local level, the Ventanas division collaborated on the completion of a diagnostic study where the state of land and marine ecosystems within the area of influence of the Puchuncaví-Quintero industrial complex was analyzed (PS “Mining: Partnerships for Development”).

GRI 304-4 As a result of constant monitoring that is carried out in the different divisions, over the years the following species of flora and fauna have been identified as “endangered”: *Lagidium viscacia* (Vizcacha), *Pterocnemia pennatai* (Suri), *Lama guanicoe* (Guanaco), *Chinchilla brevicaudata* (Chinchilla), *Sterna lorata* (Gaviotín Chico), *Coscoroba coscoroba* (Coscoroba Swan), *Feline Lontra* (Chungungo), *Spalacopus cyanus* (Cururo), *Cyanoliseus patagonus* (Tricahue) and *Avellanita bustillosii* (Avellanita). Other species of

significant interest for El Teniente division are the species in the conservation category: *Jubaea chilensis* (Chilean palm), *Persea lingue* (lingue) and *Citronella mucronata* (naranjillo).

Since 2008, Codelco has been part of the Foundation for the Sustainability of the Gaviotín Chico, a public-private body that aims to protect this valuable species, through the development of research capabilities, generation of new knowledge on the species and the implementation of technical measures associated with that objective.

Mine closure

MM10 In Codelco we fully comply with Law No. 20.551 that regulates the closure of mining works and facilities. Codelco has 8 closure plans in force and approved by the authority. In 2017, we constituted guarantees for an amount of UF 27,324,262 in favor of the State of Chile.

Closure plans approved in 2015

| Division | Approval date | No. of resolution | Cost of closure (UF) |
|------------------|---------------|-------------------|----------------------|
| Radomiro Tomic | March 19 | 1,290 | 10,385,450 |
| Chuquicamata | May 27 | 1,425 | 31,567,848 |
| Ministro Hales | May 14 | 1,316 | 4,270,201 |
| Gabriela Mistral | June 15 | 1,600 | 3,632,838 |
| Salvador | August 17 | 2,080 | 12,534,924 |
| Andina | November 3 | 2,777 | 18,725,048 |
| Ventanas | May 11 | 756 | 3,340,149 |
| El Teniente | June 2 | 1,485 | 38,812,050 |

Subsequently, on December 30, 2016, the Chuquicamata division submitted the National Service of Geology and Mining (SERNAGEOMIN) with an update of its closure plan within the general framework of the law, with a new closure cost, which is currently under review by the authority.

Whistleblowing and grievance system

GRI 307 103-1 307-1 Codelco seeks to respond in a timely manner to concerns, grievances and suggestions from neighbors that arise as a result of the productive processes or investment projects of the company. In 2017, we received 85 contacts through these channels, 20 of which involved environmental topics.

Toll-free number: 800 222 600
Email: contactsocioambiental@codelco.cl

Communities and territory



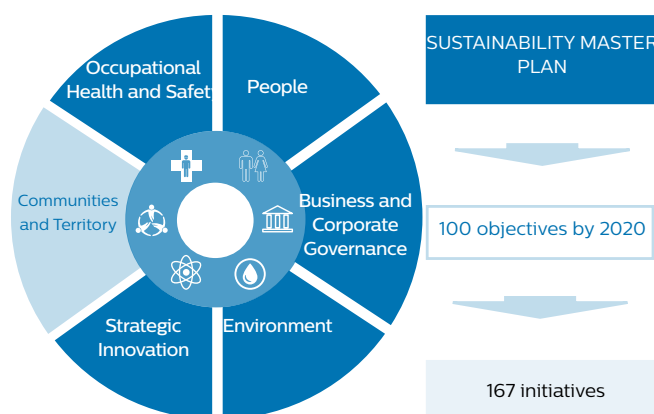
We seek to strengthen long term relationships of trust, contributing the development quality of life of the inhabitants of the territories where we conduct our activities



In this section, Codelco highlights the following Sustainable Development Goals:

- | | | |
|-------------------------------|---|--|
| 1 End of poverty | 8 Gainful employment and economic growth | 13 Climate action |
| 2 Zero hunger | 9 Industry, innovation and infrastructure | 14 Marine life |
| 3 Health and wellbeing | 10 Reducing inequalities | 15 Life of land-based ecosystems |
| 5 Gender equality | 11 Sustainable cities and communities | 16 Peace, justice and solid institutions |
| 7 Affordable and clean energy | 12 Responsible production and consumption | 17 Partnerships to achieve objectives |

Community development



In 2017, in adherence to the guidelines established in the Sustainability Master Plan, community development holds a strategic vision of increasing the strengths of the communities within the project territories.

Given that the objective is to improve the quality of life of people, we've set our focus on programs that contribute to the satisfaction of needs and long-term priorities in matters of development, in order to promote positive social and economic change.

By 2018 the new standards of community and indigenous peoples relations and development will be implemented. Guidelines for the implementation of said standards and the management of socio-environmental impacts will be socialized.

This process will allow community development management to respond to the guidelines of the Sustainability Master Plan, conducting a detailed review of community actions, for which interdisciplinary work has been developed throughout the corporation.

Projects:

We continue to progress on the construction and implementation of the territorial development model together with the participatory development of the Community Relations Strategy.

As a result of the Socioeconomic Impact Study conducted during the first semester of 2018, areas of socioeconomic influence of the divisions will be identified. Additionally, the construction of the Strategy for the development of local suppliers will begin.

Finally, in the successive formulation of plans, the territorial development model will be incorporated, with special focus on risk management.

Information to the community: With respect to the System of Social and Environmental Claims and Suggestions (SRSS), improvements were introduced in the response procedure (satisfaction survey, incorporation of human rights issues, follow-up responses, incorporation of scale-up to KPIs). Additionally, improvements were established in tracking and reporting of call tickets.

Community development

GRI
413-1
203-1

As established by Codelco Corporate Regulation No. 39 on Community Investment, agreements are the instruments with which the Corporation execute agreements with institutions with legal personality (public or private), in order to formalize the delivery of contributions for the realization of community projects. It should be noted that all community contributions that Codelco makes must have an agreement with these characteristics.

Current community agreements reached a total of 160 initiatives throughout all our operations.

100% compliance was reached on agreements with background checks according to Law 20.393. On the prevention of bribery money laundry, financing terrorism.

The total amount of social investment for the year 2017 was \$ 7,409,237,186, of which \$ 4,224,788,561 corresponds to infrastructure projects.

Featured initiatives

GRI 413-1

| Division | No. of agreements | Background check (AML certificate) | w/o Background check (AML certificate) | Sworn statement | w/o sworn statement | Total 2017 Expenses | Total Amount |
|----------------|-------------------|------------------------------------|--|-----------------|---------------------|---------------------|-------------------|
| North District | 97 | 97 | 0 | 97 | 0 | \$ 5,912,933,679 | \$ 14,377,970,892 |
| Salvador | 10 | 10 | 0 | 10 | 0 | \$ 222,711,832 | \$ 344,079,000 |
| Andina | 35 | 35 | 0 | 35 | 0 | \$ 931,221,951 | \$ 1,072,698,424 |
| Ventanas | 8 | 8 | 0 | 8 | 0 | \$ 177,577,412 | \$ 342,635,258 |
| El Teniente | 10 | 10 | 0 | 10 | 0 | \$ 164,882,312 | \$ 383,271,102 |
| | 160 | 160 | 0 | 160 | 0 | \$ 7,409,327,186 | \$ 16,520,654,676 |

GRI 203-1

Of the total amount spent, 38 agreements correspond to investment oriented to infrastructure, which is equivalent to \$ 4,224,788,561.

GRI 413-1

The Social Investment Fund (FIS) is one of our mechanisms for allocating resources allowing the co-financing of community projects with resources of the divisions, the corporate center and social organizations.

The FIS is aimed at civil society groups within our areas of influence, in each of our operations.

Investment focus is placed on projects related to sustainability, infrastructure, productive development and education.

GRI 413-1

Each of these focal points have as their main objective the development of projects that seek to resolve the socio-environmental impacts generated by our operations, encourage citizen participation and improve the quality of life of people. The projects awarded were as follows:

| Division | Project name | Total project amount | FIS co-financing amount |
|----------|--|----------------------|-------------------------|
| Salvador | Revitalization of Caleta San Pedro, Chañaral | \$112,150,000 | \$63,000,000 |
| Andina | Fish Farming Open to the Community | \$105,000,000 | \$63,000,000 |
| Total | | | \$126,000,000 |

In 2017 we identified the following outstanding initiatives:

NORTH DISTRICT

Borde Río Loa Project



SDG 11 Sustainable cities and communities

New walkways, a cafeteria, exhibition halls, a sewage treatment plant and a footbridge are part of the attractions at the Borde Río de Calama Park. Enhancement work has converted the park into "green lungs, both for Loa families ("Loinas") as well as for tourists who come to the area throughout the year.

In 2017, Codelco North District fulfilled its commitment to provide financing for the main works of the park, which is a first step to raise the urban standard of the city, improving the quality of life of its inhabitants and becoming a cultural and touristic point of interest for the area.

The opinion of the Loina community was considered for the execution of this project, reflected in the massive citizen survey held in 2012.

Associated Amount: \$ 3,754,399,308

Sector Peuco Marathon Crossing and Calama Ring Road



SDG 11 Sustainable cities and communities

Three crossings equipped with traffic lights, greater signage and enhanced illumination breathe life to the new crossing at the Peuco Maratón-Ring Road sector. This is an infrastructure project that in 2017 provided motorist and pedestrian connectivity definitive to all and all the inhabitants of the sector, mainly from the village Lagunas Andinas.

Above all, this new step forward provides greater safety to pedestrians and motorists, who now have a regulated intersection that improves quality of life.

Inhabitants of the Las Villas of the El Peuco sector located on Route 25, to the east and west of the Ring Road, are also beneficiaries of this project.

Associated Amount: \$ 2,018,444,442.

Non-conventional Renewable Energies



SDG 7 Affordable and clean energy

2017 was a year in which Codelco North District continued to promote the use of non-conventional renewable energies, through the installation of solar heating throughout several points of the city.

The work was executed in five neighborhood associations of the Northwest sector, Nueva Oasis Norte, Renacer de Quetena, Francisco Segovia, Gladys Marín and Independencia 2, and were joined by other sectors such as the Tucnar Huasi village, which certified fifty of its neighbors in the use and maintenance of these devices.

In total, the Codelco's North District program has benefited more than 365 families, now trained in the key aspects of the use of non-conventional renewable energies, thus improving the household's economy, significantly reducing the consumption and purchase of liquefied gas and generating an average savings between \$ 160,000 to 180,000 per year per family.

The foregoing in adherence with the core objective of the project to use solar radiation available in the Province of El Loa for the benefit of its inhabitants.

Associated Amount: \$ 263,360,000.

Design of the Valentín Letelier Educational Complex



SDG 11 Sustainable cities and communities

Modern facilities, a superior attention to the thousand students and seven thousand square meters of constructed area, are part of the main characteristics that the future Valentín Letelier de Calama Educational Complex. This is an educational establishment that currently has its final design, which was prepared in 2017 thanks to the funding of Codelco North District.

The future facilities include the use of non-conventional renewable energies and also have ample spaces for their students. Additionally, this facility was designed to strengthen the integration of the family, which

will come to fruition with the opening of facilities for extracurricular activities.

The Valentín Letelier Educational Complex was prioritized by the local community itself through the public survey "Calama Plus". During the initial design stages the project received close collaboration of the Municipality of Calama and the Municipal Corporation of Social Development, Comdes.

Associated Amount: \$150,000,000.

Calama Mi Sol Orchestra Program

The Calama Mi Sol Orchestra program includes children and young people who represent all the municipal schools of the city.

Its main objective is to contribute to the improvement of the quality of life and increase the possibilities of development and social inclusion of children and young people through musical participation in the orchestra.

The project considers the participation of 80 children and young people who are receiving musical education.

In total, 215 children benefited from the musical orchestra, including the very same Calama Mi Sol, in addition to similar projects in San Pedro Atacama, Mejillones, Diego de Almagro.

Associated Amount: \$2,018,444,442.

SALVADOR DISTRICT

Improvement of public spaces in El Salvador.



SDG 11 Sustainable cities and communities

This project, executed within the framework of the community management work group developed with social organizations of El Salvador, allowed us to contribute to the improvement of the quality of life of the inhabitants of the town, through a program of recreational and cultural activities, using recreational community spaces recovered and improved by the community and the Salvador Division.

In fact, thanks to the alliances established with the leaders of the Parent / Teacher centers of School No. 1 and of the "Remanso" daycare of El Salvador, in addition to the "Potrerillos" Literary Circle, it was possible to recover and reopen the "Las Turquesas" plaza. Children's games and enhanced lighting were also installed at another plaza known as "Renacer".



Associated Amount: \$ 32,000,000.

Revitalization of Caleta San Pedro

Thanks to the allocation of resources from Codelco's 2017 Social Investment Fund, the Salvador Division, together with the Union of Fishermen of Chañaral (STI), began the execution of this initiative aimed at improving the quality of life of fishermen of Caleta San Pedro and their families.

The work began with the preparation of a business plan to strengthen the activity of small-scale fishing and a training plan that has allowed the development of skills and abilities aimed at improving the management and marketing of their products, and thus increasing the commercial activity and the sustainability of the organization.

Therefore, the products arriving to the Caleta and the associated infrastructure have been strengthened, represented by improvements in both the site's external infrastructure and the facilities, including sales and processing room for its products.



Associated Amount: \$ 112,215,000.

ANDINA DIVISION

Río Blanco Fish Farming

Fish farming at this location commenced in April 1905 in response to the efforts of the German naturalist Federico Albert, to create the first fish farming operation in Chile.

Over the years these lands have become part of the Corporation, always taking into account the initial agreement to maintain this place for the preservation and study of farmed fish.

The 2017 Corporate Social Investment Fund Project seeks to support the care and maintenance of the facilities, restoring and improving the conditions of the site and recovering the historic heritage of the Aconcagua Valley.

This project will provide a tourist attraction point in association with the Entrepreneurs Association of Río Blanco, demonstrating the attributes of products and services not only to visitors to the site, but also to those who wish to know more about the history of the copper and the Andina division.



Associated Amount: \$ 105,000,000.



Codelco provided the Community of Santa Matilde use of water well 48B belonging to Andina division and enablement of the water stations for loading and supply. The objective is to provide a location for the extraction of drinking water that ensures sufficient supply of Rural Drinking Water (APR) to the committees of Santa Matilde (1,200 inhabitants) and Huechún (280 inhabitants), and to distribute drinking water to the neighbors of these localities in quality, quantity and continuity assured. The amounts associated with this project were paid out in 2016, with a portion of the works continuing in 2017.

Associated Amount: \$ 107,900,000.



EL TENIENTE DIVISION

Improvement and promotion of the neighborhood space in Chacayes



SDG 11 Sustainable cities and communities

With the purpose of contributing to the community development of the locality, El Teniente division developed, together with the community, the "Improvement and promotion of the neighborhood space in Chacayes" project.

This project included the support and presence for different community activities organized by the Chacayinos themselves (traditional Charquicán food festival, meetings between tourism entrepreneurs from different localities, tree planting) as well as the establishment of a local neighbor headquarters, which allows these people and their local organizations to meet in a common and adequate space, for the generation and realization of collective initiatives.

Associated Amount: \$ 17,000,000.



Inclusive Business

One of the crucial issues in the town of Coya is the need for more employment opportunities. In response to this, El Teniente Division during the year 2017 developed an "Inclusive Business Program in the town of Coya", which included the signing of agreement with local entrepreneurs to carry out work in various areas of the company.

For these purposes a framework contract was signed in which, through a bidding process, Coya entrepreneurs were awarded minor jobs.

The agreement involves three small companies in the area, increasing the possibility of employment, through the absorption of local labor.

Associated Amount: \$ 149,000,838.



VENTANAS DIVISION

Working together on local development in Los Maitenes



SDG 6 Clean water and sanitation

An agreement mainly focused on the enablement and improvement of existing community infrastructure in the locality, enhancing the development of social and development activities of the territory.

This project materialized through the installation of infrastructure that strengthens the operations of the Rural Potable Water System in this Los Maitenes. This system achieves the objective of performing water cuts to specific sectors while not affecting the entire locality. Also, an expansion and improvement was made to the Rural Medical Station and therefore inhabitants now have improved location for medical attention and waiting room. Also, the historic headquarters of the locality was reconstructed and is now administrated by the José Fernandez Sports Club.

Associated Amount: \$ 18,000,000.



Ventanas School Children's Symphony Orchestra

The agreement includes the municipalities of Puchuncaví and Quintero and the Puchuncaví-Quintero Development Corporation and is intended to contribute to the continuity of the School Children's Symphony Orchestra, which is aimed at fostering the development of creative skills and access to the cultural assets and social integration of its members.

La Greda School is the agreed place for the execution of this program. It should be added that in this program, children are not taught only how to use an instrument, but also a psychosocial follow-up is performed that collaborates in the performance of each child.

The Orchestra is made up of approximately 60 boys and girls, coming from a wide range of public schools of different localities at both communes. The Orchestra has made recitals on many stages, the most outstanding of which was the international seminar organized by Gecamin "Enviromine-Srmining 2017" and at the launch of the Material campaign carried out by CODELCO's Head Office.

Associated Amount: \$ 80,000,000.



Human Capital Support: Training



SDG 4 y 8 - Quality education - Gainful employment and economic growth

Continuing with what has been done previously, in 2017, the use of available training tools was furthered in order to level up the skills in the areas of influence and thus have access to jobs in mining.

In 2017, we conducted 142 courses across all divisions, for a total amount of 2,089 million pesos of SENCE funds, prioritized in the following areas and allocated to four internal programs.

- "Veta Talento": 5 training courses aimed at maintenance personnel and operators.
- Juntos Program: 62 training courses provided to vulnerable groups of communities adjacent to Codelco operations.
- Agreement with contractors: 67 courses.
- Historical Institutions: eight courses associated with collaborative works between SENA and Prodemu.

Community training

| Programs | N ° courses and certifications CERTIFICATIONS | Amount in CLP |
|-------------------------|--|------------------------|
| Contractors | 67 | \$973,500,000 |
| Veta Minera | 5 | \$225,964,000 |
| Together | 62 | \$764,500,948 |
| Historical institutions | 8 | \$125,500,000 |
| TOTAL | 142 | \$2,089,464,948 |

SENCE* funds are distributed to these programs through the Organizations of Technical Training (OTEC) specialized in this area, as established by Law No. 19.518.

Monitoring and evaluation of regional and local government management

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

Also, in 2017 we continue to conduct survey and update studies of our stakeholders at all divisions of the Corporation, through an independent company. Therefore, the stakeholders within the area of influence of our operations were identified and updated, their opinion, needs, expectations were gathered as was their engagement level of each division. The results of this study will be an important input for the 2018 engagement plans of our divisions.

Moreover, Corporate Methodology for Social Risks was developed which was adapted by the University of Queensland in order to consolidate the incorporation of social risk management into engagement plans.

GRI 413-2 During 2017, there were no significant negative impacts on the local communities surrounding the operations

Indigenous peoples

MMS

Given that five of our eight divisions are located in areas close to indigenous communities, Codelco has continued to consolidate the relationship with the Aymara, Atacameñas, Quechuas and Collas indigenous communities, recognizing their forms of organization,

(*) SENCE correspond to a government tax franchise promotion training and development

respecting their interests and needs, their customs, worldview and lifestyle.

During 2017, the participatory creation of a draft of the Native Peoples Policy was carried out; in view of the materialization of the Corporate Policy of Indigenous Peoples in 2018.

Indigenous communities in the area of influence

| Indigenous development area | Indigenous communities |
|-----------------------------|--|
| Alto el Loa | Community of Taira |
| | Community of Conchi Viejo |
| | Community of Caspana |
| | Community of Toconce |
| | Community i Valle de Lasana |
| | Community of Estación San Pedro |
| | Community of Chiu-Chiu |
| | Community of Ollagüe |
| | Community of Cupo |
| Atacama la Grande | Community of San Pedro de Atacama y sus ayllus |
| | Community of Río Grande |
| | Community of Toconao |
| | Community of Peine |
| | Community of Socaire |
| | Community of Camar |
| | Community of Talabre |
| Salvador | Community Colla Diego de Almagro |
| | Community Colla Geoxcultuxial |
| | Community Coya de Chiyagua |

In 2017 we signed 16 collaboration agreements with native peoples, for a total of \$ 288,975,751, which translate into the following initiatives:

- Opportunity for development and rehabilitation for people with disabilities in the district of San Pedro de Atacama, XI Stage
- Improved quality of life for Lasana
- Identity of ancestral peoples
- Strengthen the tourist attractions of the Atacameña de Talabre Indigenous Community, through the development of skills and abilities in the Talabreños belonging to the board of tourism.
- Strengthening tourism through the procurement of solar light posts, furnishings and utensils to house Atacameña Indigenous Community of Talabre
- Training and implementation of environmental monitors in the Peine community

- Musical diffusion of the “Lakitas Hijos del Norte” of Santiago de Rio Grande.
- Embroiderers “Bordadoras de Solor”: textile knowledge and craft from San Pedro de Atacama to the world
- Seeking to rediscover our Lickanantay roots through Andean textiles
- Training of Fire Brigade for emergencies in the town of Toconao
- San Pedro de Atacama an Oasis with Music

- Community Sustainable Tourism: Managing the tourist territory of Atacama la Grande
- Validation of Adult Studies San Pedro de Atacama, 2017 Period
- Improvement of the quality of life in rural settlements
- Sustainable use of water resources in the Colla community of Diego de Almagro
- Re-connection with roots

Highlighted indigenous peoples initiatives

Improved quality of life in Lasana



SDG 7 Affordable and non-polluting energy

Improvements to the quality of life of the inhabitants of Lasana, through actions that enhance the economic and social development of the locality and the execution of projects aimed at creating added value to services, equipment and community infrastructure. The foregoing objectives were set forth in the agreement signed between the Indigenous Community of Lasana and Codelco

This Project facilitates a solution for access to hot water through non-conventional renewable energies for families of the community. It also helps train members of the community and the purchase of equipment to carry out preliminary fire control activities, improve camping

infrastructure of the locality and community business whose generated income goes directly to the elderly of the community, among other local development activities.

Codelco Contribution \$ 80,000,000
Contribution from the community \$ 26,500,000

Validation of adult studies San Pedro 2017



SDG 4 y 8 - Quality education - Gainful employment and economic growth

This program seeks to contribute to the development of the human capital of the adult population of San Pedro de Atacama. It involves the continuation of the 2016 Studies Leveling Program, that provides free courses and exams to allow adult students to conclude their secondary school education.

This tool has improved the quality of life of our project neighbors, contributing to the personal growth of the students and the development of their families, generating new perspectives of life to improve their labor inclusion.

In 2017, the program benefited 31 women and men of adult age, who obtained their Certificate of Leveled Studies at the following levels: First Cycle (secondary school year 1 and 2) and Second Cycle (secondary school year 3 and 4).

Total Budget of \$ 11,500,000
(Codelco \$ 6,750,000 -
Municipality of San Pedro \$ 4,750,000)

Sustainable Community Tourism: Managing Tourism in the Territory of Atacama la Grande

The objective of this project, carried out jointly with the San Pedro Foundation of Culture and Tourism is to contribute to the sustainable development of the Atacama la Grande area of influence, with the active participation of Lican Antay communities and organizations, generating employment opportunities, growth, social inclusion and wellbeing for the families through the development of the planned and sustainable tourist activities.

The focus of this program is concentrated on the towns of Santiago de Rio Grande, Peine and Talabre. The primary activities consist of promoting the development of sustainable tourism ventures through the local skills development, the development of business management skills in the existing tourist services in the territory, the generation of

tourist information registries, in order to increase and standardize the quality of the service as well as design and implement security protocols and tools.

Total Budget: \$ 84,000,000
(Codelco \$ 60,000,000 - Foundation of Culture and
Tourism of San Pedro de Atacama \$ 21,200,000)

San Pedro de Atacama an Oasis with Music

This program promotes and develops musical talents in children and young people of San Pedro de Atacama, whose fundamental benefit is to provide a high quality option for the intellectual, social and musical development of the participants who, given the geographical isolation of the area, do not have access to programs or education of this type. This program is executed in conjunction with the Foundation of Culture and Tourism of San Pedro de Atacama.

Approximately 40 children from the locality participate in the San Pedro de Atacama Orchestra.

Total Budget: \$ 379,082,958
(Codelco: \$ 135,200,958 - Foundation for Culture and Tourism \$ 243,882,000)

Ongoing communication

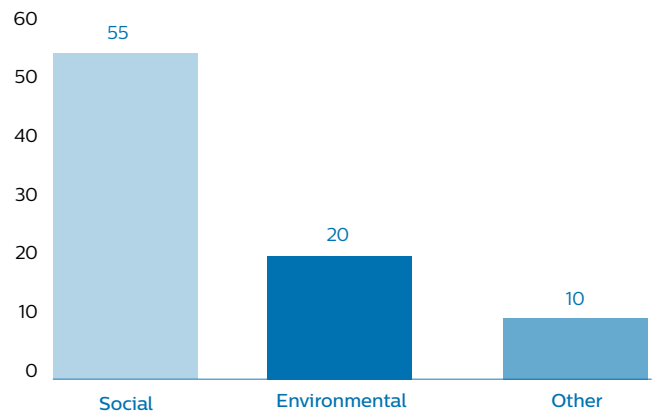
GRI 419-1 Between December 2016 and December 2017 we received 85 requests through the social-environmental claims and suggestions system, all of which were answered in full. The system is a permanent communication platform open to the communities of the different territories where we operate. In this way we are able to respond in a timely manner to the neighbor's concerns, inconveniences, and suggestions that may arise as a result of production processes or investment projects of the company.

The system operates through email contactosocioambiental@codelco.cl and the toll-free number 800 222 600.

GRI 307-1 Of the total received community input from the aforementioned period, 55 corresponded to social issues, 20 to environmental issues and 10 to miscellaneous issues. Meanwhile, of the total responses received, 55 were claims, 10 queries and 20 suggestions.

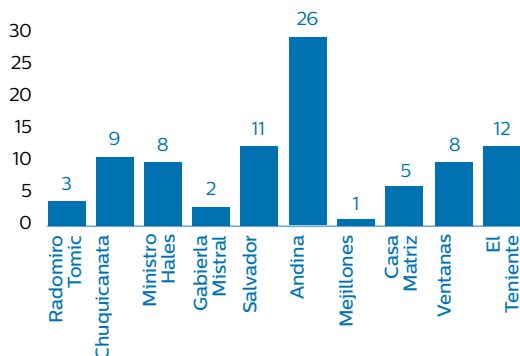
GRI 411-1
MM6
MM7 It should be noted that of the total socio-environmental responses received, none corresponded to complaints related to human rights violations. Also no complaints associated with conflicts related to land use, customary rights of local communities or indigenous peoples were submitted.

Call tickets per topic



GRI 411-1 During 2017, no cases of violations of the rights of indigenous peoples were recorded

Total call tickets received per division



Business and corporate governance



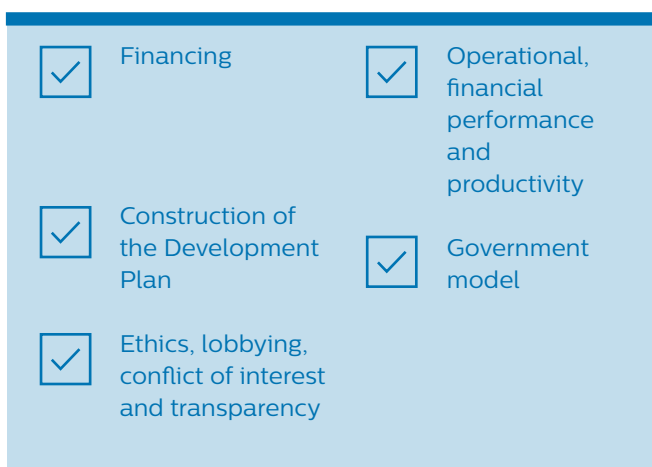
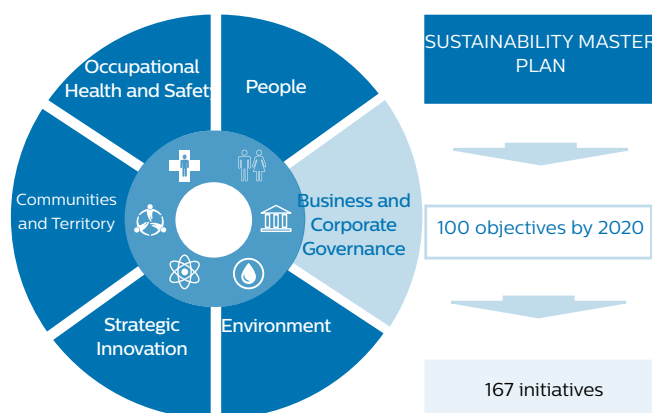
During 2017 we approved a permanent audit program to review hiring practices and miscellaneous payments. We also established a standard that is even more stringent for incompatibility and conflict of interest.



In this section, Codelco highlights the following Sustainable Development Goals:

- | | |
|---|--|
| 5 Gender equality | 13 Climate action |
| 7 Affordable and clean energy | 14 Marine life |
| 8 Gainful employment and economic growth | 15 Life of land-based ecosystems |
| 9 Industry, innovation and infrastructure | 16 Peace, justice and solid institutions |
| 12 Responsible production and consumption | |

Business and corporate governance



Our current corporate governance model has its origin in Law No. 20.392, published in November 2009, effective since of March 1, 2010.

This legal framework modified our organic statute to comply with the corporate governance guidelines for public companies of the Organization for Economic Cooperation and Development (OECD).

In accordance this model, Codelco's central administrative body is headed by a nine-member Board of Directors.

Nelson Pizarro Contador, Mining Engineer and current CEO of Codelco reports to the Board of Directors.

Codelco has a Corporate Policy on Conflict of interest that applies to all Directors (as), Executives (as), Professionals and Workers (as) of the Corporation, as well as its subsidiaries.

GRI 205-1 Under this framework, all Codelco operations must comply with legal and internal regulations and established declarations, in addition to the Corporation's risk catalog. Said risk catalogue contains legal, regulatory codes of conduct categories, which in turn contain subcategories pertaining to corruption / bribery / collusion and fraud. Within the Regulatory category are the subcategories for integrity and transparency.

In 2017, our Board defined that it will continue declaring the kinship or conflict of interest to the second degree, but the obligation to abstain from participate in decisions will extend to the third degree of kinship by consanguinity (blood relations) and affinity (by marriage).

Also, we moved forward on the creation of a corporate ethics and probity platform that gives access to all personal to the regulatory material, support material and declaration systems.

We have defined a training plan to strengthen the knowledge of personnel in charge of performing the main online oversight; to perfect the application miscellaneous payment processing, to detect early possible conflicts of interest; to verify that all Codelco personnel are obliged to declare interest and; to make timely declarations and annual updates. The foregoing efforts were achieved through the implementation of an e-learning training program on conflict of interest management.

To prevent and control conflicts of interest in their business operations, Codelco has specific procedures on business with related people.

Codelco has specific standards that determine the content of budgets and the allocation of company profit. By virtue of Reserved and Exempt Decree for Preliminary Checks of the Ministry of Finance of Chile, the Corporation may not make donations or financial or in-kind contributions to any institution public or private, national or foreign.

The Board, chaired by Óscar Landerretche Moreno, has promoted a management approach inspired by international standards of good corporate governance, installing a greater and more stringent internal regulation on transparency, corporate governance, conflict of interest management, trafficking in business influences and authorization, among others facets. In addition, the board has adopted the following best corporate governance practices:

GRI 102-25 205-2

GRI 102-27 102-25

GRI 415-1

GRI 102-26

- Ensure the independence of the Internal Audit functions, establishing its direct dependence on the Board of Directors through the Auditing, Compensation and Ethics Committee.
- Equip the company with a Corporate Risk and Control Department, dedicated especially to the adequate risk identification, assessment and analysis and monitoring of controls; this, in addition to ensuring an adequate environment of internal control and compliance.
- Develop a Sustainability Master Plan, which provides the roadmap of the model that will govern Codelco in terms of sustainability over the next 25 years. Several elements are involved under this concept and include occupational health and safety, persons, environment, communities, strategic innovation, business and corporate governance.
- Create a Science, Technology and Innovation Committee which supports the Board of Directors through oversight, evaluation and advising on projects and restructuring that is developed in those areas.

Composition of the Board

GRI 102-24 The Board is formed as follows:

- Three directors appointed by the President of the Republic of Chile
- Two representatives of the workers of Codelco, elected by the Presidency of the Republic: one chosen from a short-list of five candidates submitted by the Copper Workers' Federation (FTC), and another chosen from a short-list of five candidates jointly submitted by the Federation of Copper Supervisors (FESUC) and the National Association of Copper Supervisors (ANSCO)
- Four directors selected by the President of Chile from a shortlist proposed for each seat drawn up by the Civil Service Board, with the approval of four-fifths of its members, renewed in pairs.

GRI 102-23 From the nine board directors, the Presidency of the Republic assigns the chairman of the board. In turn, the board agreed to the appointment of the CEO, who is responsible for executing the agreements on behalf of the Board of Directors and for supervising all the productive, administrative and financial activities of the company.

The CEO has the powers granted by the Board and remains in the position as long as he / she retains the confidence of the Board. None of the nine members of the board may hold executive positions in the company at the same time, according to the regulations established by Law No. 20.392 of 2009.

Compensation and incentives of our Board of Directors are established under Law No. 1.350 of the Ministry of Mining, which indicates, among others, the mechanisms and processes to establish the compensation and incentives to be received by Codelco Senior Administration (Chief Executive Officer, Vice Presidents, divisional General Managers, Legal Advisor, and Comptroller).

The criteria for the determination of executive compensation are established by the Board of Directors on the basis of what is proposed by the audit, compensation and ethics committee. Both processes to define compensation and incentives include the participation of stakeholders (external and internal).

In the case of directors, the definition falls on representatives of the Government and a special commission as an advisory body; while, for senior management, the responsibility rests with the Board of Directors that has representatives of the workers.

In October 2009, Official Letter No. 8.360 introduced amendments to Decree Law No. 1.350, defining that: "Directors shall be entitled to remuneration, which shall be established by the Ministry of Finance in accordance with the stipulations of the law".

2017 salaries are available on the website of the Superintendence of Securities and Insurance as part of Codelco's annual report, in the section of consolidated financial statements, information normally delivered for the period from May to May every year.

Board of Directors Committees

The board has defined five committees that analyze and review specific matters under their charge, to prepare proposals that, once submitted to and approved by the board, generate the strategic guidelines that guide the actions of the company. These committees are propositional, as the Board remains the legally constituted decision-making body for the administration:

Audit, Compensation and Ethics Committee:

Powers and duties include auditing the financial statements, analysis of the risk control policy, reviews of procurement procedures and contracts, ensuring compliance with the regulations on declaration of interests, examining potential conflicts of interest.

This committee also examines and monitors the Salary Systems and Compensation Plans (Performance Agreements) of the CEO as well as the division General Managers, Vice Presidents and other second level executives, and the general policies in this matter.

The Audit, Compensation and Ethics Committee must also oversee compliance with the Code of Business Conduct and Ethics of the Corporation, ensure compliance with regulations regarding Criminal Liability for Legal Entities and enforce and ensure that the Information Management Manual is updated.

Project and Investment Financing Committee:

Assists and recommends the authorization for investment projects, including aspects related to management models and long-term sustainability associated with these projects. In addition, this committee assists in the

monitoring of structural projects.

Management Committee:

It is a consultative support entity to the Board of Directors, to follow the divisional management, key processes, business and commercial.

Corporate Governance and Sustainability Committee: It is an advisory entity in aspects related to the organizational structure of Codelco, the internal issues of the board's functioning and the issues related to the Sustainability Policies.

Science, Technology and Innovation Committee:

Provides supports to the Board through monitoring, evaluation and consultancy to projects and restructuring developments in the areas of science, technology and innovation

In addition, Codelco has a senior administration headed by the CEO. In matters pertaining to Sustainability there is the Vice Presidency of Corporate Affairs and Sustainability, which includes the Sustainability and Institutional Relations Department and Occupational Health and Safety Department, among others.

Members of the Board and participation in committees 2017

GRI
102-20
102-22

| Name | Committee |
|--------------------------------|--|
| Oscar Landerretche Moreno | Science, Technology and Innovation Committee. |
| Dante Contreras Guajardo | Management Committee (President) Corporate Governance and Sustainability Committee |
| Laura Albornoz Pollmann | The Corporate Governance and Sustainability Committee Management Committee |
| Blas Tomic Errázuriz | Auditing, Compensation and Ethics Committee. Corporate Governance and Sustainability Committee |
| Paul Schiodtz Obilinovich | Auditing, Compensation and Ethics Committee. Science, Technology and Innovation Committee. Project and Investment Financing Committee. |
| Juan Enrique Morales Jaramillo | Science, Technology and Innovation Committee. Auditing, Compensation and Ethics Committee. Project and Investment Financing Committee. |
| Isidoro Palma Penco | Project and Investment Funding Committee (President) Audits, Compensation and Ethics Committee Management Committee |
| Raimundo Espinoza Concha | Project and Investment Financing Committee. Management Committee |
| Ghassan Dayoub Pseli | Management Committee Corporate Governance and Sustainability Committee Science, Technology and Innovation Committee. |

These committees are held on a monthly basis with the exception of the Science and Technology Committee, held bi-annually.

The Board of Directors appoints the CEO of the Corporation, who is in charge of the administration and strategic management of the company, a position currently held by the civil - mining engineer, Nelson Pizarro Meter.

In turn, the CEO of the company appoints to the vice presidents and general managers of the divisions, who are directly responsible for the management and operation in their respective centers area.

The Board, in accordance with the Corporate Governance Code, establishes the structure and roles of the committees, except for the Auditing, Compensation and Ethics Committee, whose formation and roles are established in DL 1.350, which grants committees the same powers and duties contemplated for the Committee of directors, established in Article 50 bis of the Corporations Act.

Progress in corporate governance

In 2017 we approved an audit program to review direct assignment or sole source provider contracting practices as well as miscellaneous payments. We also established an even more stringent standard than the existing in matters of incompatibility and conflict of interest.

For this, we revised position profiles to explicitly include corresponding incompatibilities, in accordance with the nature of the role, in addition to regulating the performance of the training tasks during the working day. Likewise, we created a corporate ethics and integrity platform that allows all personnel to access the regulatory material, support material and the declaration of interest systems.

In line with the reforms to the purchasing system, we ordered the adoption of necessary measures to avoid deviations or deficiencies in the bidding information systems, enhancing Codelco's purchasing portal as the only platform to process bids. We also incorporated the guidelines for PEC (Persons Exposed to Codelco) and PEP (Politically Exposed Persons), which allows us to systematically identify such persons and safeguard compliance with current regulations.

Once again in 2017, the progress achieved in the aforementioned areas brought about awards and recognition in different rankings for transparency, reputation and good corporate governance, both in Chile and abroad.

tanto en Chile como en el extranjero.

This year we were among the top ten Chilean companies with the highest corporate reputation in the Ranking Merco and were recognized by Merco Talento as the company in which young people preferred to work.

Likewise, we led the Natural Resources Governance Index, which assesses transparency and accountability in state oil, gas and mining sector companies at the global level. Thus, for the first time in history, a Chilean company ranked first in this index, a monumental achievement, considering that just four years previously we came in tenth place.

Additionally, during 2017 we ranked first among 28 public companies on the Index of Corporate Transparency, a ranking which, through global and national corporate benchmarking, compiles the best information practices published on websites. Moreover, we distinguished ourselves at the top position in the category of companies in the productive sector.



For the second consecutive year, Codelco complied with all the requirements placed on public entities by the Council for Transparency, qualifying as an institution that guarantees the delivery of complete information to the public, within the defined deadlines and complying with the regulations of the Transparency Law.

With respect to public information, we officially launched the website www.codelcotransparente.cl, which delivers pertinent data on various aspects of public interest; for example, environmental, social, productive, economic or operational issues of all our work centers within different regions of Chile.

The site was awarded by the Council for Transparency for disclosing important information to the public regarding our management, and for encouraging the use of open data in a way that is easy for everyone to understand.

For example, 58% of our tenders were public tenders in 2017, while 32.9% were private tenders. The tender system allows, as a result of enhanced management, to invite a limited number of bidders to participate in the process.

Therefore, this year, for the first time since 2010, Codelco was able to receive more public tenders than private tenders.

Another directive of the Board was to significantly reduce direct awards / assignments, since they are a constant source of questioning and may become a focus of arbitrary action.

The process to reduce such practices was not easy, but it paid off. In 2017, we averaged 1.1% direct assignments, bringing this hiring mechanism down to historic levels.

Corporate governance and sustainability

GRI 102-19 The board, through its governing committee corporate and sustainability, periodically evaluates our performance in the areas of sustainability, delivering guidelines and monitoring the management of these matters.

GRI 102-33 This committee periodically reviews the results of management in matters of sustainability, approves the contents of the Sustainability Report and determines the development of specific studies and / or audits.

GRI 102-32 The foregoing is in line with what started in 2016 in relation to our Sustainability Master Plan.

At Codelco, we have three committees on the Board that review decisions on economic, environmental and social matters, these are: the Projects and Investment Financing Committee, the Management Committee for economic affairs; and the Corporate Governance and Sustainability Committee for social and environmental aspects.

In 2017, the Sustainability and Institutional Relations Department launched the area of the Environmental affairs, the Department of Sustainability in Investments and the Department of Environmental Compliance in addition to the previously created Department of Community Development.



It should be noted, the existence of other positions that have direct responsibility in economic,

environmental, social and accountability matters which are as follows:

| GRI 102-20 | Position | Level of responsibility | How they report to highest governance bodies |
|--------------------------------------|--|------------------------------------|--|
| | Vice President, Corporate Affairs & Sustainability | Environmental and social | Directly reports to the CEO and must submit its management periodically to the Board and different committees. |
| | Sustainability and Institutional Relationship Manager | Environmental and social | |
| | Occupational Health and Safety Manager | Environmental and social | |
| | Vice Presidency of Administration and Finance | Economic | |
| | Finance Manager | Economic | |
| | Corporate management of risk and control | Economic, environmental and social | |
| | Budget and Management Control Manager | Economic | |
| | Vice President of Productivity and Costs | Environmental and social | Directly responsible before Vice President or before the CEO and has to present his management periodically to the Board, in particular to the Committee From administration |
| | Foundry and Refinery Optimization Management (FURE) | | |
| | Technical Management of Divisional Projects | | |
| | Supply Management | | |
| | Management and Inspection Management Companies Contractors | | |
| | Strategic Supply Management | | |
| | Corporate Water and Tailings Management | | |
| | Vice President of Human Resources | Social | |
| | Corporate Labor Relations Management. | | |
| | Human Resources Management | | |
| | Recruitment and Development Management | | |
| Gender Diversity Directorate | | | |
| Corporate Management Health Projects | | | |

Risk Management

It is very important for Codelco to be able to manage its risks since this allows the achievement of the objectives with a reasonable level of certainty. Successful risk management helps us handle uncertainty and anticipate those events that may arise and provide a competitive advantage in the face of adverse scenarios.

During the last few years, progress has been made in risk management through the implementation of an Integral Risk and Control Management Model, which defines a common view that indicates that any identified risk must be analyzed and evaluated under the different criteria established in the areas, not only economic aspects, but also ensure the perspective of risks under occupational, environmental, community, reputation, legal, health and safety perspectives.

In addition to incorporating the sustainability perspective through the aforementioned areas of evaluation, Codelco makes sure to incorporate operational, strategic and compliance risks that are related to socio-environmental vulnerability and occupational health and safety risks.

Accordingly, these risks have management systems that ensure a proactive approach, in order to have the necessary and effective controls to avoid and detect their materialization or mitigate their impact when they arise.

In line with the foregoing, Codelco also has an organization that can promote and ensure the management of this type of risk, through its Vice Presidency of Corporate Affairs and Sustainability, under which the Department of Sustainability and Institutional Relations and Department of Occupational Health and Safety reports to. Vice Presidency of Corporate Affairs is in charge of ensuring the implementation of the risk management model in matters of Sustainability, acting as technical advisors in operations matters, to identify risks and ensure the existence of the required controls.

Ethical management and regulatory compliance

We have a real vocation for transparency, ethics and good corporate governance. Transparency is an indispensable factor in our company and it drives our way of doing business. Furthermore, as a State-owned company, accountable to all the Chilean people, Codelco

must be even more rigorous in the development of mechanisms to better prevent, detect, and penalize actions that fall outside the expectations set out in our Charter of Values.

GRI
102-16

We have a Statement of Values and a Code of Business Conduct that guides all our decisions and our management. Those of us who work in the company seek to fulfill the commitments and be recognized for the way of doing business, from these values.

This Code deals with personal conduct, use of resources, relationships with contractors and the social-environmental context and is fully based on international agreements such as the UN Universal Declaration of Human Rights, Convention 138, and Resolution No. 169 on Indigenous Peoples, both from the International Labor Organization (ILO), and also on national laws, norms, and regulations applicable to Codelco in labor and environmental matters.

Our Code of Conduct is our guideline to specify the Charter of Values of our company on a day-to-day basis. This allows us to execute the strategy in the field of good business practices, working committed to raising the standards of transparency, probity and responsibility.

The current Code of Conduct is being reviewed and an updated version is expected to be published soon.

GRI
102-17

As part of this process we have a complaints and grievances line that has been open since August 2009 and allows anonymous or identified reporting of facts that may constitute violations of the Code of Business Conduct, legal regulations, and policies, procedures or any other rule that is applicable to our employees, contractors and / or with third parties relations, through the Internet (<http://Codelco.ethicspoint.com>) or a telephone (1230-020-5771).

GRI
205-3
406-1

During 2017, we received 358 complaints on the line, which represents an increase of 28% compared to 2016 (when 279 complaints were received). During the year the investigation of 365 complaints was concluded (90 admitted in 2016 and 275 in 2017); another 94 continue under investigation. Of the cases closed, 27 ended in sanctions.

Performance Evaluation

GRI
102-28

The board has a process of evaluation and analysis of its results by its members.

At the level of vice presidents, managers and board directors there is a performance management system

that is led by the company's Development Management and that establishes and evaluates goals and actions for each year, which include economic and socio-environmental issues. A portion of executive level compensation corresponds to performance.

Regulation of business relations

Our contractual policy has been prepared on the basis of the Fundamental Charter of Human Rights of the United Nations and the Charter of Values of the company, among other aspects. Its guidelines are applied in every aspect of the relationships between Codelco and contractor companies.

100% of our agreements include clauses on human rights, mainly associated with compliance with the regulations in force in Chile, which consider compliance with human rights in specific regulations.

GRI
412-3

Our Business Ethics policy places outmost importance on the adherence to high ethical standards in all our activities, which must be performed according to principles and values that are consistent with these objectives.

In Codelco, this is achieved through mandatory compliance of the Code of Business Conduct, based on the UN Universal Declaration of Human Rights that, in turn, offers a non-compliance reporting mechanism.

At all times, contractual relationships between Codelco and contractor companies should bear in mind that people's lives, integrity, and dignity, and the protection of the environment are core values for the Corporation.

Therefore, both parties should promote, generate and maintain adequate, sound, and safe working conditions and develop sustainable environmental management practices.

Fines and penalties

GRI
307-1

Regulatory compliance is a fundamental pillar in our corporate structure. During 2017, 1 environmental sanction was received. This fine amounted to 50 Monthly Tax Units (UTM).

GRI
419-1

Moreover, in 2017 the Corporation received 13 fines for non-compliance with labor legislation and regulations. The total value of the fines was 534 UTM and 3 monthly minimum wages.

Memberships and Affiliations

GRI
102-12
102-13

We have an active participation in several forums of national and international debate, where we take actions regarding the relationship between business management and sustainability.

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

The main alliances and associations with which we belong and work periodically are the following:

| Associations or organizations to which Codelco belongs | Cargos ocupados por representantes de Codelco |
|--|---|
| National Security Council | Member of the national Board |
| Chilean Mining Council A.G | Member |
| International Copper Association (ICA, for its acronym in English) | Board member |
| International Molybdenum Association (IMOA, for its acronym in English) | Board member |
| American Chamber of Commerce - Chile (AMCHAM) | Participant |
| Foundation for the Sustainability of the Peruvian Tern | Board member |
| Company Action | Member of the mining table and the corporate governance table |
| International Council of Mining and Metals (ICMM, for its acronym in English) | Advisor |
| United Nations Global Compact | Member |
| Extractive Industry Transparency Initiative (EITI) | Principles adhered to |
| International Commission on Large Dams (ICOLD Chile) | Board member |
| Calama PLUS | Participant |
| Global Reporting Initiative (GRI) | Adhesion |
| Association of Industrialists of Antofagasta (AIA) | Partner (North District of Codelco) |
| Industrial Association of the Region of Valparaíso (ASIVA) (Ventanas division) | Partner (Division Ventanas) |

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

- Precautionary Principle, Article 15 from the Rio Declaration.
- United Nations Universal Declaration of Human Rights;
- The Toronto Declaration of the International Council on Mining and Metals (ICMM)
- Sustainable development goals

- UN International Convention on Children's Rights.
- Business Charter for Sustainable Development of the International Chamber of Commerce
- Principles of the United Nations Global Compact
- Joint Initiative Against Corruption (PACI) of the World Economic Forum, 2005.
- Convention 169 of the International Labor Organization (OIT) on Indigenous and Tribal Peoples in Independent Countries
- Conventions 87, 98, 100, 111, and 138 of the International Labor Organization (OIT)

Business

GRI 201
103-1
201-1 Our "surplus" during 2017 reached US \$ 2,885 million, from 2016 and our state capitalization investment for the period contemplated two contributions that amounted a total of US\$ 995 million.

The concept of surplus is understood as pre-tax profit, prior to a 10% tax levied on earnings for the foreign sale of copper and own sourced by-products, pursuant to Law 13.196.

Our foreign sales amounted to 16% of Chilean exports in 2017, with Asia as our principal market, followed by Europe and South America.

Production and costs

We reached our production goals, increased productivity and exceeded the goal of cost reduction, achieving a savings of US \$ 433 million.

In the 2017 period, our production was 1,734 KTMF of fine copper, including our participation in El Abra and Anglo American Sur.

This production figure is equivalent to 9% of the world's mined copper output and 33% at the national level.

Our main products are copper cathodes and concentrates, roasted molybdenum concentrate, anode slimes, and gold, silver, and sulfuric acid as by-products.

Of the total sales, copper represented 93% and the aforementioned remaining products accounted for 7%.

Regarding the commercialization of by-products, sales reached US\$ 968 million, US\$ 501 million for the sale of molybdenum and US \$ 497 million for the remaining products.

We achieved the goal proposed in our productivity and costs agenda, with savings in 2017, expenditures below US\$ 358 millions and an increase in productivity to 51.2 tmf / person.

Our total costs and expenses experienced an increase of 5.9%, from 214.6 c / lb the previous year up to 227.2 c / lb in 2017.

Meanwhile, our net cathode cost increased by 6.9%, from 204.1 c / lb in 2016 to 218.1 c / lb in 2017.

Moreover, our direct cost (C1) reached 135.9 c / lb in 2017, which is 7.8% higher than the C1 during 2016.

Economic value

The deposits that the Corporation owns, in accordance with the usual policies in this industry, are registered in nominal value accounting of US\$ 1, which naturally implies a significant difference of this book value with the real economic value of these deposits.

As a result of the foregoing, an effect is produced where the book capital and asset are a subset of the Corporation's economic value.

The valuation of the stock ownership of the Corporation in Anglo American Sur SA, which is governed by the concept of fair value or fair value, according to the IFRS regulations, is excluded from the previous criterion, as it is an acquisition regulated by market parameters.

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

| Generated and distributed economic value US \$ million 2017 | | |
|--|---|--------|
| Generated economic value | | 16,036 |
| Revenues | Income from collection of sales of products and others | 16,179 |
| | Credits | -325 |
| | Other revenues | 182 |
| | | |
| Distributed economic value | | 15,936 |
| Cost of Operations | | 14,012 |
| | Salaries (and own-workers' benefits) own | 1,614 |
| | Acquisition of goods and services | 7,817 |
| | Acquisition of capital assets | 2,659 |
| | Investment environment, health and Health, Occupational | 752 |
| | Investment in community expenditure | 7 |
| | Other cost of operations | 1,161 |
| Interests | | 567 |
| Contribution to State | | 1,357 |
| | Net profits paid | 273 |
| | Income tax | 22 |
| | Law 13.196 | 1,062 |
| | Others | - |

* Data according to the consolidated cash flow statement 2017, consider subsidiaries of Codelco.

(1) The economic value retained is the economic value generated minus the distributed economic value.

Investment and project portfolio

We invested US \$ 3,146 million in 2017, with an emphasis on our structural projects portfolio and on initiatives to comply with the emission standards for copper smelters.

In the context of the revision of our business plan, we carried out a continuous process of prioritization and optimization of the project portfolio. As a result of this work, we estimate investments for US\$ 21,300 million for the 2018-2022 period, of which US\$ 7,313 million (34%) correspond to the structural projects portfolio.

Structural projects

Of the US \$3,146 million invested in 2017, US\$ 1,352 million were allocated to structural projects; US\$ 453 million in projects for compliance with the smelter emissions standard, and US \$572 million in mine development and deferred expenses, the remainder corresponds to development and business continuity investments.

Maintaining the production levels we have reached is impossible in the coming years if we do not develop our investment portfolio. The relevance of our portfolio of projects, currently under execution or under study, is such that if we project to 2027, about two thirds of our own copper production will come from these developments (considering both structural and development projects); while our current operations will only contribute a third of the total of our own production.

Supplying chain

GRI 102-10 In 2017 there were no significant changes in our supply chain and we conducted business with 3,912 suppliers, of which 3,618 corresponded to national suppliers and 294 to foreigner suppliers.

GRI 102-9 At Codelco, the need for large volumes of supplies, goods and services to achieve and develop our mining business is significant.

Therefore, it is fundamental to maintain close relationships with our suppliers, who facilitate the tasks of productive tasks, projects and investments.

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

GRI 204-1 We allocate for this a total amount of US\$ 4,602 million, a figure that includes our subscription of long-term contracts for the supply of energy and fuels.

GRI 102-45 The list of entities included in the financial statements are included in the Subsidiaries and Associates section (page 131) of the 2017 Financial Report found at www.codelco.com



Our suppliers

GRI
204-1

We made great strides in the level of competitiveness and market opening, which is evidenced in two key indicators: public tenders reached 58% of the total amount contracted in 2017 (versus 35% of the previous year); meanwhile, private tenders decreased from 55% in 2016 to 33% in 2017.

Moreover, direct awards amounted to 1.1% of the total annual amount contracted, which represents a reduction compared to previous years.

This demonstrates the clear commercial decision of the company to open markets, make our needs more transparent and increase competitiveness in a decided manner.

Out of a total of 3,618 national suppliers, 9.8% of the suppliers come from the Region of Antofagasta; 8% from the Valparaíso Region; 71.1% from the Metropolitan Region and 5.1% from the O'Higgins Region.

In addition, it is highlighted that in 2017 new businesses were carried out with 3,094 suppliers.

Consumo de bienes y servicios 2013-2017 (US\$ millones)

GRI
204-1

| | Goods | | | | | Services | | | | | Total | | | | |
|------------|-------|-------|-------|-------|-------|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2017 | 2016 | 2015 | 2014 | 2013 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Operation | 1,498 | 1,487 | 1,780 | 1,950 | 2,036 | 3,659 | 3,502 | 3,641 | 4,179 | 4,387 | 5,157 | 4,989 | 5,422 | 6,423 | 6,499 |
| Investment | 297 | 252 | 258 | 481 | 509 | 2,015 | 1,621 | 1,397 | 1,712 | 2,451 | 2,312 | 1,873 | 1,655 | 2,960 | 3,095 |
| Total | 1,795 | 1,740 | 2,038 | 2,431 | 2,545 | 5,673 | 5,123 | 5,038 | 5,891 | 6,837 | 7,468 | 6,863 | 7,077 | 9,382 | 9,594 |

GRI
102-8

Contractors and Subcontractors

In Codelco we execute our mining and mining services activities with our own staff and specialized contractor companies. In 2017, the average number of people who provided outsourced services to Codelco was 45,588.

GRI
407-1
408-1
409-1

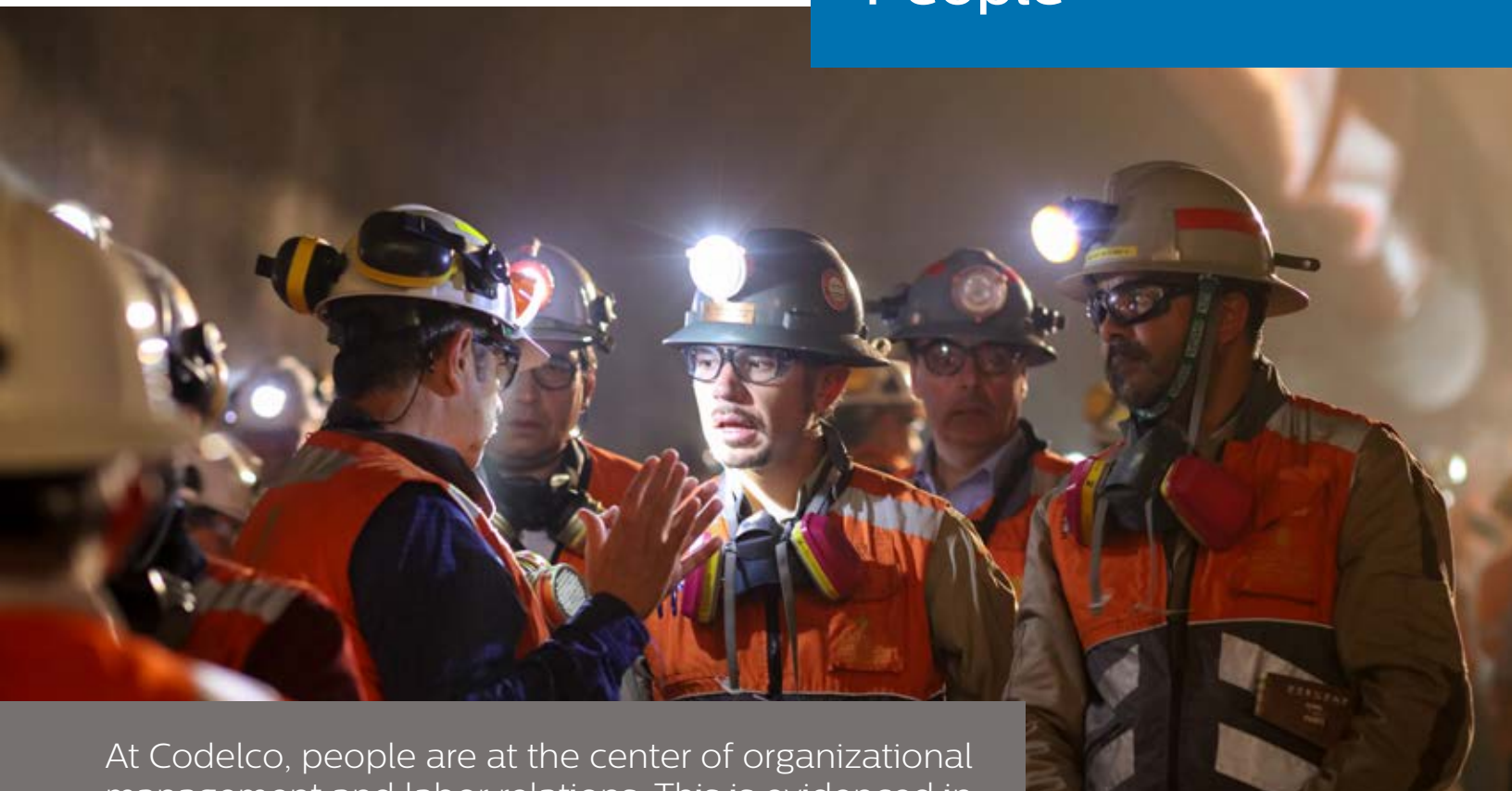
In compliance with current labor legislation and, in particular with the rules that regulate work in subcontracting regime, we exercise all the rights and duties in our role as the principal company.

The protection of the fundamental rights of own and third-party workers who work inside our facilities is not only a legal duty, but one of the guiding principles of Codelco, which are enshrined in the Statement of

Values: We assume with conviction that the life of each person is the most valuable; we deliver adequate and safe working conditions; we place self-care first and foremost and safeguard the safety of everyone who works with us – regardless of employer company.

In addition to the foregoing, our labor control processes and access to our facilities impede the execution of practices that go against the freedom of association and collective bargaining and other labor rights of the collaborating companies.

People



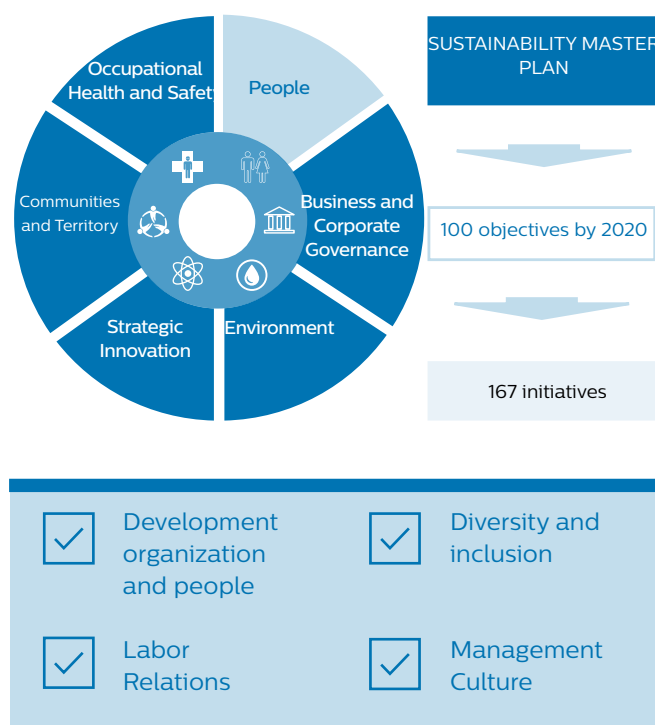
At Codelco, people are at the center of organizational management and labor relations. This is evidenced in our Personnel Management Policy, which has been approved by the Board of Directors.



In this section, Codelco highlights the following Sustainable Development Goals:

- | | |
|--|--|
| 1 End of poverty | 10 Reducing inequalities |
| 3 Health and wellbeing | 16 Peace, justice and solid institutions |
| 4 Quality education | |
| 5 Gender equality | |
| 8 Gainful employment and economic growth | |

People



In the area of people management, the Sustainability Master Plan aspires to form an organization with the capacity to adapt to industry challenges, while committing to the sustainability of the business, and focusing on the following management lines: organizational management, governance, people development and diversity and inclusion.

Our Workers

At Codelco, people are at the center of organizational management and labor relations. This is evidenced in our Personnel Management Policy, which has been approved by the Board of Directors.

In accordance with the business challenges, our strategic focal points in the field of human resources are: productivity, governance and transformation; achieving significant progress during the 2017 period.

Therefore, we propose the implementation of personnel management systems with a sustainable vision that includes high performance, and that provides technical, economic and social results.

One milestone of our management efforts is the outstanding progress made in the execution of the organizational sustainable development model; and the

progress made on the succession program that in 2017 revealed 63% of vacancies filled for critical positions.

Codelco's Code of Business Conduct establishes, among other aspects, that the workers of the Corporation must respect all legal standards, both national and international, which regulate or relate to the prohibition of using forced or coercive labor, or the exploitation of child labor, adhering to the principles established in the United Nations Convention on the Rights of the Child and Convention 138 of the International Labor Organization

Any person who identifies violations to the Code of Conduct may make an anonymous complaint in the "Complaint Line" system. The 2017 Complaint Line scope and results are described in the Business and Corporate Governance chapter of this Sustainability Report.

The people who work at Codelco are professionals, operators, managers and executives committed to efficient and responsible performance in each of the work roles offered.

In adherence to the road map defined by the current administration and the guidelines handed down by the Board of Directors and CEO, Codelco commenced a new strategic path in personnel management. Accordingly, we prepared a 2015-2020 Strategic Map, we reformulated the Policy inherent to our roles, updated the standards and procedures, defined our management as "Being Human Resources in Business" and reformulated our Performance Agreements and Annual Agendas following three essential centers of attention: productivity, governance and transformation.

With respect to Codelco's personnel management cycle, over recent years we have introduced structural changes aimed primarily at responding to the company's strategy regarding structural projects and the central variables of productivity, cost, safety, community and environmental sustainability.

In this context, we have modernized the recruitment and selection systems, introduced advanced technology such as the GPS system, electronic signature and the efficient use of computer systems. Moreover, we have implemented a comprehensive system of role succession with an emphasis on critical positions and development of systematic strategic training and characterization for distinguished leadership at Codelco.

In labor relations, we have signed a Strategic Compact that has regulated governance and relations with the trade unions, and we have carried out collective negotiations economically adjusted to the copper price cycle. There is also an ongoing management of absenteeism and overtime and we have periodically conducted labor climate studies throughout the corporation. Our management of diversity and gender equality deserves special mention, which has substantially increased the number of women represented on the permanent company staff.

Over recent years, Codelco has had to face two types of highly complex variables; the price crisis, on one hand, that has affected the industry and, on the other hand, the execution of the so-called structural projects aimed at replenishing the mining base of the company, reconfiguring its operations and organizational management, matters in which human resources had contributed in its personnel management role.

GRI 102-8 Codelco's own staff with indefinite term contracts reached 17,753 people as of December 31, 2017. During 2017, Codelco's female staff reached 1,595, representing 9% of the total staff with an indefinite contract. This percentage rises to 9.5% if we consider staff with temporary indefinite contracts, corresponding to 1,767 women.

GRI 202-2 The selection of Codelco executives is based solely on an analysis of their skills and merits, with 98.2% of them being Chilean (4 foreigners and 225 Chileans). In this case, "local" is understood as Chilean; given that Chile is the place where important operations are carried out.

GRI 102-7 102-8 Codelco's own staff by type of contract and position

| | Indefinite term contract | | Temporary term contract | | Total staff | |
|-----------------------------|--------------------------|--------|-------------------------|-----|-------------|--------|
| | Women | Men | Women | Men | Women | Men |
| Radomiro Tomic | 85 | 1,031 | 23 | 143 | 108 | 1,174 |
| Chuquicamata | 484 | 4,834 | 64 | 282 | 548 | 5,116 |
| Ministtro Hales | 91 | 644 | 8 | 27 | 99 | 671 |
| Gabriela Mistral | 97 | 433 | 10 | 16 | 107 | 449 |
| Salvador | 87 | 1,477 | 4 | 104 | 91 | 1,581 |
| Andina | 87 | 1,599 | 12 | 26 | 99 | 1,625 |
| Ventanas | 58 | 853 | 13 | 13 | 71 | 866 |
| El Teniente | 221 | 4,259 | 32 | 23 | 253 | 4,282 |
| Head Office | 205 | 303 | 2 | 1 | 207 | 304 |
| Vice Presidency of Projects | 180 | 725 | 4 | 2 | 184 | 727 |
| Total | 1,595 | 16,158 | 172 | 637 | 1,767 | 16,795 |

Own staff by Division or Work Center as of December 31

| Divisions | | | Variation |
|--------------------|---------------|---------------|--------------|
| | 2016 | 2017 | |
| Radomiro Tomic | 1,228 | 1,282 | 4.4% |
| Chuquimata | 5,921 | 5,664 | -4.3% |
| Ministro Hales | 767 | 770 | 0.4% |
| Gabriela Mistral | 553 | 556 | 0.5% |
| Salvador | 1,643 | 1,672 | 1.8% |
| Andina | 1,682 | 1,724 | 2.5% |
| Ventanas | 954 | 937 | -1.8% |
| El Teniente | 4,524 | 4,535 | 0.2% |
| Head Office | 493 | 511 | 3.7% |
| Vice Presidency of | 840 | 911 | 8.5% |
| Total | 18,605 | 18,562 | -0.2% |



GRI 403-2 Our total annual average absenteeism reached 3.8% in 2017, a figure that has remained steady for the last three years. This rate covers absenteeism of all workers, service and administrative personnel holding indefinite term contracts during the period.

The absenteeism rate includes unjustified cases commonly known as failure or desertion; and justified absenteeism cases such as medical leave, accidents, occupational illness and home leave. Justified cases respond to different causes such as medical leave due to illness or accident and/or pre and post maternity leave, marriage leave and death in the family, among others.

It is important to mention that, in line with the Corporate Policy for Gender Diversity and Work, Family and Personal Life Conciliation, Codelco has calculated its 2017 average absenteeism rate without including pre and post-natal leave, reaching 3.6%.

GRI 405-1 The age distribution is between 30-50 years within governing bodies, for both men and women. The Senior Administration level consists of men only, most of them over 50 years of age.

2017 staff according to gender and age group

| | | X<30 | 30=<X<=50 | X>50 | Total | % according to gender |
|-------------------|------------------------|--------------|---------------|--------------|---------------|-----------------------|
| Women | Senior Administration* | 0 | 0 | 0 | 0 | 0 |
| | Executives | 0 | 15 | 7 | 22 | 1.25% |
| | No Executives | 241 | 1,195 | 309 | 1,745 | 98.75% |
| Subtotal - female | | 241 | 1,210 | 316 | 1,767 | 9.52% |
| Men | Senior Administration | 0 | 2 | 18 | 20 | 0.12% |
| | Executives | 0 | 83 | 104 | 187 | 1.11% |
| | No Executives | 1,209 | 9,200 | 6,179 | 16,588 | 98.77% |
| Subtotal - male | | 1,209 | 9,285 | 6,301 | 16,795 | 90.48% |
| Total own staff | | 1,450 | 10,495 | 6,617 | 18,562 | 100% |

(*) Senior Administration does not include the Board of Directors

Labor turnover

GRI 401-1 New hires during 2017 tended to be between the ages of 30 and 50 years in most divisions. Chuquicamata was

the division with the largest number of new hires with a total of 482 people, 402 of which are men and 80 correspond to women.

| | Gender | New hires for January-December 2017 | | | Total |
|----------------------------------|-----------------|-------------------------------------|-----------|------|-------|
| | | X<30 | 30<=X<=50 | 50<X | |
| Radomiro Tomic | Female | 10 | 14 | 0 | 24 |
| | Male | 25 | 157 | 15 | 197 |
| | Total new hires | 35 | 171 | 15 | 221 |
| Chuquicamata | Female | 42 | 38 | 0 | 80 |
| | Male | 142 | 242 | 18 | 402 |
| | Total new hires | 184 | 280 | 18 | 482 |
| Ministro Hales | Male | 7 | 3 | 0 | 10 |
| | Male | 28 | 3 | 1 | 32 |
| | Total new hires | 35 | 6 | 1 | 42 |
| Gabriela Mistral | Female | 5 | 7 | 0 | 12 |
| | Male | 2 | 9 | 2 | 13 |
| | Total new hires | 7 | 16 | 2 | 25 |
| Salvador | Female | 3 | 4 | 0 | 7 |
| | Male | 69 | 129 | 9 | 207 |
| | Total new hires | 72 | 133 | 9 | 214 |
| Andina | Female | 8 | 3 | 0 | 11 |
| | Male | 23 | 35 | 3 | 61 |
| | Total new hires | 31 | 38 | 3 | 72 |
| Ventanas | Female | 8 | 3 | 0 | 11 |
| | Male | 10 | 4 | 0 | 14 |
| | Total new hires | 18 | 7 | 0 | 25 |
| El Teniente | Female | 23 | 17 | 0 | 40 |
| | Male | 28 | 21 | 7 | 56 |
| | Total new hires | 51 | 38 | 7 | 96 |
| Head Office | Female | 4 | 11 | 1 | 16 |
| | Male | 4 | 13 | 3 | 20 |
| | Total new hires | 8 | 24 | 4 | 36 |
| Vice Presidency of Projects (VP) | Female | 3 | 18 | 5 | 26 |
| | Male | 3 | 67 | 29 | 99 |
| | Total new hires | 6 | 85 | 34 | 125 |

Provided below are the turnover figures for age group and gender within each Division and noting Codelco's total turnover of 4.5%.

Turnover by age group and gender (January to December) 2017

| Divisions | Age groups | | | Gender | | Total |
|-----------------------------|------------|-----------|-------|--------|--------|-------|
| | X<30 | 30<=X<=50 | 50<X | Male | Female | |
| Radomiro Tomic | 9.8% | 4.3% | 0.9% | 3.4% | 2.4% | 3.3% |
| Chuquicamata | 12.4% | 1.9% | 10.5% | 6.7% | 8.7% | 6.9% |
| Ministro Hales | 1.8% | 2.1% | 2.5% | 2.2% | 1.6% | 2.1% |
| Gabriela Mistral | 2.4% | 2.6% | 7.1% | 2.9% | 4.0% | 3.1% |
| Salvador | 7.1% | 1.9% | 0.9% | 1.8% | 2.5% | 1.9% |
| Andina | 4.6% | 1.6% | 1.5% | 1.8% | 2.3% | 1.8% |
| Ventanas | 7.4% | 1.8% | 1.4% | 1.9% | 1.6% | 1.9% |
| El Teniente | 11.9% | 2.4% | 5.4% | 4.0% | 7.6% | 4.1% |
| Head Office | 25.0% | 7.1% | 4.0% | 8.5% | 3.7% | 6.6% |
| Vice Presidency of Projects | 30.0% | 5.2% | 3.2% | 5.2% | 3.9% | 4.9% |
| Total Codelco | 9.3% | 2.6% | 6.4% | 4.4% | 5.4% | 4.5% |

Salaries

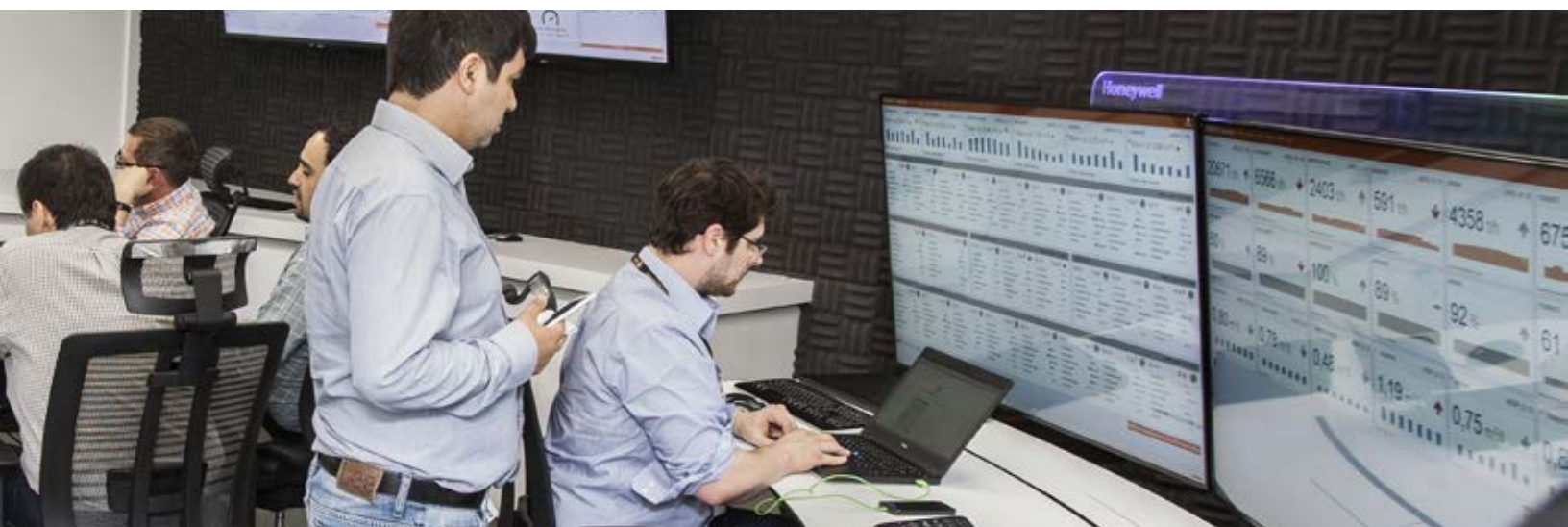
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102-39
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Codelco publishes salaries on its website www.codelco.com in accordance with the Transparency Law, the salaries of the Board of Directors, the CEO, the executives and the rest of the staff, as well as the basis of calculation and criteria considered, thereby providing knowledge of salary differences and variations with respect to the official minimum wage in Chile. The foregoing information is required under Chilean regulations and is normally reported for the period from May to May of each year.

In the definition of position, the base salary depends on the roles, responsibilities, skills and experience of the worker, not on his or her gender.

GRI
405-2

Comparisons cannot be made with respect to salary differences that do actually exist, given that salaries vary depending on experience, performance, skills, abilities, etc.



Labor Dialog

GRI 407-1 Codelco respects Chilean labor law and C087 - Freedom of Association and Protection of the Right to Organize Convention and C098 - Right to Organize and Collective Bargaining Convention, among other agreements ratified by Chile with the International Labor Organization (ILO).

Moreover, as a company that adheres to the United Nations Global Compact, Codelco respects and supports the freedom affiliation and right to collective bargaining in accordance with the third principle of said initiative.

Codelco is highly unionized company, respecting the guarantees and powers provided for in the Labor Code pertaining to trade union organizations and their leaders.

Approximately, 99.1% of the operations personnel of Codelco are affiliated with union organizations. 79.1% of Codelco supervisors also hold union affiliation. The foregoing implies that 93.4% of Codelco's in-house staff with indefinite term contracts is unionized. The detail of unionization by work center is provided below:

GRI 402-1 2017 Unionization

| Division | Chuquicamata | Radomiro Tomic | Ministro Hales | Gabriela Mistral | Salvador | Andina | Ventanas | El Teniente | Head Office | VP | Codelco |
|------------------|--------------|----------------|----------------|------------------|----------|--------|----------|-------------|-------------|-------|---------|
| Unionization | 98% | 94.8% | 95.8% | 85.3% | 98.3% | 92.8% | 92% | 97.3% | 63.8% | 58.6% | 93.4% |
| Number of Unions | 7 | 2 | 2 | 2 | 3 | 3 | 2 | 7 | 2 | 1 | 31 |

In accordance with the provisions of Law 20.392 enacted on November 4, 2009, two representatives of the company's workers, elected by the President of the Republic, shall be part of Codelco's Board of Directors. One representative represents the Copper Workers Federation (FTC) and the other represents the National Association of Copper Supervisors (ANSCO) and the Federation of Copper Supervisors (FESUC) as a whole. Thus, any organizational or management change determined by the Board shall be known by workers.

During 2017, the FTC made progress in the deepening of a relationship model based on participative management, dialogue and the creation of new areas of trust. At the Corporate level, such areas included the High Council, the Coordinating Committee and the Human Capital, Competitiveness, Sustainability and Gender Policy Councils.

GRI 403-4 Sustainability Council discussed the following topics (among others): 2016 - 2017 Green Card development; diagnosis of active workers with occupational illness; safety results: fatality and 2000-2017 rates; ICMM large mining companies; active personnel with occupational illness diagnosis, regulatory procedures.

At the divisional level, technical convergence and management work groups were held whose aim centered on structural projects, divisional development projects and issues related to labor agendas linked to collective bargaining agreements.

Codelco management and the union leaders continued working on the implementation of the Strategic Compact for Chile. Commitments were defined that were incorporated as part of the Divisional and Corporate Performance Agreements. In 2017, Codelco implemented 28 management work groups and 3 technical convergence work groups. Collectively, these work groups brought about 23 commitments to objectives focused on the competitive improvement and the present and future sustainability of the Company.

Discussions with the Federation of Copper Supervisors (FESUC) at the Corporate level focused on the search for viable solutions to overcome the various circumstances that affected the relationship with said Federation in 2017, while the ongoing work group discussions with the supervisor's trade union organizations were resolved at the respective work centers.

The National Association of Copper Supervisors (ANSCO) and Codelco management participated in the ANSCO 2017 seminar: AUTOMATION-ROBOTIZATION: “The Current Challenge”.

Joint health and safety committees and trade unions represent another participation level directly involved in workers’ interests.

MM4 With respect to 2017 Collective Bargaining, 9 negotiations processes were developed within Codelco that involved the participation of 9 union organizations and a total of approximately 2,367 workers. Within these talks we continue to promote the strengthening of a vision in keeping up with the times and circumstances that Codelco currently faces, seeking to associate profit with the results of productive improvements and cost reductions. No strikes were recorded in 2017.

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

GRI 401-2 The benefits agreed upon in collective bargaining agreements vary from one operation to another depending on the negotiations made with respective trade unions. Thus, benefits vary according to the type of collective agreement, not according to work day or contract, being worker’s life insurance the only benefit that covers all workers of the Corporation.

People management focused on productivity and shared values.

In Codelco, leadership models are designed and skills are updated to reflect our strategic challenges. The following attributes form a basis for how we define the leadership profile that is required to meet our objectives and develop different skill sets.

- Focus on results and excellence
- Responsibility and commitment
- Communication and negotiation
- Collaboration and team work
- Business context and strategic direction
- Self-development and for others
- Innovation and creativity
- Transformative and motivational leader

Performance Assessment

GRI 404-3 The Performance Management System involves a periodic process of defining a worker’s goals and evaluating compliance with such goals, providing respective feedback and ongoing monitoring, aimed at improving both business and personnel performance results.

Alignment of the process of performance management is attained via the setting of goals linked to corporate strategies, which are incorporated into the Performance Management System for the work of the year. This annual process focuses on the “what” and the “how” performance commitments are reached, to generate, promote and consolidate a high-performance organization and a culture of recognition for a job well done.



The focus of 2017 was on the establishment of virtuous and effective conversations for the development and maximization of the performance of all those who work in Codelco, improving the frequency and quality of such dialogue and thereby strengthening the role of the performance monitor.

The foregoing was materialized through the identification of instances within the annual cycle that would provide for ongoing performance monitoring and integration with Codelco's operational excellence management system, known as "C+", reinforced by the implementation of some of C+'s practical tools within the monitoring and performance feedback phases, starting with pilot groups that identified best practices and defined the effective strategies for their incorporation into performance management.

Furthermore, during 2017 progress was made towards the consolidation and permanent improvement of world-class GPS software in Codelco, which provides for the integration of different personnel management systems and represents cloud solutions that accompany and facilitate the performance planning, monitoring, evaluation and feedback process.

The scope of the performance planning stage for executives and professionals covered 3,881 people on the closing date May 29, 2017, of a universe of 4,101 people.

The focus on safety was reinforced by a goal defined by the CEO for General Managers and Safety and Occupational Health Managers of all work centers and VPs, in compliance with the Occupational Health, Safety and Risk Management System Plan.

In terms of the total staff assessment, 10,922 people were evaluated through a corporate technological platform, corresponding to workers with indefinite term contracts who are eligible for evaluation.

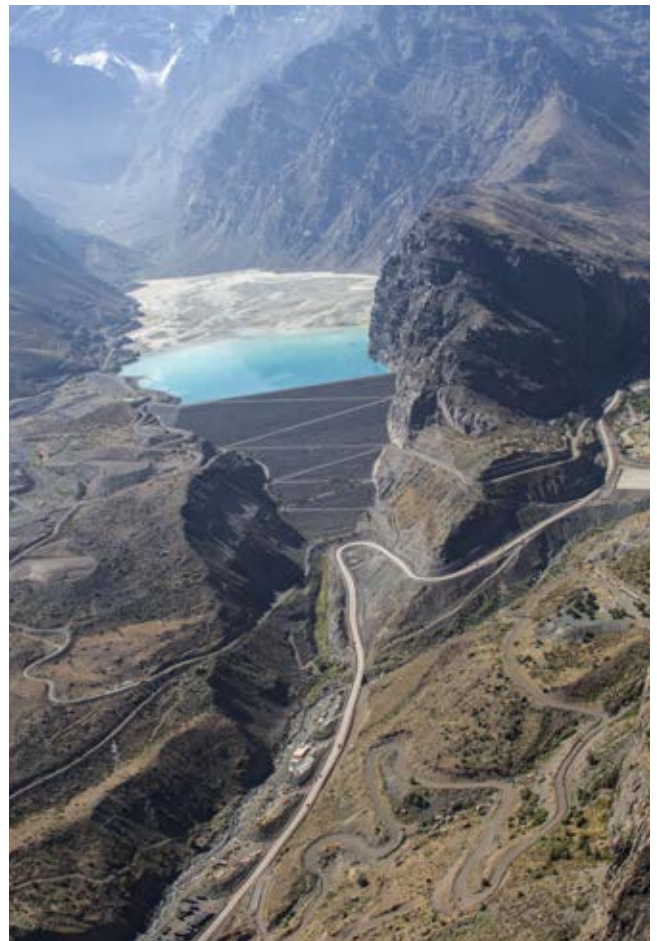
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Total Codelco staff evaluated according to gender

| | 2017 | | |
|---------------------------------|-------|--------|--------|
| | Women | Men | Total |
| Total of collaborators | 1,572 | 16,495 | 18,067 |
| No. of collaborators evaluated | 1,045 | 9,877 | 10,922 |
| % of the total of collaborators | 66.5% | 59.9% | 60.5% |

Training Management System

Codelco Vice Presidencies are responsible for defining the strategic focus where workers will be trained in different areas from which the contents are determined.



Global indicators of the year were as follows:

2017 consolidated training indicators

| GRI 404-1 Training of own workers | Gender | Worker category | | | |
|--|--------|---|--------------|------------|--------|
| | | Executives | Profesionals | Operations | Others |
| Total training investment (millions of US\$) | Men | In 2017, a total of USD \$14,380,323 was invested in training activities. | | | |
| | Women | | | | |
| Number of courses | Men | A total of 7,180 training courses were conducted | | | |
| | Women | | | | |
| Trained workers | Men | 199 | 2,992 | 10,805 | 194 |
| | Women | 22 | 739 | 691 | 157 |
| Total instructional hours per class | Men | 8,605 | 145,014 | 371,240 | 8,751 |
| | Women | 1,029 | 37,201 | 21,108 | 7,110 |
| Average training hours* | Men | 43,2 | 48,5 | 34,4 | 45,1 |
| | Women | 46,8 | 50,3 | 30,5 | 45,3 |

(*) The calculation is made based on the total of Codelco workers

The data were adjusted in accordance with the Annual Report 2017, no greater than 1%, due to changes subsequent to the date of publication of the document.

GRI 404-2
Training consists of an essential skills training environment that seeks strategic alignment and training for the deployment of skills. The primary focus of such training is to increase productivity and adaptation to new technologies, and to enhance the skills and development of personnel. The specific objectives of each program are:

- Essential training program: Installs cross-disciplinary values and knowledge to accelerate the process of adaptation to the organization, as well as strengthen the commitment, alignment and identification with the culture and institutionality of the company. The

program also covers the beginning and end of worker's labor life cycle; thus, it imparts induction and regulatory training for work and prepares workers for retirement.

- Skills deployment training program: pursues the development of new skills associated with respective roles and responsibilities, with the purpose of improving productivity and maximizing worker's performance at their current and future positions.

2017 Training Programs

| Training program | Type of program | No. of beneficiaries | % of beneficiaries % of the total | No. of participants |
|--------------------------------|-----------------|----------------------|-----------------------------------|---------------------|
| Essential training | Essential | 6,148 | 33% | 9,562 |
| Training for skills deployment | Deployment | 14,644 | 80% | 53,412 |

GRI 412-2
One of the key elements in the essential training program is the focus on training on policies and / or procedures related to human rights, which are also included in the induction programs, code of conduct, gender diversity and conciliation of family and personal work life, harassment and violence and fundamental rights, of which 6,373 people were trained in 2017, corresponding to 34.63% of the workforce. The total hours of training for these course subjects amounted to 20,950.

GRI 410-1
And in matters of security practices, all Codelco security personnel must comply with the O.S.10 course of Carabineros de Chile, which includes human rights training.

Among the primary training programs developed at corporate level, it is worth highlighting the work carried out for the 2020 Productivity and Costs Agenda. This program seeks as one of its key objectives a more

proactive and planned maintenance, to preparing a set of resources associated with the management of labor skills and a focus on the field of maintenance engineering. Efforts in this area allowed for the development of 48 skills associated with maintenance key performance indicators; the design of 2 learning paths for maintenance engineering, the establishment of 138 training modules and training package structuring (6 packages for each module).

For more than a year, collaborative efforts were carried out through the creation of various technical work groups, bringing together maintenance and human resources specialists, assisted by a consultant in people management and the Mining Skills Council, a sectoral body that works under the Mining Council of Chile.

Once this design stage has been completed, the process of planning and executing the training activities begins, responding to the training needs for skills specific to each work center and the transverse skills required at the corporate level. This way, our teams will be trained to a standard defined at the corporate level, favoring the development towards a highly competent human capital and qualified for maintenance at the national level.

Additionally, the work developed will become available through the Mining Skills Council for national industry and for professional technical training institutions.

Thus, the development of maintenance skills, aligned with Codelco's strategies, contribute to the mining and national productivity.

Moreover, the second phase of the Training Program for Directors of Subsidiaries and Associates of Codelco was developed and continued with a new group from the initial phase. Said program seeks to instruct and update current and potential Board members on the information and tools necessary to achieve high-level performance in the exercise of their roles.

2017 Gender Diversity and Conciliation of Work, Family and Personal Life

In Codelco, equal opportunities, diversity, gender equity and the reconciliation of work, family and personal life are inalienable principles in People Management and work practices.

GRI
405-1

These concepts are also a clear expression of our commitment to respect for fundamental human rights and one of the ways to ensure their defense and

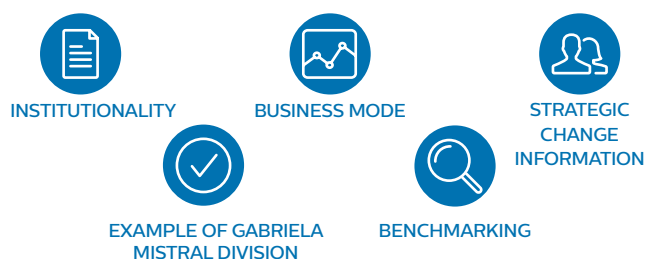
advocacy. These principles are based on our conviction that the existence of mixed teams contributes to the business productivity and organizational sustainability.

We know that to be competitive, we must have world-class human resources, therefore, we must be able to attract and retain talent, with the understanding that talent should not be restricted to a specific genre.

This is how we define our diversity strategy, executing actions to close gaps. We approach Institutionalization as a way to establish a committed focus within the Corporation, integrating this focus into the business model for broad application and to reach personnel from all areas and sectors.

Change agents have been defined to implement management systems in each work center, taking the experience of the Gabriela Mistral Division as an example, in addition to best practices taken from industry benchmark data and National Chilean Standard 3262.

Among the management systems consistent with said Standard is the Work and Sexual Harassment procedures, Maternity Protection and Conciliation procedures, among others, which aim to ensure equity and equal opportunity between men and women, as well as to detect gaps and implement periodic action plans to close them.



Female participation on staff reached 9.5% in comparison with 9% in 2016. This figure exceeds the industry average. Additionally, we increased the female participation to 25% within subsidiary and affiliate directorships, an important jump compared to 2014, when it reached 12%.

We also worked on the strengthening of training and development programs to accelerate the participation of women in decision-making positions.

Simultaneously, during 2017 a corporate study on the gender wage gap commenced.

GRI
405-2

Under no circumstance does Codelco discriminate based on gender. The base salary depends on the position, responsibilities, skills and experience of the individual, not on gender.

In 2017 Codelco also certified Chilean Standard 3262 Management System: Management of Gender Equality and Conciliation of Work, Family and Personal Life for the Minister Hales, Radomiro Tomic divisions and the Vice Presidency of Projects, with which we reach 60% of our certified work centers.

Furthermore, in terms of infrastructure, we have managed to enable and incorporate new facilities such as change rooms and bathrooms for women, as well as rooms for the extraction and storage of breast milk. Moreover, Codelco has personal protective equipment specially designed for women (safety shoes, two-piece work apparel and in the appropriate sizes, maternity apparel for pregnant women). As a consequence such efforts have also improved and close gaps in infrastructure and equipment for men.

Conciliation

Codelco is constantly seeking out actions to make the different roles that people assume outside the work environment compatible. Our people management approach supports men and women who seek such balance without prejudice to their professional role.

Employee exit management

GRI
201-3

The Corporation constantly requires to define all-round solutions to respond to staffing needs or the retirement of employees due to health issues. Last year 73 exit programs were managed, settling several aspects such as savings benefits and health coverage. These programs were designed in order to ensure future employability of the involved employees, while ensuring an adequate level of social security, in line with company and industry context.

PROGRESS ON CONCILIATION MEASURES

Codelco views conciliation as the balanced participation of different realms of society: work, family and personal life - for both men and women - under the logic of joint responsibility.

For this reason, Codelco has established a set of conciliation measures that, in addition to those defined by law, are part of the system that contributes to enhanced productivity and motivation of its people.

Through the respective Gender Equality and Conciliation Management Systems of each work center, and within the framework of NCH 3262, conciliation measures have been implemented in favor of men and women. Also, the trade unions have incorporated conciliation measures in their collective agreements.

SOME HIGHLIGHTED MEASURES ARE:



FLEXIBILITY TIME AND SPACE

- Flexible schedules
- Change interfered days
- Vacation days over the legal minimum



QUALITY PERSONAL LIFE

- Certification examination permit
- Change of residence permission
- Influenza vaccination
- Service executives for Family Compensation Organization and insurance in the field
- Gym membership agreements



CARE FOR DEPENDENT PERSONS

- Summer school for children
- Special permission for exceptional situations
- Work phone for exceptional situations



MATERNITY AND PATERNITY

- SALAS ALMA
- Accumulation of feeding hours
- Compensatory allowance daycare and home child care
- Paternal post-natal leave

Strategic Innovation



During 2017 we restructured our innovation department and transformed it into the corporate innovation and technology management, whose objective is to develop an more dynamic innovation strategy focused on generating value for our projects



In this section, Codelco highlights the following Sustainable Development Goals:

9 Industry, innovation and infrastructure
17 Alliances to achieve goals

Innovation and Technology

Innovation is in the DNA of our company



During 2017 we have restructured our department of innovation, transforming it into the corporate department of innovation and technology; its objective is to develop an innovation strategy focused on generating value for our projects, dynamic allowing Corporation challenges to be addressed comprehensively, methodical and systematic.

Additionally we have incorporated the area of Automation and Robotics to maximize the value of the innovations associated with the processes through technological transformation.

Therefore, we have defined an innovation strategy that aims to impact Codelco processes through 3 focal points of action:

- Disruptive innovation: Develop and implement new products, technologies and production processes that generate a significant improvement in the business, in line with the strategic challenges that ensure commercial, environmental and social sustainability and which generate competitive advantages.
- Incremental innovation: With a focus on maintaining project divisions with state-of-the-art technology, through adaptation of technologies, culture changes and with a strong project structure.
- Digital transformation: that captures global advancements in digitization, automation, robotics, data processing, to impact productivity.

CODELCO Tech: Technological development of Codelco

Our global positioning of CodelcoTech has been based on market pull methodology that commences from the challenges defined by the Corporation. Among the major challenges for 2017 involved the following activities:

- Link Codelco challenges with ecosystem
- Implement innovation projects
- Package generated knowledge

CodelcoTech will create value for Codelco through the development of knowledge and technologies that must be captured and created from innovative business models that contribute to the sustainability of the company.

Among some of the projects featured in 2017 are:

- Focal charges: the first focal charge units were received, which focus the detonating energy of the explosive for an effective rock breaking method. Focal charges will be used in the underground mine at an industrial level. Engineering was developed to scale the design to greater weights and study new applications.
- Implementation of the Integrated Operations Control Room (CIO), located at Codelco headquarters, with the aim of analyzing large amounts of process data (Data Analytics) with the aim of developing algorithms that predict unwanted conditions, thus aiding in the decision making process. As an example, Data Analytics was developed at the SAG plant, El Teniente division.
- Hackatton – 2017 Exploration Challenge: CodelcoTech, together with several universities and companies, held this event and was associated with the analysis of exploration data to develop algorithms that contribute to increased integrity of geological resource discoveries.

Important advances in innovation projects

In 2017 we consolidated the corporate and divisional innovation project portfolio: of the 120 project portfolio, 38 initiatives are already generating economic value, and 16 managed to attain figures exceeding a million dollars.

In 2017 a total of \$100 million was generated, which corresponds to 30% above that which was committed.

Among the notable projects include the following:

Mining

- Development of semi-autonomous (SA) LHD and automated trucks: civil and mining works were prepared and commissioning tests commenced for the SA LHD at El Teniente division to be subsequently transferred for application and implementation at the Esmeralda mine El Teniente division. Also the tender process for automated trucks at the same mine.

Important advances in innovation projects

- Integrated system to detect and remove uncrushable materials: engineering for the installation of the system took place in Columbus, Crusher 1, El Teniente. Testing is expected to commence in 2018.

Smelting and refining

- We conducted the profile engineering for the Potrerillos smelter and concluded the initial phase of the legal analysis pertaining to intellectual property rights for the Bath Smelting melting furnaces with high-pressure nozzles (currently only low pressure nozzles are in operation) to enhance El Teniente converters. We have progressed in this project with the development of fundamental studies.

- Control and Instrumentation for Bath Smelting furnaces: progress was made on planning, contracting and commencement of all work lines for the control and instrumentation project for Bath Smelting furnaces.
- Enhanced process of continuous conversion: this project was approved at the end of 2017, so we hope to perform basic studies to support the industrial validation of the technology by 2018 and its performance test the following year.

Digital transformation

- Integrated Operations Control Room (CIO) in El Teniente Division: this project will operate and monitor the divisional process plant from Rancagua. This model of integrated operations management allows us to capture large volumes of data that facilitate follow-up in addition to collaborative and targeted planning throughout critical aspects of the business.
- Remote Operations Control Room (COR) at the Ministro Hales division: from October, we made improvements to the roaster. Thanks to a temperature range control system we increased concentrate feed by 36.7 ton/day with respect to the January and September period.

Open innovation

- We participated in the technology supplier's fair "Demo Day" and in the Open Innovation Platform with Fundación Chile. At these events we were able to interact with the primary suppliers for mining technology related to material transport systems. The objective was to find applications that solve the challenges associated with fault detection and cutting of belt transporters.
- We established partnerships with different suppliers in order to validate technologies. We have explored global-level technological alternatives and studies regarding new products, with a focus on optimizing the product range of our company. Such new products include lithium and copper foil, vital components in the production of batteries for vehicles, smartphones, laptops and tools. We expect that the demand for such materials and its price will increase considerably over the coming years.

Contests

- Once again, in 2017, we launched the Think Copper scholarship for the competition for disruptive mining theses aimed at university graduates. These graduates put their skills and creativity at the service of the most productive sector of Chile. The event focused on encouraging the participation of students so that they have an impact on mining and related areas, with new, innovative and transformative solutions for the challenges of the sector.

An intellectual property strategy

Intellectual property has been fundamental to support value proposition raised by the projects and R&D initiatives, and to create an welcoming environment for innovation and collaboration.

This strategy has positioned us as a benchmark in the industry, to register and maintain a significant portfolio of patents, trademarks and technology contracts, allowing us to protect our investment and trading position, enhancing our corporate identity and the adoption of process technologies.

Currently, we have adopted the open innovation model, positioning Codelco to incorporate and promote inputs and solutions of suppliers, universities, research centers and other entities. In this way we may leverage external resources for the development of solutions that benefit our company and the rest of the industry, through proper management of intellectual property.



Definition of Content

Definition of the Sustainability Report Content



In this section, Codelco highlights the following Sustainable Development Goals:

- 16 Peace, justice and solid institutions
- 17 Partnerships to achieve objectives

Definition of Content

GRI 102-49
102-50
102-51
102-52 The contents of this Sustainability Report and the 2017 Report have been published annually and continuously since 1999 on the website www.codelco.com. The contents describe our performance sustained by 6 strategic pillars of our Sustainability Master Plan for the period from January 1st to December 31st of each year. These reports cover all Codelco activities and operations without changes to the scope or coverage of the information with respect to what is reported the previous year.

GRI 102-54
102-56 In addition, as members of the International Council for Mining and Metals (ICMM) we compiled the report in accordance with the Comprehensive option of the Global Reporting Initiative (GRI) standard. The report also serves as a progress report covering the initiatives of United Nations Global Compact, which is externally verified by the firm KPMG.

GRI 102-55 In compliance with GRI standards methodology, to define the contents of the report, we included all material or relevant issues for stakeholders and for the company. Such issues are identified with acronyms such as “GRI 102-49” or “GRI 303-2”, pertaining to GRI performance indicators or contents that respond to such indicators, as indicated in the GRI index published on page 91 of this document.

GRI 102-44 As a result of the stakeholder engagement process, progress was made in the Strategic Compact between Codelco administration and the union leaders which, through respective work groups, defined 25 results commitments for 2017 focused on competitive improvements and sustainability of the Corporation.

Also, through the agreements reached from collective bargaining with the Andina, Salvador, Chuquicamata and the Vice Presidency of Projects division unions, a growing common perspective was consolidated in accordance with the current context and circumstances that Codelco is experiencing, aimed at associating benefits with the results of productive improvements and cost reductions.

Materiality process, Phase I: Identification of Priority Stakeholders

GRI 102-21
102-42 Stakeholders are understood as persons or individuals that are significantly affected by our activities, products and / or services, or whose actions may affect our ability to successfully develop strategies and achieve objectives.

Therefore, we seek to engage and understand the opinions of each of stakeholder, for which purpose Codelco has established a website that provides for the reception of concerns, claims and suggestions.

In 2011, we identified our stakeholders and opened channels of participation. These channels are revised, validated and updated on an annual basis in accordance with the development of the relationship with each stakeholder, with no changes in 2017.

Priority stakeholders are defined every year after the evaluation process regarding the degree of influence and impact on decision making. Subsequently, stakeholder concerns and grievances are raised, identifying the respective aspects and material issues to be included in the report.



Stakeholder identification

GRI
102-21
102-43

| Stakeholder | Channel of participation and / or collaboration | Frequency |
|---|--|---|
| Direct workers | Joint committees. Individual development programs. Request for opinions | Monthly Annual |
| Companies contractors | Labor and social security control. Commercial relations electronic platforms. Suppliers' portal Benefits for contractor companies (housing fund, education scholarships, insurance for accidental death and permanent disability.) Labor training Programs and skills certification | Monthly Ongoing Annual Annual Monthly |
| Families of workers | Family life programs. Scholarships for workers' children. | Annual |
| Federation of workers | Copper Workers Unions and Union Representative of Association National Supervisors of Copper and the Federation of Copper Supervisors. Senior management meetings with the National Board of Directors of the Federation of Copper Workers (CDC FTC) and the Executive Committee of the Federation of Copper Supervisors (FESUC). Sessions: Human Capital Council, Gender Policy Council, Competitiveness Council and Sustainability Council. Divisional Technical Convergence Work Groups and Administration Work Group - FESUC. Collective bargaining process | Monthly 6 times in the year, minimum 6 times in the year, minimum Monthly |
| National community | Press releases, website social networks (Twitter and Facebook) General publications and communications. Sustainability Report | Daily Annual |
| Authorities National | Ongoing communication. Response to specific requests and audits. Work groups, seminars and meetings. Strategic presentations of key elements for Codelco. Involvement in the formulation of new regulations. Release of economic-financial results. Financial Report | Daily Quarterly Annual |
| Communications media | Release of economic-financial results. Press releases, interviews, corporate and divisional publications, social networks and press conferences, Flickr page (photographs), YouTube Channel (video). | Quarterly Daily |
| Neighboring communities | Environmental grievance and suggestion system. Application process for FIS projects and SENCE training. Information (open houses, door to door, visits to site / division) Work groups. Perception study. Socio-economic impact study. | Ongoing Once a year Quarterly Bimonthly Every three years. Once every 10 years |
| Non-governmental organizations governmental | Memberships to which the Corporation ascribes; or with those that it develops community investment projects. | At least, 2 or 3 meetings / year |
| Academe | Framework Agreements with universities and technical training centers for continuous training of workers and the insertion of students to Codelco. Participation in round table discussions with university student organizations. Scholarships to complete graduation theses. | Biannually |
| Neighboring social organizations | Participation in work groups and periodic meetings both at local and central level | Minimum every 2 months. |
| Regional and local authorities | Ongoing communication. Work groups and meetings. | Ongoing |
| Mining sector | Joint Regulatory Committee with Sonami and Mining Council Participation in Committee of the International Copper Association (ICA) Participation in International Molybdenum Association Committee (IMOA) Participation in the International Council on Mining and Metals Committee (ICMM) Participation in Mining Council Participation in REACH Consortium for copper and molybdenum products | Monthly meetings Annual in-person meeting Annual in-person meeting Biannual in-person meeting Monthly Biannually |
| Clients | Business and technical visits through agents located at different subsidiary locations. | 2 times / year, minimum |
| Financing and investors | Ongoing engagement with capital market analysts. Ongoing engagement with risk rating companies. Press conferences for financial statements. Annual polls | Ongoing |
| Goods and services suppliers | Commercial engagement on electronic platforms Supplier portal, Codelco procurement portal (service tendering and contracting of services. | Ongoing |

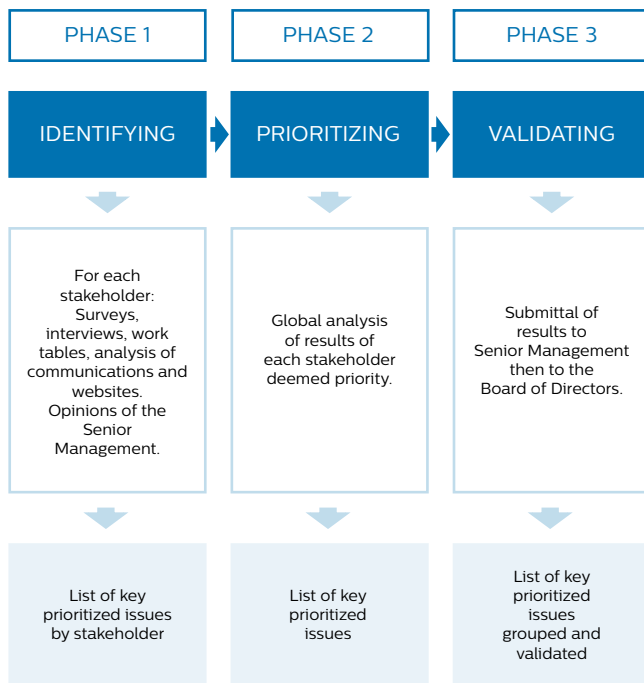
| Priority stakeholders |
|----------------------------|
| Direct workers |
| Workers union |
| Contractor companies |
| Neighboring community |
| Local social organizations |

Materiality Process, Phase II: Survey of relevant issues to be published

The Materiality Process helps us to identify the key issues of our internal sustainable development strategy, the concerns of the stakeholders with specific interests in the company, broader social expectations and the influence of the company in the productive or consumer entities for our stakeholders.

Report preparation process

To identify the material issues (most relevant) to address in this report, the GRI standard guidelines were followed, considering the following phases:



Finally, in adherence with the guidelines of the GRI Standards, the information was analyzed and a matrix was created that establishes the key issues and opinions of each stakeholder group on for each environmental, social or economic GRI content topic.

In this way, global material issues are identified which in turn determine the issues to be considered for inclusion in the 2017 Sustainability Report.

For the updating process we refer to the results of the process for preparing the Sustainability Master Plan developed in 2016. The latter process involved a stage of consultation and interviews with representatives of various external stakeholders such as think tanks, experts, NGOs, the community and the public governance organizations and internal groups of Codelco executives and union representatives, thereby establishing 6 key areas and management focuses.

Once a long list was defined, the next step was to determine those issues of greater relevance, thus constituting the list of Material issues for this report, through a qualitative analysis of the importance assigned to each of these issues and the frequency with which these appeared in discussions. Simultaneously, the impact was determined for each topic economically, operationally, socially and in terms of labor, and Codelco's reputation.

The results of the foregoing exercise provided for the identification of all the material issues. Subsequently these issues were developed and reviewed by the Vice Presidency of Corporate Affairs and Sustainability, who assessed the representation of all issues, deemed to be material prior to their inclusion in the report.



Economic issues

- Productivity and efficient management.
- Investments and costs
- Ethics and integrity
- Business and Corporate Governance (*)
- Indirect consequences of the operation
- Financing (*)
- Strategic innovation

Labor issues

- Health and safety
- Development, organization and workers
- Labor relations
- Diversity and inclusion
- Employment
- Training and education
- Security practices

Material
issues

2017

- Non-discrimination
- Equality between men and women

Human rights issues

Environmental issues

- Water resources (*)
- Emissions and air quality (*)
- Environmental compliance
- Discharges and waste (*)
- Mine site closures
- Energy & climate change
- Biodiversity (*)

Social and Community Aspects

- Community and indigenous peoples
- Development Socioeconomic compliance
- Complaint mechanisms

(*) Substituted by the 2016 Sustainability Master Plan

A matrix of prioritized identified issues is provided below. These issues were identified based on two dimensions or core concepts: i) their level of relevance for the stakeholder (interests and primary issues related to sustainable performance, indicators raised by the groups and influence on the assessment and decision regarding the Corporation) and ii) their relevance to Codelco (impact, risk or opportunities related to sustainability). Material issues are those identified in the upper right quadrant, according to the following classification:

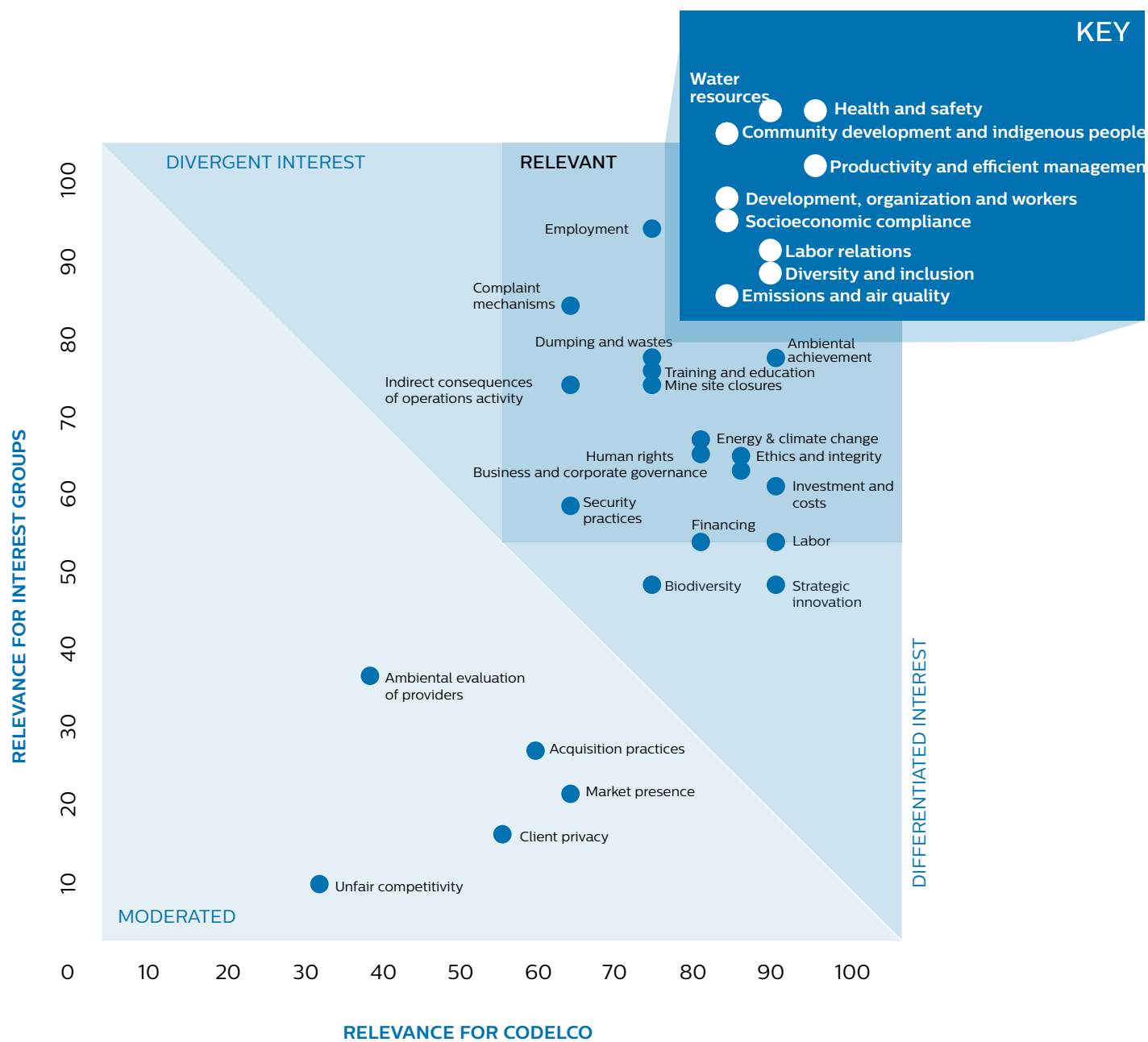
Key issues: highly-relevant issues that need to be addressed as a priority due to their significance to the company and the majority of stakeholders.

Relevant issues: issues that must be promptly addressed given their importance for the company and for most of the stakeholders.

Issues of divergent interest: issues of significant importance for the company or for any of its stakeholders. These issues need to be addressed by the area corresponding responsible area to manage and maintain engagement with the identified group.

Moderate issues: issues that have low importance both for the company and for stakeholders.





Provided below is a table of the material issues and their scope, that is, where the impact occurs.

| CATEGORY | MATERIAL ISSUE | SCOPE |
|--|---|---|
| Economic | <ul style="list-style-type: none"> - Productivity and efficient management. - Investments and costs - Ethics and integrity - Business and corporate governance - Financing - Strategic innovation - Indirect consequences of the operation | <p>Inside Codelco (operations and finances) and outside Codelco (treasury and areas of direct influence)</p> <p>Outside Codelco (treasury and areas of direct influence)</p> |
| Environment | <ul style="list-style-type: none"> - Water resources - Emissions and air quality - Dumping and wastes - Mine site closures - Energy & climate change - Biodiversity - Environmental compliance | <p>Inside Codelco (operations and finances) and Outside Codelco (areas of direct influence and national community)</p> <p>Inside Codelco (operations and finances) and outside Codelco (regulators, areas of direct influence, and national community)</p> |
| Labor practices and gainful employment | <ul style="list-style-type: none"> - Health and safety - Employment - Development, organization and workers - Labor relations - Diversity and inclusion - Training and education - Security practices | <p>Inside Codelco (human resources, operations, and OSH) and outside Codelco (FTC, unions, regulators, contractors and suppliers, areas of influence direct influence, and national community)</p> <p>Inside Codelco (operations and finances) and outside Codelco (areas of direct influence and national community)</p> <p>Inside Codelco (human resources, operations) and outside Codelco (FTC, unions regulators and national community)</p> |
| Human Resources | <ul style="list-style-type: none"> - Non-discrimination - Gender equality | <p>Inside Codelco (human resources, operations) and outside Codelco (FTC, unions regulators and national community)</p> |
| Society | <ul style="list-style-type: none"> - Community development and indigenous peoples - Complaints & grievances mechanisms - Socioeconomic compliance | <p>Inside Codelco (corporate affairs and community development areas) and Outside of Codelco (community of areas of direct influence and national community, authorities)</p> <p>Inside Codelco (corporate affairs) and outside Codelco (areas of direct influence and national community)</p> |

(*) “Inside Codelco” refers to all entities that make up the organization and “Outside Codelco” refers to external entities with whom Codelco is in contact.

It is important to note that the impacts that make an issue relevant may occur simultaneously outside and inside the Corporation.

GRI 102-32 The contents of this report have been reviewed and approved by the Corporate Governance Committee and Sustainability.

GRI 102-53 As a point of contact to solve the doubts that may arise with respect the content of the Sustainability Report, please contact Mr. Patricio Chávez Inostroza, Vice President of Corporate Affairs and Sustainability, at reporte@codelco.cl, or to Casa Matriz, Huérfanos 1270, Santiago de Chile. Phone: (56 2) 2690 30 00.

Letter of Verification

GRI
102-56



Independent Accountant's Report Codelco's 2017 Sustainability Report

To the President and Directors of
Corporación Nacional del Cobre de Chile (CODELCO)

We have conducted a limited review of the content and data disclosed in the 2017 Sustainability Report of Codelco for the year ended December 31, 2017.

Codelco's management is responsible for the preparation of the Sustainability Report. Additionally, Codelco's management is responsible for the contents, affirmations, scope definition and the management and control of information systems reported.

Our review was conducted in accordance with attestation engagement standards established by the Colegio de Contadores de Chile A.G. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion over "Codelco's 2017 Sustainability Report". Accordingly, we do not express such an opinion.

Contents and data disclosed in "Codelco's 2017 Sustainability Report" were also reviewed considering the criteria established in the Global Reporting Initiative (GRI) Sustainability Reporting Standard as well as its related Supplement for the Mining and Metal Sector, which are summarized as follows:

- Determine that the contents and data disclosed in "Codelco's 2017 Sustainability Report" are duly supported with sufficient evidence.
- Determine that Codelco has prepared its 2017 Sustainability Report in accordance with the Principles on Content and Quality as established by the GRI Standard and the Supplement for the Mining and Metal Sector.
- Confirm the comprehensive option stated by Codelco in its 2017 Sustainability Report, in accordance with the GRI Standard.

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

- Interviews with Codelco's key personnel, in order to assess the 2017 Sustainability Report preparation process, content definition and information systems used.
- Verification of data included in "Codelco's 2017 Sustainability Report" through supporting documentation provided by Codelco.
- Analysis of the collection process and the quality control of the quantitative information reported in "Codelco's 2017 Sustainability Report".
- Verification of data reliability using analytical procedures, testing on a sample basis and the review of recalculations.
- Visits to the corporate offices located in the Metropolitan Region and the operations Chuquibambilla, El Teniente and El Salvador.
- Review of the wording of "Codelco's 2017 Sustainability Report".

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

- Contents and data disclosed in "Codelco's 2017 Sustainability Report" are not duly supported with sufficient evidence.
- "Codelco's 2017 Sustainability Report" has not been prepared in accordance with the Principles on Content and Quality as established by the GRI Standard and the Supplement for the Mining and Metal Sector.
- "Codelco's 2017 Sustainability Report" does not comply with the comprehensive option stated by Codelco in accordance with the GRI Standard.

KPMG, Auditores y Consultores Ltda


Luis Felipe Encha K-P
Partner
Santiago, June 8, 2018

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Sustainability, ICMM, Global Compact and SDGs

Definition of basic principles that guide our actions on issues of sustainable development.



In this section, Codelco highlights the following Sustainable Development Goals:

- 16 Peace, justice and solid institutions
- 17 Partnerships to achieve objectives

Sustainability, ICMM, Global Compact and SDGs

Codelco and Sustainability

Annually, through its Corporate Risk Management System, Codelco raises those critical or high-impact aspects in each department and work center that may affect the business and its management focal points, among which include risks associated sustainable development issues.

Sustainability and External Affairs Management, or their equivalent, participate in this process together with operations and risk management areas to establish management plans for elimination or risk or to control of their impact.

The advancement of management plans for socio-environmental risks and their corresponding controls and action plans are part of the performance agreements

of each work center, including continuous follow-up on the part of the General Managers and of the Vice Presidency of Corporate Affairs and Sustainability of the Head Office, regularly reporting on progress and results to the Board's Corporate Governance and Sustainability Committee.

Systems, processes, and compliance status

In Codelco, the management of environmental and community sustainability aspects is the responsibility of each operation area, supported continuously, on one hand, by the Sustainability and Institutional Relations Management, through the System of Environmental Risk Management and the System of Community Development Management and, on the other hand, by the Occupational Health and Safety Management that directs the establishment and fulfillment of the objectives of the Management System in these matters.

Sustainability management is complemented by the human resources management and with the integration and improvement approach to the quality of life of the collaborators. In addition to complaints and grievances mechanisms for the communities and other external interest groups.

In this 2017 Sustainability Report all issues of material importance for the company and its stakeholders are described in terms of their importance for the company and its stakeholders while the management mechanisms and the results obtained from that management have been made fully transparent.

GRI 102-13 In addition to being prepared under the framework of GRI, commitments and progress with the International Council of Mining and Metals (ICMM), the ten principles of the United Nations Global Compact and Sustainable Development Goals (SDGs).

ICMM

We are members of the International Council of Mining and Metals, an organization that, since 2001, has brought together the leaders of the extractive mining and metals industry, with a commitment to improve the performance in sustainable development that society requires, through the following principles:



1. Implement and maintain ethical business practices and sound systems of corporate governance.
2. Incorporate sustainable development topics to the company's decision-making process.
3. Uphold fundamental Human Rights and respect the culture, customs, and values, in relations with employees and other groups affected by our activities.
4. Implement risk management strategies based on valid information and a solid scientific basis.
5. Seek continuous improvement in our health and safety performance.
6. Seek continuous improvement in our environmental development.
7. Contribute to the conservation of biodiversity and integrated approaches of territorial planning.
8. Facilitate and encourage the design, use, re-use, recycling, and responsible disposal of our products.
9. Contribute to the social, economic, and institutional development of the communities existing in the areas where we operate.
10. Together with our stakeholders, implement information, communication, and engagement mechanisms that are effective, transparent, and independently verifiable.

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

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

- Obtain an independent third-party verification of our performance in sustainability – an independent auditor must review and assess the quality of our reports, systems, and processes in accordance with ICMM's Assurance Procedure.
- We adhere to the principles of transparency proposed by the Extractive Industries Transparency Initiative (EITI).

As Codelco, we adhere to and comply with the 6 position statements that provide clarity to the commitments contained in the ten principles of Sustainable Development of the ICMM:

- ICMM principle for the design of climate change policies (complements to Principles 4 and 6) – June 2011
- Mining Position Statement: Partnerships for development (complement to Principle 9) – January 2010.
- Position statement on ore revenue transparency (complement to Principle 1) – July 2009.
- Position statement on mercury risk management (complement to Principles 4, 6 and 8) – February 2009.
- Position statement on indigenous peoples and mining (complement to Principle 3) – May 2013.
- Position statement on mining and protected areas (complement to Principles 6 and 7) – September 2003.

Each year Codelco's website provides sustainability performance through this Report, both in Spanish and in English, externally verifying the degree of compliance with the 10 Principles and their Statements of Position and the way in which the Corporation identifies and manages its sustainability risks of sustainability.

United Nations Global Compact

As of June 2016, Codelco adheres to the United Nations Global Compact, a voluntary initiative through which companies commit to align their strategies and operations with ten universally accepted principles in four thematic areas:



Human rights

1 Support and respect the protection of human rights.

2 Not be an accomplice of human rights abuses.

Labor

3 Support the principles of freedom of association and trade unions, and the right to collective bargaining.

4 Eliminate forced and compulsory labor

5 Abolish all forms of child labor.

6 Eliminate discrimination in matters of employment and occupation

human rights, labor standards, environment and anti-corruption.

This report fulfills the function of communicating Codelco's progress in complying with these principles.

Environment

7 Support the preventive approach to environmental challenges.

8 Promote greater environmental responsibility.

9 Encourage the development and dissemination of technologies respectful of environment

Anti-Corruption

10 Companies must work against corruption in all its forms, including extortion and criminality.

Sustainable Development Goals (SDGs)

In 2015, the UN adopted the 2030 Agenda on Sustainable Development, an opportunity for countries and their societies to embark on a new path with which to improve the lives of all, without leaving anyone behind. The Agenda has 17 Sustainable Development Goals, which range from the elimination of poverty to combating climate change, education, women's equality, the defense of the environment and the design of our cities.

At Codelco, as part of the mining industry and, unlike other sectors, we have a real opportunity to contribute to most of the SDGs: the contribution as a company in the state of Chile is an important source of joint benefit and

increased integration to the communities in which the operations are carried out.

We have combined our actions with the SDGs, and we have managed to align them, but Codelco remains committed to carry out the process of identification and prioritization of the SDGs that as Codelco we must aim for.



1

- Ongoing contribution to the Chilean State.
- Job creation, equity and equal opportunities
- Procurement of local goods and services
- Corporate guidelines to reduce the wage gap between men and women
- Community investment projects

2

- Minimize impact on the use of natural resources, soil, water and energy as a result of production, in agricultural areas that supply communities
- Collaboration agreements with mainly agricultural indigenous peoples:
 - Cooperative agreement for agricultural production improvements in Chiu-Chiu
 - Strengthening the entrepreneurship of the Colla communities

3

- The Sustainability Master Plan aims to cultivate a deep culture of risk prevention, incorporating safety as a maximum non-negotiable value
- Policy on alcohol, drug and tobacco use
- Work groups to address: fatigue, drowsiness and emergencies
- Fatality Control Standards (ECF)

4

- The Sustainability Master Plan identifies two major facets: the territorial development and community relations. One facet of the sustainability management is community development, that seeks to install skills and strengthen human capital in the population:
 - Primary and secondary education
 - Early childhood and preschool education
 - Technical training and professional education

5

- Certification NCh 3262 Gender equality, reconciliation of work, family and personal life
- Guidelines for the prevention of workplace, sexual and intrafamilial violence
- Special guidelines for maternity protection

6

- Efficient management in the use of water, the increase in reuse and the reduction of consumption
- Objective of Sustainability Master Plan: reduce by 10% the consumption of fresh water per treated ton by 2020

7

- Community Development Projects that aim to provide access to electricity to isolated communities (solar panels or traditional)
- Codelco contributes 5.99% towards unconventional renewable energies
- El Teniente Division: Mini run-of-the-river hydroelectric project uses tailings as an energy source

8

- Strategic Agenda that contemplates increasing from 18% in 2018 to 20% by 2020
- Codelco's contribution: 270 industrial property patents registered in Chile
- Codelco annually allocates US\$ 5 million to social scholarship training
- Compliant with national and international regulations: Zero cases of child labor
- The Accident Frequency Rate over 10 years has reduced by 75%.
- Cooperative agreements to promote sustainable tourism in Alto El Loa, San Pedro de Atacama and Machali

9

- Projects Calama: Periurban Park, Ring Road, paving Calama streets
- El Teniente Division: incorporation of three local companies into Codelco's tender processes. These companies generate employment and are part of the value chain
- Exploration, research and technological development, both in Chile and abroad (Codelco Tech)
- Provides internet access to sectors that previously did not have it: Posta Coya and the school in Alhué today have the support of "Telemedicina" thanks to the installed digital antenna

10

- Indigenous Peoples Policy
- 2017 Seal of Equality Conciliation Ventanas, Head Office and Ministro Hales (SERNAMEG)
- Commitment to hire local labor and services for the construction of structural Projects such as New Mine Level

11

- Waste regulations, promotion of recycling. Value creation and waste reduction plans through the Sustainability Master Plan
- Calama PLUS (Borderio). Initiative of the Sustainable Urban Plan and prepared with community input
- Project involving the installation of photovoltaic plants on the roofs of the corporate buildings in Santiago and Los Andes, for energy consumption of these buildings.

12

- Standards for atmospheric emissions, energy efficiency and climate change, water resources and wastewater. Pilot project: calculate the material footprint in absolute terms of the Gabriela Mistral division, later to be replicated at each divisions
- Solid waste dispatched for disposal or reuse, per type
- We have recycling plans where the materials are separated and revalorized to be sold
- Publication of the Sustainability Report that presents practices and processes according to the GRI standard

13

- Corporate study to identify emerging risks associated with climate change.
- Emergency response plans through the study to recognize the run-out distance (Dmax) of tailings
- Corporate Standards
- Online report to the government authority for foundries emissions
- Corporate Standard NCC No. 24 for identification and analysis of sustainability risks.

14

- Codelco: Monitoring, tracking and recording all discharge
- Ventanas division: Project for reuse of treated water and reduction of offshore discharge

15

- Protection of biodiversity in the Campiche wetlands
- Rescue and relocation plans for species during the life of the projects and operations
- Protection of the azonal vegetation of the SAPUNTA wetland
- Hunting, fishing and having animals and pets are prohibited in our operations

16

- Regularity policy and business code of conduct
- System of audits and oversight of contractor companies and their working conditions
- Internal regulations on transparency, integrity and conflict of interest management
- Code of Corporate Governance
- Channel for complaints and certification of crime prevention model
- Law No. 20.285 on Access to Public Information

17

- Corporate Sustainability Policy, in which Codelco is commits to producing competitively and profitably for Chile, minimizing its social and environmental risks



GRI Index

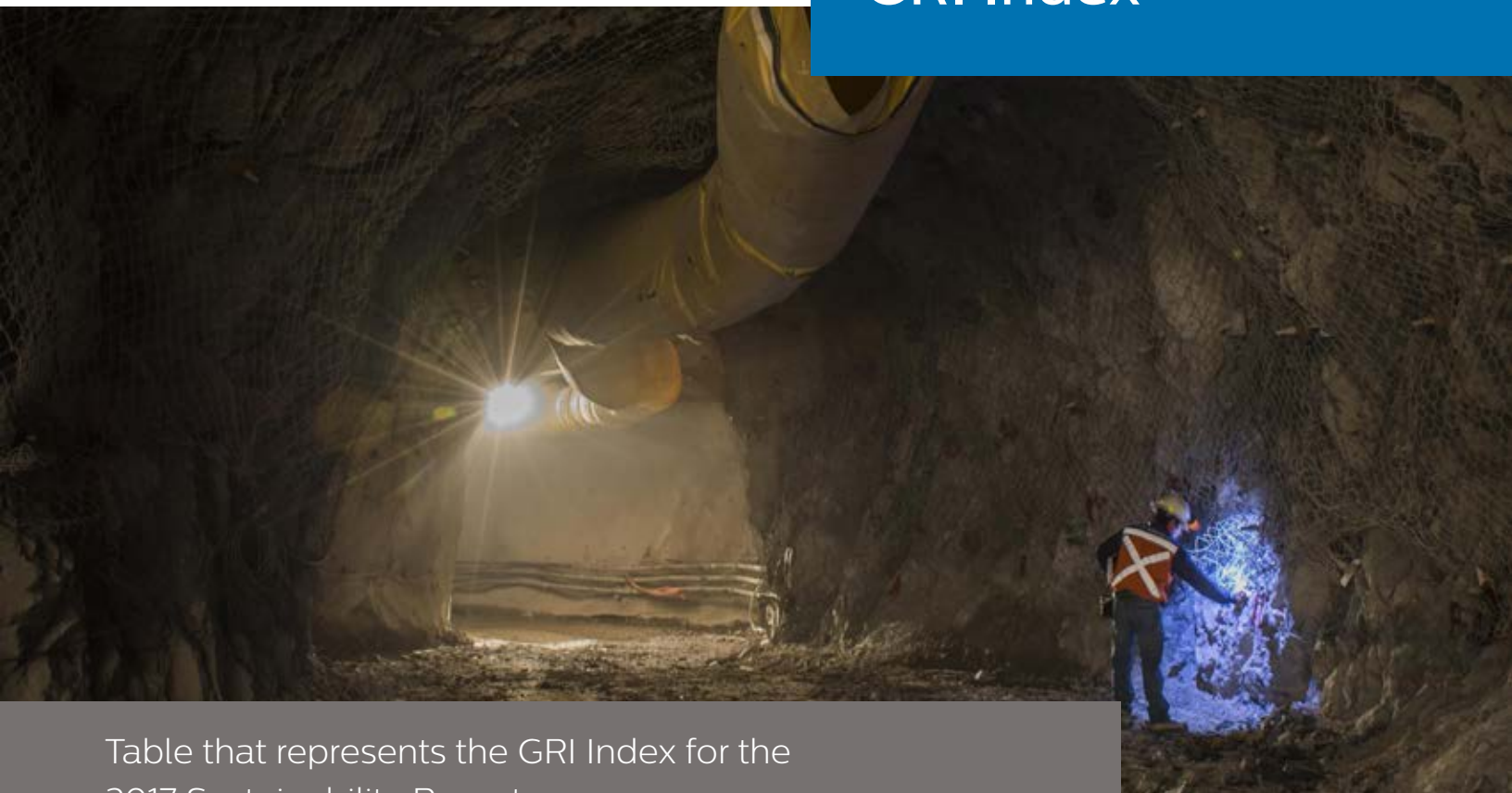


Table that represents the GRI Index for the
2017 Sustainability Report

GRI Index Content

Codelco has prepared this report in accordance with the Comprehensive option of the GRI Standards and has sent the document to the Global Reporting Initiative in digital form.

All the indicators in this report were verified by the company KPMG

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